

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

To: **General Purposes Committee**

Date: **17 December 2019**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **2019/014**

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:**

- **Approve additional prudential borrowing of £335k in 2019/20 for the Abington Woods Special Educational Needs (SEN) scheme, as set out in section 5.7.**

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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.

Finance and Key Activity

Revenue budget outturn

+£0.7m (0.2%)
variance at end of
year

AMBER

This is a £0.083m increase
in the revenue pressure
since last month's forecast.

This is a £0.131m increase
in the in-year capital
expenditure compared to
last month's forecast.

Capital programme outturn

-£21.3m (-6.6%)
variance at end of year

GREEN

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Oct-19	May-19	Trend since May 19
Nursing	489	489	Stayed the same
Residential	902	873	Increasing
Community	1,584	1,476	Increasing

Adults aged 18+ receiving long term services

	Oct-19	May-19	Trend since May 19
Nursing	50	45	Increasing
Residential	365	376	Stayed the same
Community	2,839	2,855	Stayed the same

Children open to social care

	Oct-19	Apr-19	Trend since Apr 19
Children in Care	752	783	Decreasing
Child Protection	491	581	Decreasing
Children in need *	1,786	2,207	Decreasing

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

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£0.7m (+0.2%); this is largely within People & Communities (P&C) (£3.5m pressure), Commercial & Investment (C&I) (£0.9m pressure), and LGSS Operational (£0.4m pressure) partially offset by forecast underspends of -£2.9m in Place & Economy, -£0.5m in CS Financing and -£0.5m in Corporate Services. See section 3 for details.
- The Capital Programme is forecasting a -£21.3m underspend at year-end after the capital programme variations budget has been utilised in full. See section 5 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 (Sept) £000	Service	Current Budget for 2019/20 £000	Actual (Oct) £000	Forecast Variance (Oct) £000	Forecast Variance (Oct) %	Overall Status	DoT
57,504	-1,961	Place & Economy	52,079	22,120	-2,855	-5.5%	Green	↑
254,936	2,578	People & Communities	262,935	151,136	3,466	1.3%	Red	↓
390	-86	Public Health	390	-7,485	-172	-	Green	↑
10,221	-314	Corporate Services	12,209	8,047	-469	-3.8%	Green	↑
14,048	14	LGSS Managed	13,149	10,053	14	0.1%	Green	↓
-9,502	542	Commercial & Investment	-8,768	-1,275	877	-	Amber	↓
28,161	-534	CS Financing	27,558	3,483	-534	-1.9%	Green	↑
355,758	239	Service Net Spending	359,552	186,079	328	0.1%	Amber	↓
20,357	0	Funding Items	18,447	9,709	0	0.0%	Green	↔
376,115	239	Subtotal Net Spending	377,999	195,789	328	0.1%	Amber	↓
		Memorandum items:						
8,161	413	LGSS Operational	6,104	7,222	407	6.7%	Amber	↑
	652	Grand Total Net Spending	384,103	203,011	735	0.2%	Amber	↓
170,024		Schools	170,024					
554,300		Total Spending 2019/20	554,127					

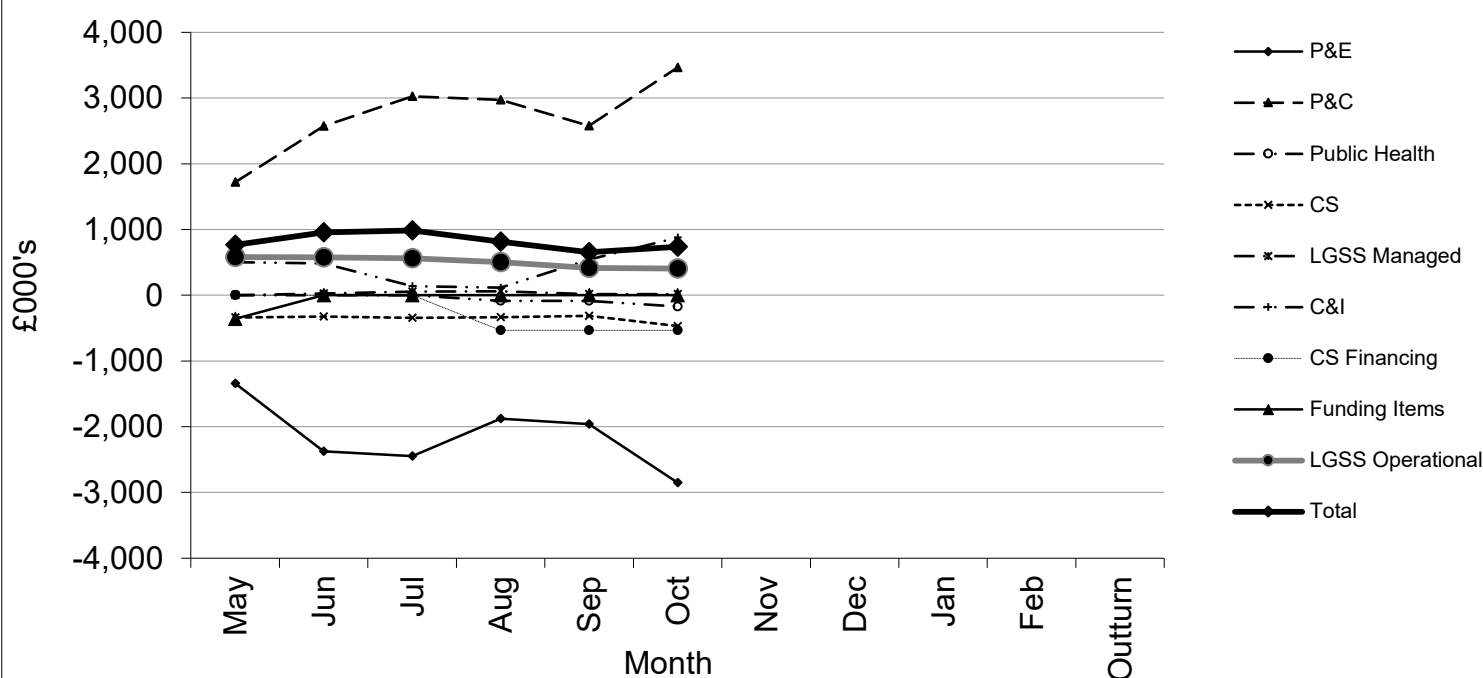
¹ The budget figures in this table are net.

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

³ 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.

⁴ 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:** -£2.855m (-5.5%) underspend is forecast at year-end.

- | | £m | % |
|---|--------|-------|
| <ul style="list-style-type: none"> Waste Management – a -£2.075m underspend is forecast. This is an increase of -£1.245m on the underspend position previously reported in June, of which -£1.034m relates to a change since last month. This is primarily due to: <ul style="list-style-type: none"> A dispute being resolved in our favour over waste from the Mechanical Biological Treatment (MBT) facility composting hall which was landfilled in April. This has increased the forecast underspend on landfill tax by -£600k to -£1.8m. Underspends from a reduction in the contract waste collected combined with a (one-off) contract penalty for a lack of reduction in the biodegradability of waste landfilled during 2018/19 have more than offset the budgetary pressure from the delay in the contract changes implementation. An underspend of -£250k is now forecast in this area. | -2.075 | (-6%) |
| <ul style="list-style-type: none"> A combination of more minor variances sum with the above to lead to an overall outturn of -£2.855m. For full and previously reported details see the P&E Finance Monitoring Report, (http://tiny.cc/afg5qz). | | |

3.2.2 **People & Communities:** +£3.466m (+1.3%) pressure is forecast at year-end.

- | | £m | % |
|--|--------|---------|
| <ul style="list-style-type: none"> Strategic Management - Adults – a -£4.797m underspend is forecast. This is an increase of -£0.261m on the underspend position previously reported in June, of which -£0.097m relates to a change since last month. The underspend on this line relates primarily to the use of grant funding earmarked specifically to mitigate pressures in Adult Social Care. | -4.797 | (-257%) |

- **Older People's Services** - a +£5.220m pressure is forecast. This is an increase of +£0.902m on the position previously reported last month. The cause of the pressure is predominantly the higher than expected costs of residential and nursing care compared to when budgets were set, in part due to the ongoing focus on discharging people from hospital as quickly as is appropriate. A detailed explanation of the pressures due to prior-year activity was provided to Adults Committee and GPC in the first reports of the financial year, and much of the further in-year pressure is due to the trends in price increases continuing. +5.220 (+11%)

Costs have continued to increase by more than expected in September, above the trend for the year to date, and in addition, there is an expectation that demand management savings will be slower to deliver with some benefit falling into 2020/21.

- **Coroners** – a +£0.313m pressure is forecast. This is due to the increasing complexity of cases being referred to the coroner that require inquest and take time to conclude, requiring more specialist reports and advice and the recruitment of additional staff to complete investigations and prevent backlogs of cases building up. The cost of essential contracts for body storage, pathology, histology and toxicology has also increased. +0.313 (+28%)

- **Funding to Special Schools & Units, High Needs Top Up Funding and Out of School Tuition** – a +£8.5m pressure is currently forecast. This is an increase of +£1.5m on the position reported in July and relates in full to a change since last month. Initial in-year pressures have been forecast for a number of Dedicated Schools Grant (DSG) funded High Needs Block budgets including funding for special schools and units (+£3.5m), top-up funding for mainstream schools and Post-16 provision (£2.5m), out of school tuition (£2.0m) and SEN Placements (£0.5m). A Special Educational Needs and Disability (SEND) Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block. As previously reported in 2018/19 we saw a total DSG pressure across SEND services of £8.7m which, combined with underspends on other DSG budgets, led to a deficit of £7.2m carried forward into 2019/20. Given the ongoing increase in numbers of pupils with Education Health Care Plans (EHCPs) it is likely that a similar pressure will occur in 2019/20. Current estimates forecast an in-year pressure of approximately £8.5m. This is a ring-fenced grant and as such pressures do not currently affect the Council's bottom line but are carried forward as a deficit balance into the next year. +8.500 (+19%)

- **Financing DSG** – a -£8.5m required contribution from DSG is forecast. This is an increase of -£1.5m on the required contribution previously reported in July and relates in full to a change since last month. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily Funding to Special Schools and Units (£3.5m), High Needs Top Up Funding (£2.5m), Out of School -8.500 (-14%)

Tuition (£2.0m) and SEN Placements (£0.5m) as described above.

- A combination of more minor variances sum with the above to lead to an overall outturn of +£3.466m. For full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/owg5gz), (<http://tiny.cc/owg5gz>).

3.2.3 **Public Health:** -£0.172m (-%) 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/1kg5gz), (<http://tiny.cc/1kg5gz>).

3.2.4 **Corporate Services:** -£0.469m (-3.8%) 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/drt5gz), (<http://tiny.cc/drt5gz>).

3.2.5 **LGSS Managed:** +£0.014m (+0.1%) 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/drt5gz), (<http://tiny.cc/drt5gz>).

3.2.6 **CS Financing:** -£0.534m (-1.9%) 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/drt5gz), (<http://tiny.cc/drt5gz>).

3.2.7 **Commercial & Investment:** +£0.877m (-%) pressure is forecast at year-end.

- | | £m | % |
|---|--------|---------|
| <ul style="list-style-type: none"> • Facilities Management – a £0.341m pressure is forecast, of which £0.100m relates to an increase since last month. This is mainly due to reactive maintenance required to corporate buildings, which is necessary for those buildings to meet required standards. | +0.341 | (+6%) |
| <ul style="list-style-type: none"> • Outdoor Education- a +£0.301m pressure is forecast in Outdoor Education within Traded Services, of which £0.072m relates to an increase since last month. A structural pressure of £113k has been identified at Grafham Water Centre during budget preparation and has been reported from the beginning of 2019/20. This has been partially offset by underspends elsewhere in the service. A Business Development Plan is underway to address the financial sustainability of the service. In addition to this, there is a one-off cost in this year which is estimated at £114k, related to backdated pay for staff at Grafham Water Centre as a result of National Minimum Wage requirements. Some underachievement of income is expected at Grafham Water due to staff turnover in year which has caused numbers of bookings outside peak times to fall. | +0.301 | (+390%) |
| <ul style="list-style-type: none"> • A combination of more minor variances sum with the above to lead to an overall outturn of +£0.877m. For full and previously reported details see the C&I Finance Monitoring Report, (http://tiny.cc/z3g5gz). | | |

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:** +£0.407m (+6.7%) 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/drt5gz), (<http://tiny.cc/drt5gz>).

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: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C Finance Monitoring Report](#) (section 5), (<http://tiny.cc/owg5gz>).

5. CAPITAL PROGRAMME

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

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan	Forecast Variance - Outturn (Sept)	Service	Revised Budget for 2019/20	Actual- Year to Date (Oct)	Forecast Variance - Outturn (Oct)	Forecast Variance - Outturn (Oct)	Total Scheme Revised Budget (Oct)	Total Scheme Forecast Variance (Oct)
£000	£000		£000	£000	£000	%	£000	£000
43,908	-16,439	P&E	59,266	14,118	-16,308	-27.5%	411,096	-
129,267	-0	P&C	101,292	56,266	-0	0.0%	678,259	-3,449
3,457	-40	CS	7,463	2,764	-	0.0%	24,677	-
2,827	40	LGSS Managed	2,339	2,141	-	0.0%	6,785	-
90,443	-4,995	C&I	152,635	87,438	-4,995	-3.3%	351,474	-
-		Outturn adjustment	-	-		-	-	-
269,902	-21,434	Total Spending	322,995	162,727	-21,303	-6.6%	1,472,291	-3,449

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 5.2.
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 underspend of -£0.6m 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.

- 5.2 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 (Oct) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Oct) £000
P&E	-13,505	-29,813	13,505	100.00%	-16,308
P&C	-13,399	-5,933	5,933	44.28%	-0
CS	-1,431	-108	108	7.55%	0
LGSS Managed	-585	-327	327	55.90%	0
C&I	-26,312	-31,307	26,312	100.00%	-4,995
Outturn adjustment	-	-	9,047	-	
Total Spending	-55,232	-67,488	55,232	100.00%	-21,303

- 5.3 As at the end of October 2019, Place & Economy schemes and C&I schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£16.3m and -£5.0m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.

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

- 5.4.1 **Place & Economy:** a -£16.3m (-27.5%) 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/afg5gz), (<http://tiny.cc/afg5gz>).

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

Revised Budget for 2019/20	Forecast Spend - Outturn (Oct)	Forecast Spend - Outturn Variance (Oct)	Variance Last Month (Sept)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Secondary						
51,096	44,629	-6,466	-6,016	-450	-248	-6,218
An in-year underspend of -£6.5m is forecast across Basic Need – Secondary schemes. This is a change of -£0.45m on the position reported since month and is primarily due to changes on the Alconbury Weald Secondary & Special scheme as outlined below:						
Alconbury Weald Secondary & Special						
350	100	-250	0	0	0	-250
There has been a delay in the tender process which will have an ongoing impact on the design work being progressed in 2019-20						

Specialist Provision						
4,073	5,620	1,547	-53	1,600	0	1,600
An in-year pressure of +£1.5m is forecast across Specialist Provision schemes. This is a change of +£1.6m on the position since last month and is primarily due to accelerated spend on the Highfields Phase 2 scheme as outlined below:						
Highfields Phase 2						
3,600	5,200	1,600	0	1,600	0	1,600
Revised spend forecast received from contractor. Value of works higher than anticipated for 2019-20 due to pre-fabricated construction and works progressing ahead of schedule, which means that the project is likely to complete earlier than planned.						
P&C Capital Variation						
-13,399	-7,466	5,933	6,849	916	0	5,933
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 £5.9m underspend is balanced by use of the capital variations budget; this is a decrease of £0.9m on the use of the variations budget reported last month and relates primarily to the in-year pressure on Specialist Provision partially offset by the underspend on 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/owg5gz), (<http://tiny.cc/owg5gz>).

5.4.3 **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/drt5gz), (<http://tiny.cc/drt5gz>).

5.4.4 **LGSS Managed:** a balanced budget is forecast at year-end.

Revised Budget for 2019/20	Forecast Spend - Outturn (Oct)	Forecast Spend - Outturn Variance (Oct)	Variance Last Month (Sept)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
IT Infrastructure refresh						
380	82	-298	0	-298	-	-298
An in-year underspend of -£0.3m is forecast. This budget has been rephased to address anticipated requirements for IT Infrastructure in future years						
LGSS Managed Capital Variation						
-585	-258	327	0	327	-	327
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 £0.3m underspend is balanced by use of the capital variations budget; this relates primarily to the underspend on the IT Infrastructure refresh scheme as reported above, together with more minor variances.						

- For full and previously reported details see the [CS & LGSS Finance Monitoring Report](http://tiny.cc/drt5gz), (<http://tiny.cc/drt5gz>).

5.4.5 **Commercial & Investment:** a -£5.0m (-3.3%) 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 [C&I Finance Monitoring Report](http://tiny.cc/z3g5gz), (<http://tiny.cc/z3g5gz>).

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

5.5.1 **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/afg5gz), (<http://tiny.cc/afg5gz>).

5.5.2 **People & Communities:** a -£3.449m (-0.5%) total scheme underspend is forecast.

Total Scheme Revised Budget	Total Scheme Forecast Spend - Outturn (Oct)	Total Scheme Forecast Spend - Outturn Variance (Oct)	Variance Last Month (Sept)	Movement
£'000	£'000	£'000	£'000	£'000
Basic Need - Primary				
273,739	270,681	-3,058	-2,410	-648
A total scheme underspend of -£3.1m is forecast across Basic Need – Primary schemes. This is a change of -£0.6m on the position reported last month and is mainly due to forecast savings on completion of the schemes outlined below:				
Hatton Park, Longstanton				
5,080	4,891	-189	0	-189
Savings made on contingency and risk as project nears completion				
Sawston Primary				
2,460	2,060	-400	-300	-100
Further savings made on contingency and risk as project nears completion.				
New Road Primary				
6,808	6,408	-400	-200	-200
Savings made as part of the tender process at MS4.				
Basic Need - Secondary				
321,067	320,729	-338	-52	-286
A total scheme underspend of -£0.3m is forecast across Basic Need – Secondary schemes. This is a change of -£0.3m on the position since last month and is mainly due to forecast savings on completion of the schemes outlined below:				
Cambourne Village College				
19,173	18,983	-190	0	-190
Reduction due to release of unspent and closed out risk register items and a proportion of the unspent contingencies.				
Cromwell Community College				
9,108	9,012	-96	0	-96
Revised Project cost at MS4 Financial Close.				

- For full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/owg5gz), (<http://tiny.cc/owg5gz>).

5.5.3 **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/drt5gz), (<http://tiny.cc/drt5gz>).

5.5.4 **LGSS Managed:** a -£0.069m (-1.0%) total scheme underspend 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/drt5gz>).

5.5.5 **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/z3g5gz>).

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

Funding Source	B'ness Plan Budget	Rolled Forward Funding ¹	Revised Phasing	Additional/ Reduction in Funding	Revised Budget	Outturn Funding	Funding Variance
	£m	£m	£m	£m	£m	£m	£m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.4	17.6	19.4	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	0.5	10.4	10.4	-0.1
Capital Receipts	45.4	10.4	-10.5	-20.6	24.7	26.7	2.0
Other Contributions	24.6	3.3	-	4.9	32.7	15.5	-17.2
Revenue Contributions	10.1	-	-	-	10.1	10.1	-
Prudential Borrowing	133.4	20.0	-13.4	65.1	205.0	199.0	-6.0
TOTAL	269.9	39.4	-37.0	50.6	323.0	301.7	-21.3

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

5.7 In the October [P&C Finance Monitoring Report](#), Children and Young People (CYP) Committee is recommending to General Purposes Committee (GPC) the approval of additional funding of £335k in 2019/20 for the Abington Woods SEN scheme. This project is to purchase existing school buildings on the Abington Woods site, and repurpose them for use as a school for children with SEND needs. The buildings at Abington Woods will be used to support Cambridgeshire's high demand for additional special school places for children with complex needs. The acquisition will release places at the Granta Special School for additional younger children and safeguard the attendance locally of young people who might otherwise need provision with independent providers. This would also result in revenue savings on DSG funded High Needs Block budgets and transport budgets from being able to increase capacity at Granta and avoid the expenditure that

comes from placing children and young people at provisions outside of the county. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2020/21 at £22k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £335k in 2019/20 for the Abington Woods SEN scheme.

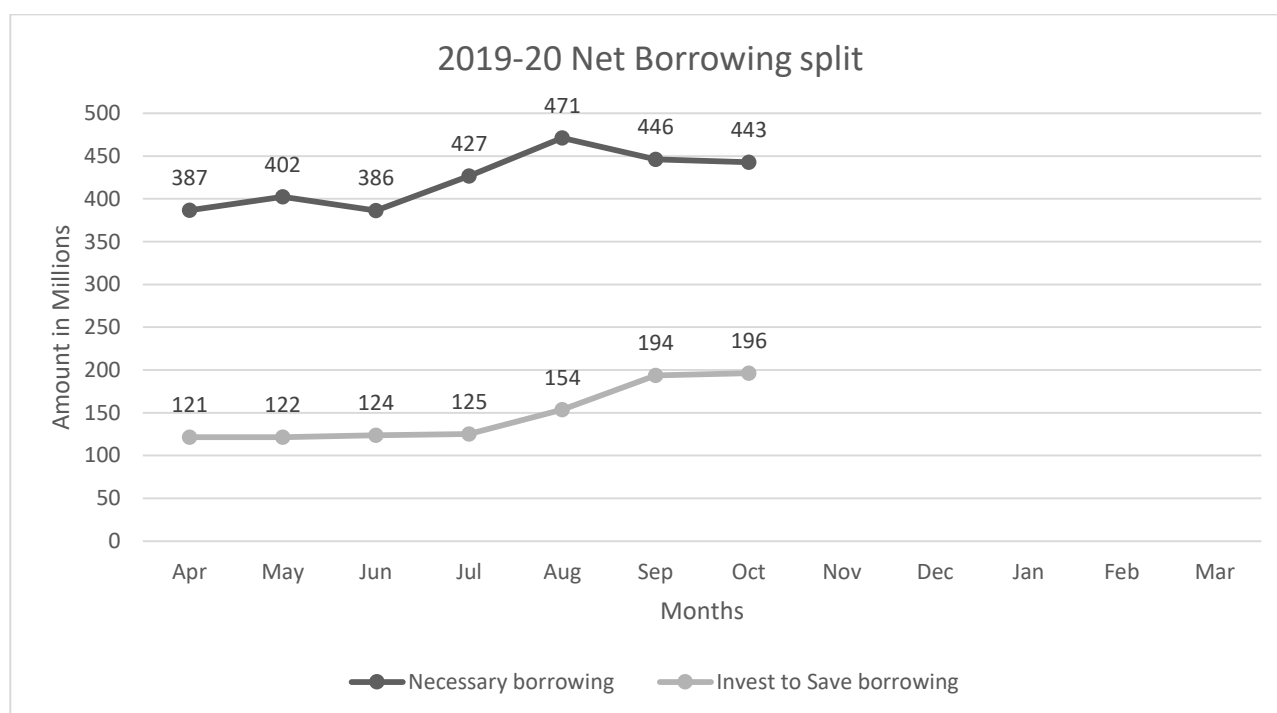
6. BALANCE SHEET

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

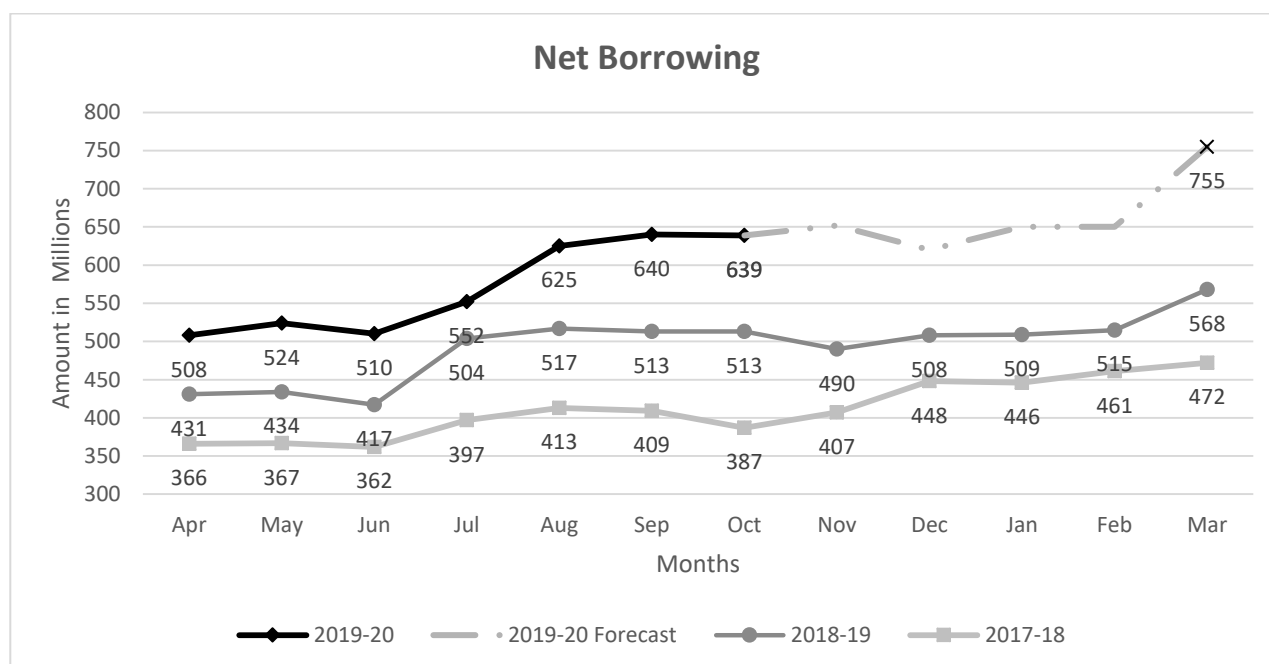
Measure		Year End Target	Actual as at the end of Oct 2019 ¹
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£4.64m
	Sundry	£1.71m	£2.05m

¹ The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation.

6.2 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 £196m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



6.3 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 October 2019, investments held totalled £119m (excluding 3rd party loans) and gross borrowing totalled £758m, equating to a net borrowing position of £639m.



- 6.4 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.
- 6.5 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 £755.0m by the end of this financial year.
- 6.6 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 Council's 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.
- 6.7 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.
- 6.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](http://tiny.cc/5qfggz), (<http://tiny.cc/5qfggz>).

- 6.9 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](#).

7. ALIGNMENT WITH CORPORATE PRIORITIES

7.1 A good quality of life for everyone

There are no significant implications for this priority.

7.2 Thriving places for people to live

There are no significant implications for this priority.

7.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

8. SIGNIFICANT IMPLICATIONS

8.1 Resource Implications

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

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

8.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

8.4 Equality and Diversity Implications

There are no significant implications within this category.

8.5 Engagement and Consultation Implications

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

8.6 Localism and Local Member Involvement

There are no significant implications within this category.

8.7 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 (October 19) P&C Finance Monitoring Report (October 19) PH Finance Monitoring Report (October 19) CS and LGSS Cambridge Office Finance Monitoring Report (October 19) C&I Finance Monitoring Report (October 19) Capital Monitoring Report (October 19) Report on Debt Outstanding (October 19)	1 st 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		
Transfer P&E Management restructure savings			-22		22				
Repatriation of the Professional Finance Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,631			-1,631	
Repatriation of the Democratic & Members' Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,438	-1,053		-385	
Allocation of £230k School Improvement Grant to P&C as approved by GPC 26th Nov 2019	230								
Transfer from Fostering to Communications	-23				23				
Current budget	262,935	390	52,080	27,558	12,210	13,150	-8,768	6,103	18,447
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31st Oct 2019		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	12,850	4,699	17,549	16,815	
- 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	185	
subtotal	12,962	4,699	17,661	17,000	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,060	-1,496	2,564	2,564	
subtotal	4,060	-1,496	2,564	2,564	
- 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	
<u>Other Earmarked Funds</u>					
10 P&C	1,008	-133	875	875	Includes liquidated damages in respect of the Guided Busway
11 PH	2,886	0	2,886	2,258	
12 P&E	5,571	-964	4,607	3,437	
13 CS	3,193	297	3,490	3,498	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	Savings realised through change in MRP policy.
16 Transformation Fund	24,504	3,065	27,569	20,841	
17 Innovate & Cultivate Fund	1,561	-252	1,309	963	
subtotal	39,386	2,013	41,399	32,551	
SUB TOTAL	56,475	5,216	61,691	52,125	
<u>Capital Reserves</u>					
- Services					
18 P&C	29,463	0	29,463	29,463	Section 106 and Community Infrastructure Levy balances.
19 P&E	6,069	841	6,910	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,549	33,964	0	
22 Corporate	54,694	12,929	67,622	57,833	
subtotal	110,641	27,319	137,959	88,296	
GRAND TOTAL	167,116	32,534	199,650	140,421	

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 31st Oct 2019		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
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	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	7,273	0	7,273	7,273	