<u>**Agenda Item No.8 a)**</u>

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING 31ST MARCH 2014

To:	**General Purposes Committee**
Date:	**1st July 2014**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**N/A** *Key decision:* **No**
Purpose:	**This report:**

- **details the performance of the Council for the 2013/14 financial year.**
- **is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

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

a) Note the Council's year end resources and performance position for 2013/14.

b) Approve the virement of £337k from LGSS reserves to LGSS Operations to fund their redundancy and pension strain costs incurred from service restructuring during 2013/14 (section 3.2.7).

c) Approve the capital virement of £445k from Effective Property Asset Management (EPAM) – Other Projects to EPAM – Building Maintenance to offset the in-year overspend on EPAM – Building Maintenance (section 11.2.4).

d) Approve the framework set out in Appendix 3 for the treatment of service based reserves.

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1. PURPOSE

1.1 To present financial and performance information for the financial year 2013/14.

2. OVERVIEW

2.1 The following table provides a snapshot of the Authority's performance for the financial year 2013/14 by value and RAG (Red, Amber, Green) status.

Area	Measure	Year End Position	Status
Revenue Budget	Variance (£m)	-£5.6m	Green
Basket Key Performance Indicators	Number at target (%)	43% (6 of 14)	Amber
Capital Programme	Variance (£m)	-£62.1m	Amber
Balance Sheet Health	Variance of net borrowing activity from plan (£m)	-£71.5m	Green

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is reporting an underspend of -£5.6m (-1.3%) at year end. This is an achievement following the significant savings target the Council was faced with this financial year (see section 13.1). See section 3.2 for details.

- Key Performance Indicators; there are 14 indicators in the Council's basket, of which 6 are on target at year end. See section 10 for details.

- The Capital Programme is reporting an underspend of -£62.1m (-37%) at year end. The majority of this is due to slippage in the programme, mainly across Economy, Transport and Environment (ETE) and Children, Families and Adults (CFA), rather than total scheme underspends. See section 11 for details.

- Balance Sheet Health; net borrowing at the end of the year was significantly lower than originally forecast. 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 stronger than at the end of the year as many grants are received in advance. However, a cash settlement with the contractor of the Guided Busway strengthened cash balances in the last quarter of the year. See section 7 for details.
  The impact of slippage in the capital programme in 2012/13 and 2013/14, and the stronger cash position, has resulted in a favourable outturn variance for Corporate Services Financing in 2013/14.

3. REVENUE BUDGET

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

	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Original Budget as per BP [1]	Service	Revised Budget	Application of Carry Forwards	Total Funds (3)+(4)	Actual Spending	Variation [2]		Transfer to (+) / from (-):- Service Carry Forward Reserves	General Reserve
£'000		£'000	£'000	£'000	£'000	£'000	%	£'000	£'000
62,096	Economy, Transport & Environment (ETE)	75,620	551	76,171	75,368	-804 [3]	-1.1%	998	-194
278,456	Children, Families & Adults (CFA)	294,254	670	294,924	292,583	-2,341	-0.8%	2,341	
13,678	Public Health (PH)	14,153		14,153	13,404	-749 [4]	-5.3%	749	
14,112	Corporate Services (CS)	3,084	917	4,001	3,627	-374	-9.4%	374	
8,520	LGSS Managed	-210	51	-159	-645	-486	-305.6%		486
35,204	CS Financing	35,215		35,215	32,718	-2,497	-7.1%		2,497
	Year End Adjustments				1,669	1,669	100.0%		-1,669
412,066	**Service Net Spending**	**422,116**	**2,189**	**424,305**	**418,724**	**-5,581**	**-1.3%**	**4,462**	**1,120**
-162	Financing Items	-3,430		-3,430	-3,425	5	-0.1%		-5
411,904	**Net Spending**	**418,687** [5]	**2,189**	**420,875** [6]	**415,299**	**-5,577**	**-1.3%**	**4,462**	**1,115**
	Memorandum Items:								
10,919	LGSS Operational	869	1,078	1,947	941	-1,006	-51.7%	656	350
422,823	**Total Net Spending 2013/14**	**419,555**	**3,267**	**422,823**					

[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 2 of the Business Plan for each respective Service. CFA's budget figure is a combination of the CYPS and ASC Business Plan net budgets.

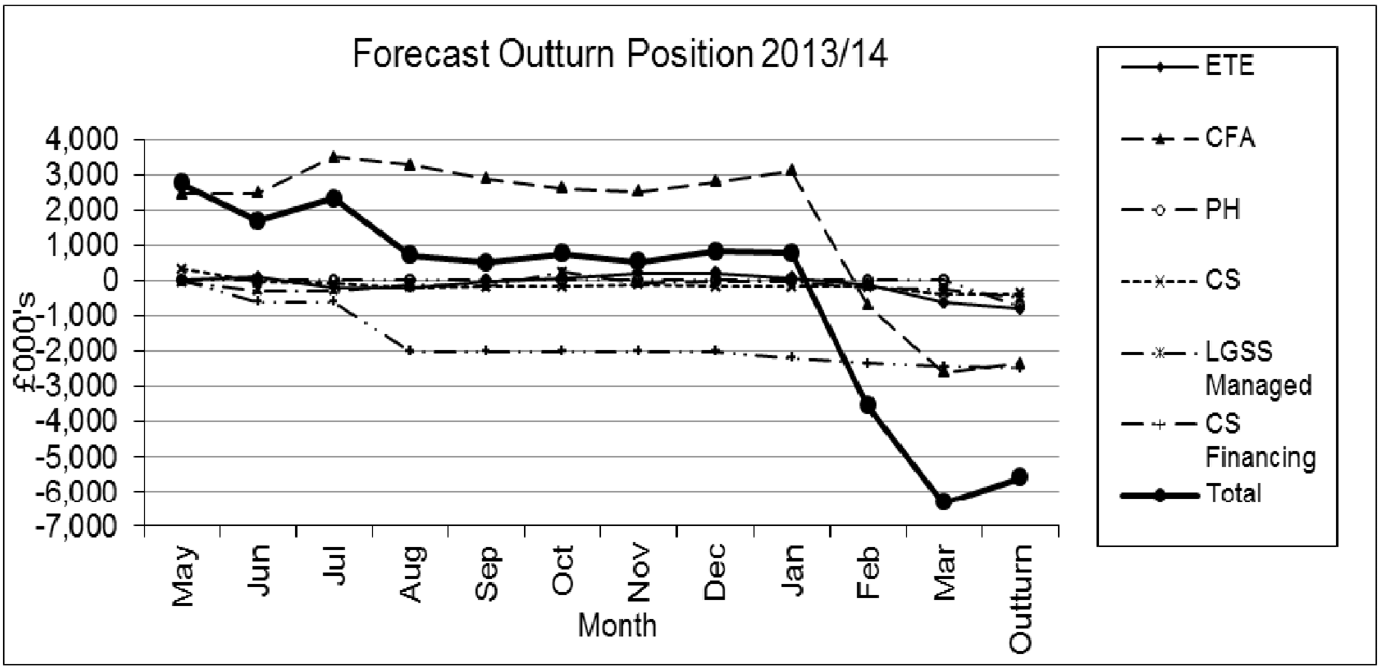
[2] Key to column 7: + signifies overspend or reduced income, - signifies underspend or increased income.

[3] The Economy, Transport & Environment (ETE) variation in column 7 includes Waste PFI and Winter Maintenance, where specific arrangements for over/under spends exist. Excluding this the underlying position for ETE is -£1.0m underspend.

[4] The Public Health (PH) variation in column 7 is part of the ring-fenced PH Grant and so cannot be deployed elsewhere within the council.

[5] Revised budgets include Corporate Allocations, which move "overhead" costs from Corporate Services to front-line services.

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



3.2 Key exceptions are identified below.

3.2.1 **Economy, Transport and Environment:** -£0.804m (-1.1%) underspend is being reported at year end.

	£m	%
• **Executive Director** – the overspend is due to a target in the Business Plan to increase charges and other fees by £690k (this being the £640k increased charges and the £50k additional charges budgeted within Economy, Transport and Environment Transformation). This increased income requirement was not achieved in 2013/14, with the new charges for Park and Ride sites not being introduced during the financial year.	0.706	(65%)
• **Waste Disposal including PFI** – during the year the major mechanical breakdown at the Mechanical Biological Treatment (MBT) plant in Waterbeach was repaired and the plant is now back in full operation. This happened slightly earlier than budgeted for, which resulted in a budget pressure. However, as the plant was out of commission for over twelve months, we have been entitled to charge AmeyCespa a daily rate for each day over the twelve month period it was out of commission.	0.569	(2%)

Within the bottom line figure there is also a mixture of other cost reductions and overruns. Cost savings include, the inflationary contract increase being less than was budgeted within the Business Plan and savings from a temporary rate re-evaluation of the Waterbeach site, while the plant was non-operational.

Cost overruns include a pressure regarding backdated business rates being due for two recycling centres £230k; recycling rates in East Cambridgeshire being greater than expected, with the roll-out of wheelie-bins; composted waste which AmeyCespa was unable to dry sufficiently and therefore landfilled; and this month, a further problem with the MBT, which has meant that the Council is incurring additional landfill tax costs (Cambridgeshire County Council's contractual position with regards to these latter two issues is currently being explored by officers). The number of tonnes landfilled has also increased in the last quarter to 252,000 tonnes, which is above the minimum tonnage figure in the PFI contract, therefore incurring additional costs.

- **Winter Maintenance** – as a consequence of the mild winter, there was an underspend on this budget, which has been transferred to corporate reserves. -0.375 (-19%)

3.2.2 **Children, Families and Adults:** -£2.341m (-0.8%) underspend is being reported at year end.

£m **%**

- **Older People and Mental Health** – a total overspend of £3.8m is being reported at year end.

  Older People – the overspend across Older People's Services is £4.6m. A thorough analysis of all expenditure and contracts, the way commitments are recorded, and actual spending patterns has progressed further to the Council resuming "in-house" management of Older People's Services in the second half of 2013/14. The year end position now reflects:

  - All income due from self-funding clients.
  - Actual planned respite care which was taken.
  - Reconciliation of block contracts and spot contracts. 3.838 (5%)
  - Updates in the costs of care for physical disability and learning disability clients who are over 65.
  - Review of accounting adjustments made prior to the Council resuming direct management of the service.

  Adult Mental Health – there is an underspend of -£0.8m within the Cambridgeshire and Peterborough Foundation Trust (CPFT) locality teams at year end. This is a result of:

  - Resolution of disputes for funding.
  - Staffing underspends.
  - Direct payment clawbacks.

- **Children's Social Care** – this is principally as a result of savings from vacant posts not being high enough to meet the vacancy target set for the Directorate; higher than anticipated Agency staffing costs; and an increase in Legal Proceedings. 1.772 (5%)

- **Special Educational Need Placements** – the budget is overspent primarily because numbers of new Statements have increased with the subsequent need to provide increasing access to specialist provision: there are now over 3,200 Statements maintained and this is the highest number for over 10 years and the new statement rate for the 2013/14 academic year is predicted to be over 517 new Statements this year.

  The reason for the overspend on the special educational needs placement budget are:

  - Special schools are at capacity and therefore we have had to use more out of county placements than expected.
  - We began the year without capacity for any growth.
  - There are less jointly funded placements thus requiring the Council to fully fund placements. 1.188 (17%)
  - An increase in the number of children requiring very specialist consistent input for care, medical and educational reasons that need 52 week provision not currently available in house or in county.
  - We have had 80 appeals against the Council this year, a rise of about 40% from the previous year. A number of tribunal decisions, whilst few, have directed the Council to provide out of county schools particularly in relation to dyslexia and 52 week Autistic Spectrum Disorder (ASD) provision with costs ranging from £35k to £250k per placement per year. Whilst our success rate in appeals is over 95%, the high costs for placements have had a very significant impact on the budget. There was no flexibility within the budget to allow for this unpredictable demand.

- **Prior Year Adjustments** – significant transactions were processed in the 2013/14 financial year, which relate to the 2012/13 financial year or earlier. These include increased income or reduced costs relating to previous years of £4.7m:

  - The local authority has been in dispute with Health over responsibility for funding specific forensic clients. To be prudent, the County Council had reserved for these payments in previous years. A resolution has been achieved and the Clinical Commissioning Group (CCG) has agreed to fully fund the clients, which allows the County Council to write the £2.561m reserves back to revenue. -4.371 -
  - A prudent estimate was made relating to winter pressures and free nursing care funding from Health for 2012/13 and this was reflected in the 2012/13 accounts. However, Older People's Services was able to substantiate the full claim and Health released the full allocations so £669k of additional funding

relates to 2012/13.

- Client contributions for Older People services of £457k were received in 2013/14 relating to previous years.
- Meals income relating to Somers Court was collected by Roddons (Housing Association) from November 2007 to March 2013 and paid to the County Council in 2013. Of the income received, £454k relates to previous financial years.
- At the end of 2012/13 an estimate was made on the outstanding amount of Part 2.5 client contributions (relating to extra-care housing client income) so this could be reflected in the 2012/13 accounts. A reconciliation has now shown that another £127k of income related to 2012/13.
- Other small adjustments relating to prior years of £409k.

These decreases in costs have been partially offset by increased costs of £306k relating to previous years:

- In 2012/13 the full costs of the Excelcare block contract were not charged to the 2012/13 accounts by CCS and therefore £306k of expenditure has had to be charged to 2013/14.

The resultant underspend from these amounts is a one off amount and will not be repeated in future years.

• **Learning Disability Services - Ordinary Residence** – this budget was identified to fund the implementation of the National Ordinary Residence protocol. No expenditure was required in 2013/14.	-1.330	(-100%)
• **Learning Disability Head of Services and Localities** – £800k saving was achieved by negotiations with an independent sector provider to end an arrangement to cover costs associated with the TUPE transfer of staff on NHS conditions and the ending of an arrangement to contribute funding to the Supporting People budget. This was a time limited arrangement set up at the beginning of the Supporting People programme for statutory partners to make a contribution towards the Supporting People budget. An additional £300k of saving has been achieved through management of inflation relating to a block contract arrangement and a slippage in staffing budgets whilst recruitment takes place to critical posts.	-1.038	(-2%)
• **Strategic Management - Adult Social Care** – this includes £756k of unused contract contingency budget held to offset unanticipated pressures across Adults Services and Older People Services, £140k from staff vacancies, £325k resulting from changes in transport to day services, and £12k from the IT maintenance budget. In addition, £117k relates to a final settlement payment	-0.808	(-21%)

from a fleet management company due to lower than contracted mileage levels over the last 9 years.

These underspends are partially offset by overspends on AIS and CRIP projects of £304k.

- **Physical Disabilities** – All new service users are directed through the Reablement Service and social inclusion needs are met locally. A new process for scrutinising reviews has recently been put in place.

  In addition to the on-going work to manage demand, greater numbers of people have transferred to the older people service than planned and a concentrated piece of work has been undertaken to claw back unused direct payments, spanning across the last 2 years. These claw backs have provided additional income of £430k. -0.786 (-6%)

3.2.3 **Public Health:** -£0.749m (-5.3%) underspend is being reported at year end.

- There are no exceptions to report.

3.2.4 **Corporate Services:** -£0.374m (-9.3%) underspend is being reported at year end.

- There are no exceptions to report.

3.2.5 **LGSS Managed:** -£0.489m (-307.5%) underspend is being reported at year end.

	£m	%
County Offices – there was a net pressure of £128k resulting from business rates costs for the vacant Black Horse House wing of Castle Count (£79k); estimated dilapidation costs from vacating two leased properties (£65k); and a rebate on the cleaning contract (-£16k). A savings target of £736k was allocated in the Business Plan linked to a reduction in the Council's property portfolio. Delivery of this saving is being led by the Effective Property Asset Management (EPAM) Project, but no savings were secured before year end.	0.864	(14%)

3.2.6 **CS Financing:** -£2.497m (-7.1%) underspend is being reported at year end.

	£m	%
Debt Charges – the Guided Busway receipt of £33m, which was forecast for 2014/15, was received on 30th January 2014. In addition, the Capital Financing Requirement (CFR) as at 31st March 2014 fell since the budget was set in February 2013, due to slippage in the capital programme. As a result of this, and the outlook for long term interest rates remaining steady, the decision to raise long term borrowing was deferred until 2014/15 and following the refresh of the Business Plan. This, together with other small variances in the Debt Charges budget, including the	-2.497	(-7.1%)

Minimum Revenue Provision, generated savings of £2.497m.

3.2.7 **LGSS Operational:** -£1.006m (-51.7%) underspend is being reported at year end.

	£m	%
• **Operational Savings** – LGSS allocated £500k from Operational Savings to fund their redundancy and pension strain costs incurred from service restructuring during 2013/14. **General Purposes Committee is therefore asked to approve the virement of £337k from LGSS reserves to LGSS Operations. This reflects Cambridgeshire County Council's element of the costs.**	-	-
• **2013/14 Dividend** – improved efficiency within LGSS during 2013/14 resulted in a surplus being generated. LGSS Joint Committee has subsequently agreed that a "dividend" payment of £700k should be paid to the two founder authorities, with 50% of this, £350k, being paid to Cambridgeshire County Council.	-	-

3.2.8 **Year End Adjustments:** £1.669m (100.0%) overspend is being reported at year end.

	£m	**%**
• **Mobilising Local Energy Investment (MLEI) Provision** – a provision to the value of £669k has been set up in relation to the MLEI project, where the Council could be required to pay back grant money to the EU if we are unable to secure £15m worth of funding towards energy schemes. The grant funding is being used to pay for the project team working on this initiative.	0.669	(100.0%)
• **Transforming Cambridgeshire Provision** – Cambridgeshire Public Services Board have commissioned a cross sector review of how public services can work more effectively across the whole public sector landscape within Cambridgeshire. The objective being to deliver significant efficiencies and improve end to end support and joint working between services. The transformation programme will enable all public sector bodies to rise more effectively to the financial challenges of the on-going austerity measures facing the public sector. The programme will require some up front funding and although the exact nature and timing of this funding is not yet known it would seem appropriate to make provision for this at this point. This funding will not be used until such time as a full business case has been presented to the General Purposes Committee setting out the nature of the funding requirement and expected outcomes.	1.000	(100.0%)

Note: *exceptions relate to Forecast Outturns and are considered to be in excess of either +/- 0.5% of the Service's overall net budget plus grants or +/- 0.1% of the Council's net budget plus grants (£412k), whichever is the greater.*

4. KEY ACTIVITY DATA

4.1 Looked After Children (LAC): March 14

Service Type	No. of Placements Anticipated at April 13	Latest No. of Placements end Mar 14	Anticipated direct Cost of Care (£/week)	Actual average direct Cost of Care (£/week)	Annual Budget £000	Annual Cost of Care £000	Variance from Annual Budget £000
Independent Fostering	210	230	724	774	7,906	8,955	1,049
Independent Residential	46	44	3,004	2,738	7,186	6,775	-411
Supported Accommodation/Living	33	33	587	418	1,007	804	-203
In-House Fostering (including placements with relatives or friends)	149	127	398	450	3,085	2,900	-185
In-House Residential	20 *	12	2,039	2,713	2,120	2,081	-39
Grand Total	**458**	**446**			**21,304**	**21,514**	**211**

* Based on 90% anticipated occupancy. *Note:* one home closed with effect from 31st December reducing capacity by 6.

Additional information: There are also 18 LAC currently living at home subject to Care Orders and 43 LAC placed for adoption.

4.2 Adult Social Care: March 14

Total number of people receiving a service each month													
Commissioning Area	**Care Type**	**Apr-13**	**May-13**	**Jun-13**	**Jul-13**	**Aug-13**	**Sep-13**	**Oct-13**	**Nov-13**	**Dec-13**	**Jan-14**	**Feb-14**	**Mar-14**
Learning Disability Partnership	Community Based	1,224	1,226	1,241	1,256	1,257	1,260	1,258	1,257	1,262	1,261	1,260	1,264
	Residential Care	261	260	260	265	264	264	256	257	255	251	251	170
	Nursing Care	17	17	16	16	15	15	15	15	15	13	13	8
	Total of above	**1,502**	**1,503**	**1,517**	**1,537**	**1,536**	**1,539**	**1,529**	**1,529**	**1,532**	**1,525**	**1,524**	**1,442**
Disabilities Services	Community Based	974	966	978	979	1,011	1,023	1,005	991	997	967	945	914
	Residential Care	38	38	39	38	38	37	38	38	37	35	35	38
	Nursing Care	23	23	23	23	22	22	22	23	23	22	22	22
	Total of above	**1,035**	**1,027**	**1,040**	**1,040**	**1,071**	**1,082**	**1,065**	**1,052**	**1,057**	**1,024**	**1,002**	**974**
Adult Mental Health	Community Based	330	338	343	349	351	358	360	362	360	362	355	355
	Residential Care	88	87	84	82	82	81	80	82	83	83	82	83
	Nursing Care	19	19	19	20	20	20	22	22	20	23	22	23
	Total of above	**437**	**444**	**446**	**451**	**453**	**459**	**462**	**466**	**463**	**468**	**459**	**461**
Older People Mental Health	Community Based	117	123	116	118	123	129	128	125	121	123	121	124
	Residential Care	37	40	45	47	46	50	47	44	42	45	43	42
	Nursing Care	98	99	104	102	99	103	108	109	108	108	109	114
	Total of above	**252**	**262**	**265**	**267**	**268**	**282**	**283**	**278**	**271**	**276**	**273**	**280**
Cambridgeshire Community Services NHS Trust (CCS) Section 75 Services (Intermediate Care, Assistive Technology, Occupational Therapy)	Community Based	1,448	1,405	1,388	1,387	1,335	1,259	1,170	1,127	1,154	971	910	1,071
	Residential Care	14	13	8	11	14	19	13	7	5	2	1	2
	Nursing Care	8	10	12	8	7	15	14	4	2	0	1	2
	Total of above	**1,470**	**1,428**	**1,408**	**1,406**	**1,356**	**1,293**	**1,197**	**1,138**	**1,161**	**973**	**912**	**1,075**
Older People Directorate	Community Based	3,006	3,018	3,008	3,032	3,024	3,006	3,023	3,049	3,040	3,023	2,974	2,982
	Residential Care	824	823	823	835	854	846	866	885	885	883	881	894
	Nursing Care	392	409	409	415	410	412	409	427	428	428	429	412
	Total of above	**4,222**	**4,250**	**4,240**	**4,282**	**4,288**	**4,264**	**4,298**	**4,361**	**4,353**	**4,334**	**4,284**	**4,288**

5. SCHOOLS

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

5.2 Total schools balances as at 31st March 2014 are as follows:

	31st March 2013 £m (original published balances)	**31st March 2013 £m (amended for in-year academy conversions)**	**31st March 2014 £m**	**Change £m**
Nursery Schools	0.4	0.4	0.6	+0.2
Primary Schools	12.9	11.7	12.7	+1.0
Secondary Schools	0.7	0.2	-0.1	-0.3
Special Schools	1.2	1.2	1.6	+0.4
Pupil Referral Units (PRUs)	0.0	0.0	0.2	+0.2
Sub Total	**15.3**	**13.5**	**15.0**	**+1.5**
Other Balances (incl. Pools and Contingency Funds, Community Focussed Extended Schools and Sports Centres)	7.3	7.3	7.4	+0.1
TOTAL	**22.6**	**20.8**	**22.4**	**+1.6**

It must be noted that further to the DSG, schools budgets include funding from the Education Funding Agency (EFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Pupil Referral Units (PRUs) are now also included in the school balances as they now have delegated budgets and are subject to carry forward in the same way as schools. Schools that have converted to Academy status prior to 31 March 2014 are no longer reported by the Local Authority and therefore are not included within the figures.

The change in schools balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years funding amounts.
- Reduction in Devolved Formula Capital funding has also led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

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

5.4 Schools retain balances for a number of reasons and as part of the revised Balance Control Mechanism any uncommitted balances in excess of 10% (secondary) or 16% (primary/special/nursery) of the school's budget share is considered excessive and will be subject to claw-back.

5.5 If a school is classed as not meeting the minimum floor targets for attainment, any balance in excess of 5% (secondary) or 8% (primary/special/nursery) is considered excessive and will be subject to local authority learning directorate officers determining how some of the excess could be best used to raise attainment levels. Any amounts clawed back would be re-allocated to the same school to use on agreed expenditure to raise attainment.

5.6 The balances can be further analysed in the tables below:

Sector	**Schools with Reported Deficit Balances as at 31st March 2014**
Nursery	0
Primary	4
Secondary	1
Special	1
Total Schools	**6**

Value of revenue deficits at 31st March 2014:

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

Value of surplus revenue balances held by schools at 31st March 2014:

Surplus	**Nursery**	**Primary**	**Secondary**	**Special**	**Total**
£0k - £10k	0	10	0	0	**10**
£10k - £20k	0	9	0	0	**9**
£20k - £60k	2	69	0	0	**71**
£60k - £100k	3	42	0	0	**45**
£100k - £150k	1	27	0	2	**30**
£150k - £200k	1	9	0	1	**11**
£200k - £300k	0	6	0	2	**8**
£300k - £400k	0	1	0	1	**2**
£400k+	0	0	0	1	**1**

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

6. GENERAL RESERVE BALANCES

6.1 Balances on the general reserve as at 31st March 2014 are £12.3m as set out below:

General Reserve Balance	2013/14 Final Outturn £m
Balance as at 31st March 2013	5.365
Changes Arising:-	
Reimbursement of Guided Busway Legal Fees	3.000
Debt Charges	2.497
Surplus Corporate Grants	1.706
Closure of Service Invest To Transform (ITT) Funds	0.675
LGSS Managed	0.486
Transfer from Service Carry-Forward Reserves	0.466
Winter Maintenance	0.375
LGSS Dividend 2013/14	0.350
LGSS Dividend 2012/13	0.350
Transforming Cambridgeshire Provision	-1.000
MLEI Provision	-0.669
Waste PFI	-0.569
Planned Business Planning Adjustments	-0.430
Election Costs Funding	-0.223
Occupational Therapy (OT) Double-Up Project Funding	-0.035
Environment Agency – Flood Defence Levy	-0.005
Miscellaneous	-0.001
Balance as at 31st March 2014	**12.337**

6.2 As a minimum it is proposed that General Reserve should be no less than 3% of gross non-school expenditure of the Council. At present, the General Reserve is 2.5% of gross non-school expenditure. This shortfall was dealt with as part of the Business Planning (BP) process for 2014/15, so the balance will be built up to 3% by the end of the 2014-15 financial year.

7. REVIEW OF OTHER RESERVES

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

7.2 Further information on the treatment of reserves is detailed within Appendix 3.

8. TREASURY MANAGEMENT ACTIVITY

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

	Budget £'000	**Actual £'000**	**Variation £'000**
Net interest payments	17,328	15,420	-1,908
MRP – loan repayments	17,475	16,813	-662
Internal interest	136	240	104
Loan premiums/discount	165	165	0
Debt management exp.	100	69	-31
	35,204	**32,707**	**-2,497**

8.2 Net interest payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. This was largely due to slippage in the capital programme and receipt of funds in respect of the Guided Busway settlement. Minimum Revenue Provision (MRP) loan repayments were significantly less than budgeted due to capital expenditure slippage from the previous year and repayment of internal loans during the year.

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

	1st April 2013 £'000	**Loans Raised £'000**	**Loans Repaid £'000**	**31st March 2014 £'000**
Long-Term Debt	376,143	5,000	-	381,143
Temporary Debt	-	36,889	36,889	-
	376,143	41,889	36,889	381,143
Less Investments	35,445			47,533
Net Debt	**340,698**			**333,610**

The fall in net debt is largely due to the Guided Busway receipt of £33m, which offset cash drawn to finance capital expenditure.

8.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 4.10%. Temporary debt consists of loans for periods of less than one year, and interest paid on temporary debt was 0.3% over the year.

8.5 Each year the authority must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2013/14 compares with approved limits as follows:

	Approved £'000	**Actual £'000**
Financing Costs		
% of Net Revenue Expenditure	9.6%	8.9%
Authorised Limit for Debt	562,600	381,143

Operational Boundary for Debt	532,600	381,143
Interest Rates Exposure (as % of total debt)		
Fixed Rate	130 – 70%	105%
Variable Rate	30 – -30%	-5%
Debt Maturity (as % of total debt)		
Under 1 year	0 – 80%	8%
1 – 2 years	0 – 50%	6%
2 – 5 years	0 – 50%	7%
5 – 10 years	0 – 50%	16%
Over 10 years	0 – 100%	63%

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

9. DEBT MANAGEMENT

9.1 Summary:

Over 90 day balances reduced by £148k during the last reporting period for the 2013/14 financial year. Over 6 months debt reduced by £96k and the medium term by £52k respectively. The overall +90 day debt cash target of £1.4m was met, with final balances of £1.388m.

9.2 Children, Families and Adults (CFA):

Adult Social Care (ASC) – active debt balances over 90 days reduced by £94k. ASC met their combined cash target level of £1.26m.

Children and Families – over 90 day balances reduced by £4k in the last reporting period. Final balances were £53k against a cash target level of £60k.

9.3 Economy, Transport and Environment (ETE):

Active debt balances reduced by £33k, to £23k, bringing ETE below their combined cash target level of £30k.

9.4 Corporate Services (CS):

Over 90 day balances reduced by £15k in the final month. CS finished just £2k above their combined cash target level of £50k.

10. PERFORMANCE TARGETS

10.1 Performance Indicators are shown below:

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	12 months ending 31st Dec 2013	%	77.4	72.5	Green	↑
	The proportion of children in year 12 taking up a place in learning	CFA	High	31/03/14	%	94.6	95.8	Amber	↓
	The number of people starting as apprentices	ETE	High	2012/13 academic year	Number	4,394	4,000	Green	↔
	The proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted	CFA	High	31/03/14	%	63.9	70	Amber	↓
Helping people live independent and healthy lives	The proportion of eligible service users receiving Self Directed Support (SDS)	CFA	High	31/03/14 (provisional)	%	84.2	95	Red	↑
	The proportion of older people who have been successfully supported to live independently following crisis	CFA	High	31/03/14	%	57.1	55	Green	↑
	The rate of admissions of people aged over 65 to residential and nursing care homes, per 100,000 population	CFA	Low	31/03/14	Number per 100,000 of population	697.5	735.0	Green	↓
	The number of people successfully quitting smoking with support from stop smoking services	Public Health	High	28/02/14	Number	2,472	3,136	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)
Supporting vulnerable people	The number of looked after children per 10,000 children	CFA	Low	31/03/14 (provisional)	Rate per 10,000	39.3	31.3 to 38.4	Amber	↓
	The proportion of children who are referred to social care within 12 months of a previous referral	CFA	Low	31/03/14 (provisional)	%	21.5	25	Green	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	31/03/14	%	79.8	85	Amber	↔
	A reduced volume of acute bed days attributable to adult social care	CFA	Low	31/03/14	Number	6,408	3,542 reimbursable bed day delays (50% reduction on previous year)	Red	↑
How we run the business (efficient and effective)	The proportion of customer complaints received in the month before last that were responded to within minimum response times	CCC	High	31/03/14	%	80.9	90	Red	↓
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	31/03/14	Days	5.8	7.8	Green	↑

Notes:

The proportion of customer complaints received in the month before last that were responded to within minimum response time

A breakdown of performance by Service is provided as follows:

Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
CFA	High	31/03/14	%	88	90	Amber	↓
ETE	High	31/03/14	%	75	90	Red	↓
CST	High	31/03/14	%	100	90	Green	↔
LGSS	High	31/03/14	%	0	90	Red	↓

For CFA, 60 complaints were received and 7 failed to meet the target.
For ETE, 51 complaints were received and 13 failed to meet the target.
For CST, 2 complaints were received and both met the target.
For LGSS, 2 complaints were received and both failed to meet the target.

10.2 Key exceptions are identified below.

- **The proportion of children in year 12 taking up a place in learning**

  Please note that the target has been changed to the new target for 2014/15. This indicator runs from February to January each year. Whilst we are below target we have also improved our performance from this time last year when it was 93.5%. We also compare favourably to national, regional and statistical neighbour averages. It is important that we continue to offer appropriate Information, Advice and Guidance (IAG) to those young people most at risk of making a poor transition post 16 as this will minimise drop out and increase participation. The Year 12 Early Leavers Survey, which is being delivered through the locality teams in order to capture the reasons why young people have dropped out, is being fed back to learning providers on a termly basis to inform future planning.

- **The proportion of pupils attending Cambridgeshire schools judged good or outstanding by Ofsted**

  Please note that this indicator measures performance across the school year and runs from September to August. More schools moved into, than out of, the good/outstanding category in this period and the percentage of pupils attending a good or outstanding Secondary school remained the same. However, the percentage of pupils attending a good or outstanding Primary school fell slightly because of the size of schools moving in to and out of the good / outstanding category.

- **The proportion of eligible service users receiving Self Directed Support (SDS)**

  Please note that this is not the final year end position, as data is still being validated ahead of the two statutory return submission periods (May and July 2014).

  Performance is improving, but remains below target. An additional 1,472 new and existing service users have been given SDS since April 2013, which shows the personalisation agenda is embedded within the social care process. The target was set on the assumption that the self-directed support processes would have been extended to cover extra care services within the 2013/14 financial year. However, due to complications balancing the need for personalised support with accurate provider payments and appropriate client contributions, this has not been possible. Excluding the 312 service users receiving extra care from the denominator would increase performance to 89%.

- **The number of people successfully quitting smoking with support from stop smoking services**

  There has been a persistent drop in performance over the year. There was a drop in February to 78.8% of the monthly target trajectory, from 82.5% in January. As indicated previously this reflects the 20% national drop in performance attributed to e-cigarettes with more smokers adopting a harm reduction approach. Performance in GP practices, the main provider, remains low but some practices have improved. CAMQUIT the Stop Smoking Service is providing intensive support to all providers including the provision of additional clinics. Visits to Practice Manager and Practice Nurse meetings are taking place to increase awareness of the poor performance and problem solve. The immediate post-Christmas period was critical in attracting additional smokers into the services as historically this has been a period of high activity reflecting the post-Christmas/New Year resolution factor. However, this year there has not been the traditional increase in activity. The March No Smoking Day has historically been effective in recruiting smokers into making a quit attempt, but again the Services report less activity following the Day than in previous years. The Stop Smoking message is being promoted across a range of media and is well supported by Cambridgeshire County Council's Communications Team.

Please note that these figures relate to the end of February. This is due to the nature of the intervention where smokers make a quit attempt that lasts for 4-5 weeks, which allowing for data returns, means that there is a delay of two months in reporting performance. Year end data will be available in July.

- **The number of Looked After Children per 10,000 children**

  The number of Looked After Children (LAC) increased by 4 during March, with 23 children becoming looked after and 19 leaving care. The rate is expected to decrease during April.

- **The proportion of support plans created through the common assessment framework (CAF) that were successful**

  The CAF team have been focussing on improving the quality of CAF data over the past six months and this can be seen in a slight dip in the overall performance indicator since August 2013, though performance has improved slightly since January. The focus has been on the closure of cases that have been open over two years, where evidenced in the increase in numbers of cases that have an outcome reason of 'family disengaged' or 'other'. While this has led to a slight fall in performance against the indicator, data quality has been improved substantially meaning that our picture of outcomes for children that have a CAF and who are taking an active part in the CAF process is more accurate. From 2014/15, a new performance and quality framework will be implemented across the broad range of organisations and professionals that use the CAF process, with a view to providing wider and more useful management information and intelligence on the CAF process.

- **A reduced volume of acute bed days attributable to adult social care**

  Action has been taken to streamline the commissioning of homecare services to minimise hospital delays, and work is being carried out with homecare providers and the reablement service to improve capacity, however, this remains a challenging and ambitious target.

  A piece of work was undertaken in late January with acute providers to ensure that the volume of reported delays are a) compliant with Department of Health guidance, and b) validated by County Council staff prior to submission. A second piece of work is about to begin with non-acute providers.

As of the end of February 2014, there have been 234 fewer reimbursable bed day delays attributable to adult social care in comparison to the same period in the previous financial year – representing a reduction of 3.7%. The reduction continued into March and by year end there were 676 fewer bed day delays attributable to adult social care – a reduction of 10%.

- **The proportion of customer complaints received in the month before last that were responded to within minimum response times**

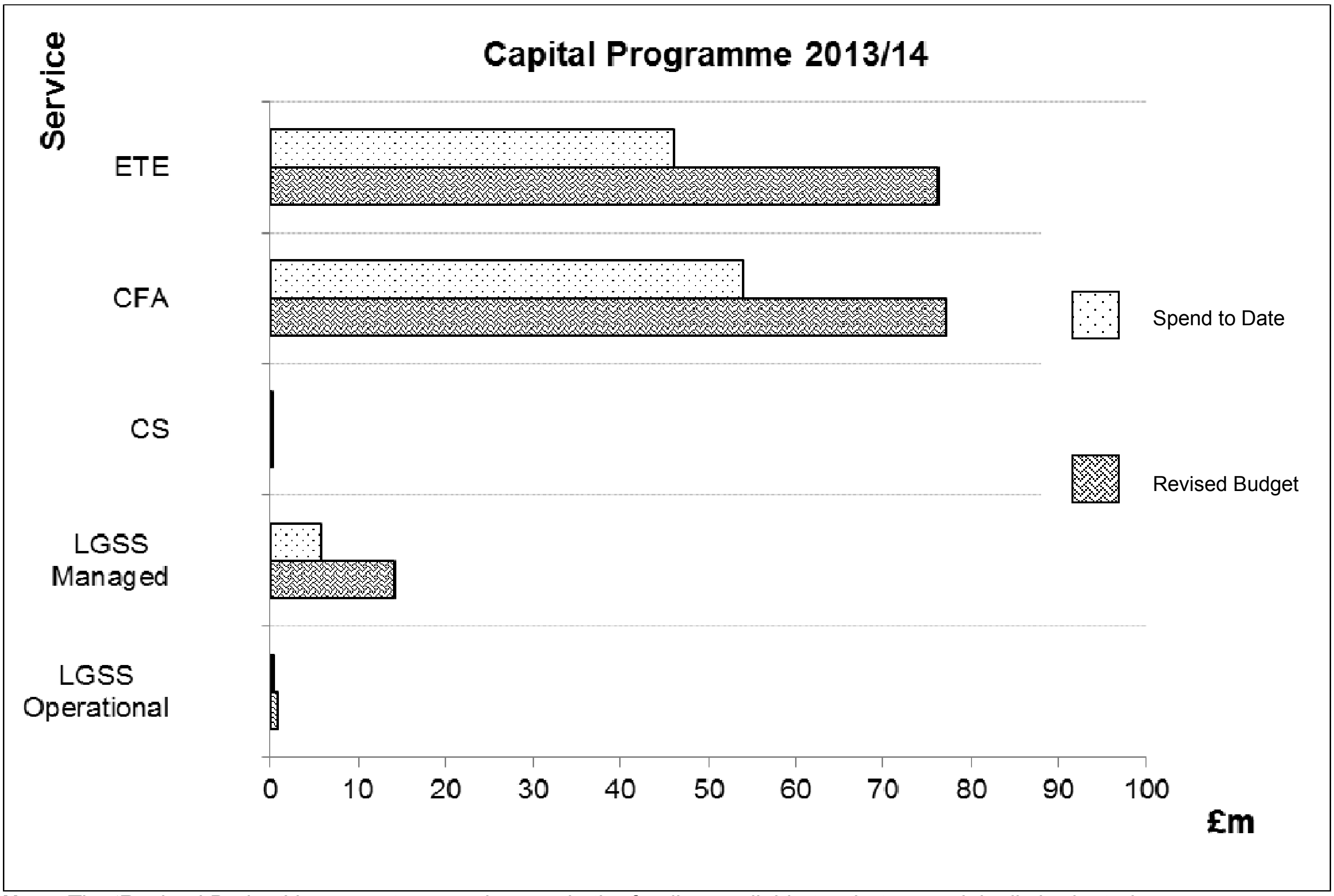
ETE
Out of 51 complaints recorded during March, 13 failed to meet the target of responding within 10 days. Of those 13, 10 have since been closed and the remaining 3 cases are being investigated by the assigned officer.

LGSS
Out of 2 complaints recorded during March, both failed to meet the target of responding within 10 days. 1 is being investigated by the assigned officer.

11. CAPITAL PROGRAMME

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

Original 2013/14 Budget as per BP £000	Service	Revised Budget for 2013/14 £000	Forecast Variance - Outturn (Mar) £000	Actual Variance - Outturn £000	Actual Variance - Outturn %	Total Scheme Forecast Variance (Outturn) £000
51,437	ETE	76,129	-30,096	-30,086	-39.5%	-528
76,149	CFA	77,072	-21,429	-23,052	-29.9%	-4,274
584	Corporate Services	187	-137	-185	-99.1%	0
9,477	LGSS Managed	14,116	-7,794	-8,355	-59.2%	-2,496
600	LGSS Operational	718	-389	-413	-57.5%	0
138,247	**Total Spending 2013/14**	**168,222**	**-59,846**	**-62,091**	**-36.9%**	**-7,298**



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

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

11.2.1 **Economy, Transport and Environment:** -£30.1m (-39.5%) underspend is being reported at year end.

	£m	%
• **Connecting Cambridgeshire** – the predicted underspend is a result of rephasing of work on the programme as the original phasing of expenditure was estimated prior to the award of the contract for this area of work.	-10.1	(-69%)
• **Waste Infrastructure** – the underspend for Waste Infrastructure is a result of the majority of the programme not being delivered in the 2013-14 financial year; this because the larger schemes (including Northstowe and Cambridge North and East) are not currently required as a consequence of delays in and changes to the implementation of the growth development strategy. Although shown as an in-year underspend, the funding for these schemes will be required in future years, linked to implementation of new major developments and the emerging revised Cambridge and South Cambridgeshire Local Plan.	-7.0	(-99%)
• **Highways Maintenance including Footways and Signals** – the	-5.8	(-31%)

underspend for this programme is, in part, due to the costs of a number of schemes being less than expected. It is expected that this funding will be used to fund schemes in 2014/15. For a number of other schemes, work was organised and ordered for delivery in 2013/14, but the contractor was unable to deliver in this timeframe. These schemes will be completed in 2014/15.

It is anticipated that the funding profile arising from prudential borrowing will be re-evaluated during the 2014/15 financial year to ensure the best use of resources to deliver the Asset Management Strategy's intended outcomes.

• **Cycle City Ambition Schemes** – in September 2013, the Department for Transport (DfT) announced that the Council would be receiving over £4m of capital funding, which is to be spent by May 2015. DfT allocated £2.175m of this funding to the Council in 2013/14, however, it was not possible to spend the full level of this funding by 31st March 2014 due to resource, planning and consultation constraints in light of the late announcement. This therefore results in an underspend of -£1.5m in 2013/14, which will be carried forward into 2014/15.	-1.5	(-63%)
• **Science Park Station** – negotiations are ongoing with Department for Transport (DfT) and Network Rail regarding delivery of the scheme. This has therefore resulted in in-year slippage and an underspend of -£1.4m in 2013/14. However, the total cost of the project is expected to remain on budget.	-1.4	(-55%)
• **Carriageway & Footway Maintenance** – works have been delayed while design work is completed and discussions with the community are resolved. This work is therefore expected to be undertaken in 2014/15 and does not represent a total scheme underspend.	-0.7	(-9%)
• **Huntingdon - West of Town Centre Link Road** – the underspend is due to unresolved land costs. It is expected that these costs will be resolved in 2014/15 and therefore this does not represent a total scheme underspend.	-0.6	(-12%)

11.2.2 **Children, Families and Adults:** -£23.1m (-29.9%) underspend is being reported at year end.

	£m	**%**
• **Primary Schools - Demographic Pressures** – Isle of Ely Primary profiled expenditure has been revised for 2013/14 as the main build works, and therefore expenditure, will occur in 2014/15. This presents a -£4.8m underspend on the scheme in this financial year. However, the total cost of the project is expected to remain in line with the published Business Plan.	-6.6	(-23%)

Wisbech (additional places) has initial costs of £0.8m relating to feasibility and planning fees incurred in 2013/14 ahead of time for the provision of the places. The spend on scheme has been re-profiled during the Business Planning process for 2014/15. The total cost of the project is expected to remain in line with the published Business Plan.

A re-categorisation of the capital costs of early years provision in primary schools from the Primary School category to the Children Support Services category has been undertaken to fully utilise capital grants received. This has resulted in reduced spend in the Primary School demographic category for The Shade Primary in Soham and Chesterton Primary by £420k and £340k respectively. However, this is simply a reclassification of costs, rather than any reduction in scheme spend on provision at these schools.

Spend on Hemingford Grey Primary was £1.1m less in the year than originally planned, based on a £2.0m budget. This is the result of a greater than expected number of pre commencement planning conditions. However, work on site did start in January 2014 and is progressing well. The overall cost of the project is expected to remain on budget.

Thorndown Primary is progressing well, although there has been some slippage and rescheduling of the build programme amounting to c.£600k. £400k in payments has been withheld as a result of issues with the roof. In total, therefore, contractor payments are £944k less than originally anticipated at the beginning of the year.

Huntingdon Town additional 1 Form Entry places expenditure will now fall into 2014/15, as the project completion has slipped to a September 2016 opening following a review of known and predicted demand for places; the total expenditure is expected to remain in line with the published Business Plan but there is a -£150k in year underspend due to the slippage.

Kings Hedges Primary's spend has progressed faster than originally anticipated in 2013/14 and is therefore £153k over budget for the year. Hardwick second campus (Cambourne) has increased costs of £201k due to the design phase of the project being progressed more quickly than anticipated. The overall costs of both projects remain on budget.

- **Build Own Residential Home (Cambridge or South Cambs)** – this scheme was removed as part of the 2014/15 Business Planning process. -5.0 (-100%)

- **Secondary Schools - New Communities** – Southern Fringe Secondary build main contract work was expected to commence in October 2013, however, aspects of the contract were delayed until March 2014. The overall cost of the project is expected to remain on budget -2.8 (-60%)

- **Devolved Formula Capital** – this is a rolling three year fund. Annual grants are made available to schools for use towards smaller works and in-year capital pressures. The reported underspend of -£1.6m is the accumulation of the three year rolling funds that remain unspent. The funds will roll forward to spend in 2014/15. -1.6 (-47%)

- **Adult Social Care - Transformation Initiatives** – this spend has been reviewed in light of the transformation programme underway in Adults Services and Older People's Social Care and a revised programme is being developed. As a result the funding will not be required in 2013/14, but instead has been reflected in the 2014/15 Business Plan. -1.5 (-100%)

- **Adult Social Care** – the Community Capacity grant is now expected to be spent in 2014/15. -1.3 (-100%)

- **Condition, Maintenance and Suitability** – there have been some delays in schemes, principally at Girton and Coton, with the result that work was scheduled for Easter 2014. In addition, a number of tenders for the Priority 1 condition projects have come in with lower prices than had been anticipated. -1.2 (-22%)

- **Schools - Scheme Final Payments** – final accounts are not being concluded as anticipated at the commencement of this financial year. There are issues that need to be resolved between project managers/employers' agents and contractors. These are being actively pursued and until they are either substantiated or proved unfounded, the Council cannot agree and conclude final payments. -0.9 (-36%)

- **Children Support Services** – the expenditure profile for the Trinity School's Hartford Centre project was adjusted to show an earlier than anticipated spend of £1m (and hence an overspend), following Cabinet's approval on 26th November 2013 to conclude negotiations to purchase an appropriate site. However, this adjustment has now been reversed as the Council's initial offer has been rejected. Negotiations are ongoing with a view to securing an agreement early in the new financial year. -0.6 (-28%)

  £559k of the underspend is in respect of the reduction in anticipated spend in 2013/14 for 2 year old places and a further £40k of planned expenditure in respect of the roof work at

Ascham Road has been funded from the maintenance revenue budget.

- **Primary Schools - New Communities** – North West Cambridge Primary (National Institute of Agricultural Botany (NIAB) site) profiled expenditure was revised for 2013/14 in response to the rescheduled start on site date reflecting the fact that the design code for the development has yet to be approved - without this, the design for the primary school cannot be finalised. *Note*: S106 receipts for this scheme are delayed and will now be received and used in 2014/15 as a reflection of delayed build across the site. The underspend for 2013/14 is -£450k. The total cost of the project is expected to remain on budget.

  All expected costs to be incurred for the University development site have been removed (£4.3m) as confirmation has been received that the University has been granted approval by the Secretary of State to open the new primary as a University Training School. Agreement has been reached with the University that they will undertake the development, and fully fund the project themselves. Income for the full cost to date to be reimbursed has been accrued for as income in 2013/14, resulting in a -£50k in-year underspend as reimbursement of costs incurred in 2012/13 are also accounted for in 2013/14. -0.5 (-17%)

  Both Northstowe and Alconbury Weald's S106 receipts have been delayed. The project costs for the year have been revised to take account of this, contributing £55k to the balance of the underspend. Following considerable discussion and negotiation, the S106 for the first phase of Northstowe has now been signed. The project's completion is now set for November 2015. Due to uncertainty over the development timetable for Alconbury Weald, option appraisal work only began in December 2013, followed by development of the commission brief early in 2014.

11.2.3 **Corporate Services:** -£0.2m (-99.1%) underspend is forecast at year end.

- There are no exceptions to report.

11.2.4 **LGSS Managed:** -£8.4m (-59.2%) underspend is being reported at year end.

	£m	%
Effective Property Asset Management (EPAM) - Community Hubs – this is due to the timing of works and does not represent a reduction in overall scheme costs. The originally planned programme of works has been reviewed and the scheme has been split into three separate proposals as part of the Business Planning process to better reflect proposed activity.	-1.4	(-97%)
EPAM - Other Projects – the underspend is due to slippage on	-1.3	(-69%)

bringing new projects to business case stage. This scheme was re-evaluated during Business Planning and will come to an end once existing commitments have been met. A number of new schemes were approved within the 2014/15 Business Plan, which will supersede future years' spend on this scheme.

• **EPAM - Fenland** – construction work on Awdry House was completed and services moved in; the final account for construction was agreed during March and resulted in an underspend of -£1.1m for 2013/14.	-1.1	(-69%)
• **Carbon Reduction** – this was due to timing issues with beginning new projects and does not reflect a reduction in total scheme costs.	-1.1	(-89%)
• **Thin Client / Rationalisation of Applications** – this was due to delays in implementation. The scheme was reviewed as part of the Business Planning process and will form part of the overall programme for 2014/15.	-1.0	(-100%)
• **EPAM - Representations for Local Plans** – funding will need to be carried forward into 2014/15 as some significant costs from the existing work programme are expected early in the new financial year.	-0.6	(-88%)
• **EPAM - Building Maintenance** – the above underspends were partially offset by an overspend of £0.5m on EPAM – Building Maintenance. The difficulties experienced in reducing the property portfolio in line with the Business Plan resulted in an additional pressure on the capital building maintenance budget. This was managed in-year within the overall EPAM budget, as slippage on other schemes generated an underspend – accordingly the EPAM Project Board approved in principle a capital virement of £0.445m from the EPAM - Other Projects scheme to offset the overspend.	-	-

The year end position reflects this treatment and the General Purposes Committee is requested to formally approve the virement of £0.445m from EPAM - Other Projects to EPAM - Building Maintenance.

11.2.5 **LGSS Operational:** -£0.4m (-57.5%) underspend is being reported at year end.

- There are no exceptions to report.

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

	£m	**%**

Economy, Transport and Environment (ETE):

• **Babraham Park & Ride Extension** – the risk during construction was controlled and managed and more efficient construction processes were identified during the work, which resulted in lower construction costs. This scheme was funded by S106 area funding, which means that the unspent funding will be utilised for other transport schemes. This will be approved via the normal mechanism for the allocation of S106 funding.	-0.5	(-100%)

Children, Families and Adults (CFA):

• **Building Schools for the Future** – the overspend is as a result of additional ICT spend that was under estimated in the original project plan.	0.7	(2%)
• **Primary Schools - New Communities** – all expected costs to be incurred for the University development site have been removed as confirmation has been received that the University has been granted approval by the Secretary of State to open the new primary as a University Training School. Agreement has been reached with the University that they will undertake the development, and fully fund the project themselves. Future year adjustments have been reflected in the 2014/15 Business Plan.	-4.3	(-7%)
• **Condition, Maintenance and Suitability** – this is a result of the withdrawal of the Disabled Children's Short Breaks Grant in both 2013/14 and 2014/15 - £388k is included in the Business Plan for each of these years.	-0.8	(-2%)

LGSS Managed:

• **EPAM - Other Projects** – the underspend is due to slippage on bringing new projects to business case stage. This scheme has been re-evaluated during Business Planning and will come to an end once existing commitments have been met. A number of new schemes were approved within the 2014/15 Business Plan, which will supersede future years spend on this scheme	-1.2	(-5%)
• **EPAM - Fenland** – construction work on Awdry House was completed and services moved in. The final account for construction was agreed during March and resulted in an underspend of -£1.1m for 2013/14. Residual work will be completed early in 2014/15, giving a total scheme underspend of -£0.9m.	-0.9	(-14%)

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

Funding Source	BP Budget £m	Rolled Forward Funding [1] £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.8	0.0	0.0	5.3	**22.1**	20.1	-2.0
Capital Maintenance Grant	5.8	0.0	0.0	0.3	**6.1**	6.1	0.0
Basic Need Grant	10.3	0.0	0.0	2.3	**12.6**	12.6	0.0
Devolved Formula Capital	1.0	2.3	0.0	0.1	**3.4**	1.8	-1.6
Other Grants	2.6	7.3	0.0	3.5	**13.3**	9.5	-3.8
Section 106 Contributions	29.5	0.0	-9.8	-4.5	**15.1**	14.7	-0.4
Other Contributions	3.9	0.0	0.0	10.1	**14.0**	13.1	-1.0
Capital Receipts	4.7	0.0	0.0	1.8	**6.1**	6.1	0.0
Prudential Borrowing	63.6	15.0	0.0	-3.9	**75.3**	22.1	-53.2
Total	**138.2**	**24.5**	**-9.7**	**15.2**	**168.2**	**106.1**	**-62.1**

[1] Reflects the difference between the anticipated 2012/13 year end position, as incorporated within the 2013/14 Business Plan, and the actual 2012/13 year end position.

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

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	24.5	This reflects slippage or rephasing of the 2012/13 capital programme.
Additional / Reduction in Funding (DfT Grant)	ETE	1.2	Better Bus Area Funding: allocated to appropriate schemes across ETE – as approved by Cabinet on 10th September 2013.

Additional / Reduction in Funding (Other Grants)	ETE	1.7	Growing Places funding to finance the Huntingdon Link Road Project (£1.7m for 2013/14): allocated to appropriate schemes across ETE – as approved by Cabinet on 10th September 2013.
Additional / Reduction in Funding (DfT Grant)	ETE	0.9	Local Sustainable Transport Funding: allocated to appropriate schemes across ETE – as approved by Cabinet on 10th September 2013.
Additional / Reduction in Funding (DfT Grant)	ETE	1.2	Cycle Safety Fund: allocated to appropriate schemes across ETE – as approved by Cabinet on 9th July 2013.
Additional / Reduction in Funding (DfT Grant)	ETE	2.2	Cycle City Ambition Grant: allocated to appropriate schemes across ETE – as approved by Cabinet on 9th July 2013.
Additional / Reduction in Funding (S106 Contributions)	ETE	1.3	Allocated across various schemes.
Additional / Reduction in Funding (Other Contributions)	ETE	5.3	Broadband Delivery UK (BDUK) funding for the Connecting Cambridgeshire scheme (£1.3m): brought forward funding in order to remove the 2013/14 prudential borrowing requirement –as approved by Cabinet on 10th September 2013. The Busway capital contingency funding of £4m has been applied to the ETE capital programme, as this is no longer required for the Busway following settlement with the contractor. This reduces the prudential borrowing requirement in 2013/14.
Additional / Reduction in Funding (Prudential Borrowing)	ETE	-5.3	As above, using BDUK brought forward funding (£1.3m) and The Busway capital contingency funding (£4m) reduces the need for prudential borrowing in 2013/14.

Additional / Reduction in Funding (Other Grants, S106 Contributions and Other Contributions)	ETE	3.1	Huntingdon West of Town Centre Link Road scheme: £0.6m Housing Growth Funding; £1.5m S106 Contributions; and £1m Other Contributions: allocated to appropriate projects across ETE – approved by Cabinet on 29th October 2013.
Revised Phasing (S106 Contributions)	CFA	-9.2	NIAB triggers (£6m) and University Primary triggers (£4m) have been rephased – as approved by Cabinet on 10th September 2013.
Revised Phasing (Prudential Borrowing)	CFA	-2.0	Ely College funding rephased to reflect the new phasing of expenditure – as approved by Cabinet on 10th September 2013.
Additional / Reduction in Funding (Basic Need Grant)	CFA	2.4	An additional £2.4m funding has been received following a successful Additional Targeted Needs bid to the Education Funding Agency (EFA). This funding will result in a reduction to prudential borrowing in 2013/14.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-2.4	As above - additional Basic Need Grant received has resulted in a reduction to the prudential borrowing requirement in 2013/14.
Additional / Reduction in Funding (Other Grants)	CFA	0.7	Building Schools for the Future (BSF) Grant - following a review of the BSF funding position an additional £0.7m of grant is available, which reduces the prudential borrowing requirement – as approved by Cabinet on 28th January 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-0.7	As above – additional BSF funding has resulted in a reduction to the prudential borrowing requirement in 2013/14.

Additional / Reduction in Funding (S106 Contributions)	CFA	-9.4	The following capital schemes' spend plans exceed the in-year S106 receipts due to timing differences: - Cambourne Secondary (£3.4m) - Trumpington Meadows Secondary & Primary (£2.5m & £2.2m) - Orchard Park Primary (£0.6m) - Thorndown and Hemingford Grey Expansions (£0.3m) - Sundry movements (£0.3m) Prudential borrowing will be required to bridge the funding gap until the S106 triggers are reached and the funding released from developers - as approved by Cabinet on 4th March 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	9.4	As above – capital schemes' spend plans have exceeded S106 receipts, which has resulted in an increase in prudential borrowing to bridge the funding gap.
Revised Phasing (S106 Contributions)	CFA	-0.8	The following schemes' S106 receipts have been delayed in 2013/14 and so the project costs for the year have been revised to take account of this: - Northstowe (£300k) - Alconbury (£250k) - Hauxton (£230k) The cost of the projects and associated funding has been moved into 2014/15 – as approved by Cabinet on 4th March 2014.
Additional / Reduction in Funding (S106 Contributions)	CFA	1.7	As part of an exercise undertaken within CFA to investigate current S106 balances held, £1.1m has been identified as being applicable to schemes in the current programme and therefore applied in the current financial year (thereby reducing the prudential borrowing requirement in 2013/14). A further £0.4m S106 receipt has been received where the expenditure for the project was incurred in a previous financial year. This is therefore to be used to repay prudential borrowing, as due to timing the scheme was originally funded by borrowing prior to the S106 receipt being received.

			The above was approved by Cabinet on 15th April 2014.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-1.7	As above – additional S106 funding has resulted in a reduction to the prudential borrowing requirement in 2013/14.
Additional / Reduction in Funding (Other Contributions)	CFA	1.9	School funded schemes from external sources, which is reported at year end for completeness.
Additional / Reduction in Funding (Capital Receipts)	CFA	0.5	£0.5m of unapplied capital receipts has been allocated to CFA, which reduces their prudential borrowing requirement in 2013/14.
Additional / Reduction in Funding (Prudential Borrowing)	CFA	-0.5	As above – unapplied capital receipts have been allocated to CFA, which reduces their prudential borrowing requirement in 2013/14.
Additional / Reduction in Funding (Capital Receipts)	LGSS Managed	1.4	California Road (ring-fenced element): used to offset the capital works completed – as approved by Cabinet on 14th January 2014.

12. BALANCE SHEET

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

Measure	Target end of Mar	Actual end of Mar
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.5m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£0.8m
Invoices paid by due date (or sooner)	95%	99.7%

12.2 A comparison of the net borrowing activity from plan to the previous financial year can be found in the following table:

Measure	Actual 1st April	Actual end of June	Actual end of Sept	Actual end of Dec	Original forecast for end of Mar	Actual end of Mar
Net borrowing	£340.7m	£299.2m	£359.7m	£373.6	£405.1m	£333.6m

activity from plan (2013-14)						
Prior year comparator (2012-13 actual)	£330.8m	£319.4m	£327.3m	£305.8m	£370.8m	£340.7m

12.3 Key exceptions are identified below:

Key exceptions	Impacts and actions
Less borrowing activity than planned, as a result of lower than expected capital expenditure – original net borrowing target was £405.1m. The actual net borrowing position at 31st March is £333.6m.	Interest rates have risen during the year driven upwards by a return in confidence in equity markets, better economic indicators and shift from the safe haven of UK gilts, though this has not been without volatility. As a result interest payable on new borrowing will rise, however given capital programme slippage and stronger than expected cash flow this year fewer long term loans were raised. Interest rates continue to be monitored closely and a pragmatic approach to borrowing is adopted.

12.4 A schedule of the Council's reserves and provisions can be found in appendix 2.

13. EXTERNAL AND CONTEXTUAL ISSUES

13.1 2013/14 has been another difficult year for the Council financially, as it has had to deal with increased costs primarily through inflationary pressures and demand pressures (especially in respect of adult social care and increasing capital financing costs in response to growth in Cambridgeshire – investment in infrastructure and new schools). These, coupled with a 6.3% reduction in Government funding, resulted in a savings target of £32m for 2013/14. The council not only achieved its savings target of £32m, but surpassed expectation by producing a further £5.6m of savings. These additional savings will be made available in the next round of the Business Planning (BP) process and will assist in offsetting future year pressures.

13.2 Going forward, the outlook for 2014/15 is not any brighter, as the Council faces a substantial increase in demand for its services, both as a result of the substantial growth seen in Cambridgeshire and the changing demographics – particularly relating to the ageing population. These, coupled with a 5.3% reduction in Government funding, have resulted in a savings requirement of £38.2m in 2014/15 and £149.1m to be achieved over the next five years.

14. FURTHER INFORMATION

14.1 Members requiring further information on issues raised in this report may wish to access the individual Services' Finance and Performance Reports by following the link below:

http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/147/finance_and_performance_reports

15. ALIGNMENT WITH CORPORATE PRIORITIES

15.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

15.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

15.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

16. SIGNIFICANT IMPLICATIONS

16.1 Resource Implications

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

16.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

16.3 Equality and Diversity Implications

There are no significant implications within this category.

16.4 Engagement and Consultation Implications

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

16.5 Localism and Local Member Involvement

There are no significant implications within this category.

16.6 Public Health Implications

There are no significant implications within this category

Source Documents	Location

ETE Budgetary Control Report (Outturn 13/14) CFA Budgetary Control Report (Outturn 13/14) PH Budgetary Control Report (Outturn 13/14) CS and LGSS Cambridge Office Budgetary Control Report (Outturn 13/14) Performance Management Report & Corporate Scorecard (Outturn 13/14) Capital Monitoring Report (Outturn 13/14)	Room 301 Shire Hall Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan (BP)	278,456	13,678	62,096	35,204	14,112	8,520	10,919	-162
Post BP corrections						346	-346	
Use of operational savings to fund Capital pension costs			30					-30
Blue badge	-17				17			
Making Assets Count (MAC) funding from Effective Property Asset Management (EPAM)			1			-1		
Centralised property cost centres from depots			-158			158		
Transfer depots income budget						-118	118	
Aspire support	30					-30		
FM centralised properties income to service	-22					22		
Invest To Transform (ITT) Loan Advance					183			-183
Centralised properties recharge to ASC Provider Units	258					-258		
Use of operational savings to fund ETE transformation project team			7					-7
Procurement contract savings from Multi-Functional Devices (MFD) and Insurance budgets						-97	97	
Transfer Contact Centre telephony budget to IT Managed					-57	57		
Return Cromwell Museum cleaning budget to service					2	-2		
Transfer budget for centralised stationery staffing costs						-20	20	
Adjustment to property income budgets with CFA	11					-11		
Transfer CFA Service Transformation project manager post from CS	54				-54			
Transfer laundry facilities budget to LGSS Managed						34	-34	
Correction to budget prep error between LGSS Operational and LGSS Managed budgets						19	-19	
CS Operational Savings – restructure pressures					134			-134
CS Operational Savings – various					336			-336
CS Operational Savings – libraries bookfund					100			-100

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Access Forum (LAF) Funding			-6		6			
Youth Offending Team (YOT) HR annual charge	-4						4	
Funding for Election Costs 13/14					345			-345
Finance Operational Savings 13/14 – CIPFA Trainee							44	-44
ETE Operational Savings – capital pension costs			37					-37
CS Operational Savings – service transformation & restructure pressures					126			-126
ETE Operational Savings – early retirement costs			65					-65
ETE Operational Savings – fund joint strategic planning			45					-45
ETE Operational Savings – cover costs prior to possible externalisation of SmartLife			50					-50
Sawston Funding	-56		56					
Correction to budget prep figures						-2	2	
Allocation of LGSS central charges budget from CS					-8		8	
Migration demography	-30				30			
ETE Operational Savings – pension costs			20					-20
CCS corporate staffing budget	-38						38	
13/14 pay inflation award	635		156		42	51	116	-1,000
Service Realignment - Community and Cultural Services			5,983		-7,447	978	486	
LGSS Operational Savings							350	-350
Migration demography	15				-15			
Occupational Therapy (OT) double-up project funding 13/14	35							-35
Admin review					3		-3	
Employment review					-199	199		
Allocation of Public Health support budgets to LGSS					-65		65	
Ramsey library Wide Area Network (WAN) costs			-10			10		
CS Operational Savings – Community Engagement restructure					22			-22
LGSS Operational Savings – data centre consolidation work							40	-40

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LGSS Operational Savings – data centre consolidation work (additional)							6	-6
LGSS Operational Savings – Apprenticeships							9	-9
ETE Operational Savings – various			60					-60
Unused funding for Election Costs 13/14					-122			122
CS Operational Savings – return of unused funding					-250			250
Community Engagement Insurance charges 13/14					3	-3		
CFA Insurance charges 13/14	383					-383		
ETE Insurance charges 13/14			1,479			-1,479		
ETE Operation Savings – various			-11					11
Norwich Provision							184	-184
ETE Operational savings – capital schemes			93					-93
LGSS Operational Savings – part reversal of People, Transformation and Transactions transition costs							-7	7
Building Maintenance budget 2013/14 A			8			-8		
Building Maintenance budget 2013/14 B	2		1			-3	1	
Redundancy and Pensions c/fwd A							333	-333
Redundancy and Pensions c/fwd B							4	-4
Disability Discrimination Act (DDA) Building Maintenance 2013/14						1		-1
Corporate Allocations A	15,212	475	6,170	11	-3,297	272	-18,843	
Corporate Allocations B					54	-8,411	8,357	
Current budget	**294,924**	**14,153**	**76,172**	**35,215**	**4,001**	**-159**	**1,949**	**-3,431**
Rounding	*-*	*-*	*-1*	*-*	*-*	*-*	*-2*	*1*

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2013	2013-14		Notes
		Movements in 2013-14	Balance at 31 Mar 14	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	5,365	6,973	12,337	Includes £3m from Guided Busway contractor as a refund towards revenue costs incurred.
- Services				
1 CFA	4,276	2,484	6,760	Includes Service outturn position.
2 PH	0	749	749	Includes Service outturn position.
3 ETE	2,199	597	2,796	Includes Service outturn position.
4 CS	1,628	-314	1,314	Includes Service outturn position.
5 LGSS Managed	8	-8	0	
6 LGSS Operational	1,905	-789	1,116	Includes Service outturn position.
subtotal	15,381	9,692	25,073	
Earmarked				
- Specific Reserves				
7 Insurance	5,085	-980	4,105	
8 Invest to Transform – Corporate	183	-183	0	
9 Invest to Transform – Services	675	-675	0	
10 Connecting Cambridgeshire	3,585	-100	3,485	
11 Contingency Reserve	1,000	-1,000	0	
subtotal	10,528	-2,938	7,590	
Trading Units				
12 LGSS Managed	70	-70	0	
subtotal	70	-70	0	
Equipment Reserves				
13 CFA	330	123	453	
14 ETE	245	323	567	
15 CS	132	-81	50	
16 LGSS Managed	451	108	559	
17 LGSS Operational	85	0	85	
subtotal	1,243	472	1,715	
Other Earmarked Funds				
18 CFA	2,469	974	3,443	
19 ETE	15,839	-6,863	8,975	Includes liquidated damages in respect of the Guided Busway.
20 CS	1,204	-868	336	
21 LGSS Operational	1	-1	0	
subtotal	19,512	-6,758	12,754	
Self-Managed Institutions (SMIs) (Local Management of Schools (LMS) etc)				
22 DSG carry-forward	22,628	-170	22,458	Includes balances held for Pools and Contingency Fund and Schools accumulated balances. Adjusted for estimated Academy conversions and anticipated reductions in balances held by maintained schools.
subtotal	22,628	-170	22,458	
SUB TOTAL	**69,362**	**228**	**69,590**	

Capital Reserves				
- Services				
23 CFA	8,356	-4,176	4,180	
24 ETE	2,842	4,199	7,041	
25 LGSS Managed	381	100	481	
26 LGSS Operational	0	0	0	
27 Corporate	27,911	-5,317	22,594	Section 106 balances.
subtotal	39,490	-5,194	34,296	
- Schools				
28 Devolved Formula Capital	2,258	-644	1,614	
subtotal	2,258	-644	1,614	
GRAND TOTAL	**111,110**	**-5,610**	**105,500**	

Note 1: CFA balances as at 31 March 2013 are a combination of CYPS' and ASC's 12/13 closing balances.
Note 2: CS' 12/13 closing balances have been split between CS, LGSS Managed and LGSS Operational as at 31 March 2013.

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 2013	2013-14		Notes
		Movements in 2013-14	Balance at 31 Mar 14	
	£000s	£000s	£000s	
Short Term Provisions				
1 ETE	0	669	669	
2 CS	0	1,000	1,000	
3 LGSS Managed	5,397	-2,531	2,866	
4 LGSS Operational	250	-250	0	
subtotal	5,647	-1,112	4,535	
Long Term Provisions				
5 LGSS Managed	4,721	0	4,721	
subtotal	4,721	0	4,721	
GRAND TOTAL	**10,368**	**-1,082**	**9,256**	

APPENDIX 3 – Treatment of Reserves

Service Based Reserves

At the last meeting of the General Purposes Committee on 20th May 2014, Members raised some concerns over the level of the underspend as set out in the March Integrated Resources and Performance Report. Although Members recognised the amount of work that had been undertaken to keep within the overall cash limits allocated by the Council, and that the underspend was not significant in terms of the overall gross expenditure of the Council, there were some concerns raised over the size of the reserves that would be carried forward within departmental reserves.

The Committee therefore requested that this issue be reviewed within a future paper to the Committee.

The treatment of service committee under and overspends are set out in the Constitution as opposed to the Scheme of Financial Management. These are included within Part 4 as follows:-

The Constitution

Part 4 – Rules of Procedure
Part 4.6 – Financial and Contract Rules

3. Financial Control

3.3 Underspends and overspends on the four budget blocks shall be carried forward from one year to the next, except for the following items which will be credited/debited to balances:

(a) interest and capital financing costs;
(b) highways winter maintenance;
(d) waste PFI; and
(c) precepts.

Any changes to this carry forward rule must be approved by the Council, except where they arise from a statutory requirement.

The Rationale

Directorate general reserves have been part of the Council's approach to financial management for some years. The rationale for their introduction was to avoid there being a perverse incentive to use up unallocated budgets at the year end. Thereby avoiding a 'use it or lose it' mentality. The sophistication of services within the Council has moved beyond this mentality given the shared ownership there is over the financial challenge that austerity has brought.

Although there was an unexpected underspend in the last financial year it is more likely that services will overspend in the future as the delivery of savings becomes increasingly more difficult to achieve.

The Council also holds a General Reserve which is a risk based assessment of the potential funds that may be required to fund any unforeseen circumstances in one financial year. A level of £15m, or broadly equivalent to 3% of expenditure, has been determined as the appropriate level. Therefore holding directorate based reserves to fund service overspends is effectively duplication.

Current Position

As a result of the 2013/14 year end transfers the current balances of the service directorates reserves are as follows:-

Directorate	Balance at 1.4.13 £m	Transfer at 31.3.14 £m	Balance 1.4.14 £m
Children, Families and Adults	4.3	2.5	6.8
Economy, Transport and Environment	2.2	0.6	2.8
Customer Service and Transformation	1.6	-0.3	1.3
LGSS	1.9	-0.8	1.1

Footnote:-

Public Health do have a reserve but this is ring-fenced and therefore has been excluded for these purposes.

LGSS reserve has been included but this sum is scrutinised and agreed by the Joint Committee. The sum shown is for the whole of LGSS and is not therefore directly related to CCC element of the service.

Transformation/Change Management Funds

The Council no longer holds specific transformation reserves for the purpose of pump priming any specific invest to save schemes. Such schemes are however seen as an important tool for delivering on-going efficiencies in service delivery. The Council have therefore agreed that any request will be positively received, but such investments will be managed through the Business Planning process itself.

Review of Balances Held

Each year a review is undertaken on any sums held by Directorates in order to ensure that sums are not held within directorate reserves unnecessarily. During 2013/14 unallocated reserves were transferred to the General Reserve. This approach has worked effectively, but to some extent is not totally aligned to the current constitution.

The General Reserve

The Council holds a corporate reserve that is intended to cover any exceptional items of revenue expenditure that could not be funded from within the cash limits set by the Council. In 2012/13 this was operating at a level that was not prudent. A risk assessment was undertaken on the key financial risks facing the Council and the Medium Term Financial Strategy of the Council agreed this to increase to around £15m or 3% of the operating budget.

One of the reasons the Council was able to operate at the very low levels in previous financial years was because of the reserves being held by Directorates. This can lead to duplication and the directorate reserves are not necessarily being held for the same purposes as the General Reserve. As directorates have to operate with a cash limit, and if unable to do so have to request additional funding, which would be resourced through the General Reserve the rationale for the wording within the Constitution is somewhat redundant.

To ensure the effective use of resources and to provide some ability for reinvestment in service delivery it is proposed that the basic premise of the Directorate Reserves should be retained. It is, however, proposed that any underspend against the original cash limit for the year, as set by Council, as part of the Business Plan should be retained within a Directorate Reserve. It is further proposed that the utilisation of this sum shall be agreed between the relevant Executive/Corporate Director and the Chief Finance Officer by the end of June of the following financial year. Any element of the reserve not supported by an agreed programme will be transferred to the General Reserve at that point.

If this principle is what the Committee were seeking the Constitution will be amended to reflect this subtle change which can be undertaken through the current delegated authority held by the Monitoring Officer.