INTEGRATED PLAN 2010-15

SECTION 4: FINANCIAL REPORT

CONTENTS

4.1 CHIEF FINANCE OFFICER'S STATEMENT

Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer reports to the Authority in two areas:

- the robustness of the budget estimates
- the identification and management of risks together with the adequacy of the proposed reserves

and that the authority must have regard to this report when making budget decisions. This report deals with these key issues.

Financial strategy – context and link to objectives, priorities and partners

The budgets set out in this report are firm for 2010-11 and 2011-12 and indicative for the three years after this. The council undertakes financial planning over a five year timescale to provide links to its longer term financial modelling and planning for growth.

The council has an integrated approach to the setting of its objectives and financial strategy. The process commenced with a confirmation of existing strategic objectives to ensure that they still reflect the needs of service users, residents, partners and businesses within the county in the context of the current economic downturn. Particular attention has been made to ensuring priorities are aligned with those agreed with partners in the Countywide Sustainable Community Strategy, and, where practicable, issues emerging from the 'Making Cambridgeshire Count' initiative with local public sector partners have been taken into consideration. Resources have been targeted towards these priority areas in order to help implement actions and improve performance. In addition the authority continues to reflect the impact of inflation and demand changes in its resource allocation decisions as well as being mindful of addressing the additional challenges of the economic downturn. This approach forms the basis of the Integrated Planning Process (IPP). This financial report is a key part of the integrated plan.

Financial position

Our financial settlement for 2010-11 was known in autumn 2008, in line with the government's three year settlement notification to local government. This figure has now been confirmed. However, no announcements have yet been made regarding settlements for 2011-12 and beyond.

The Pre-Budget Report, published on 9th December 2009 indicates that overall departmental spending will be maintained as planned for 2010-11 and will then increase by 0.8% p.a. in real terms until 2014-15. Further efficiencies, totalling £16bn will be required from public sector bodies. No detail is yet available as to how this will translate into future financial settlements, but protection promised for the NHS, schools and the Police implies that the overall funding available to local government will be severely restricted going forward.

The effects of the economic downturn, both locally and nationally are better understood now than a year ago, but uncertainties still exist in relation to the timing and speed of recovery and the potential for a ‘double dip’ in economic activity. Therefore the council has revised its estimates of income, expenditure and demand in line with information currently available, but has been mindful of maintaining flexibility to respond to changing circumstances. Our ability to raise income levels through increases in council tax, charges for services and asset sales remains limited due to the current depressed state of the property market and a desire to limit the impact of charges on the county’s more vulnerable residents. Current low levels of inflation and pay increases enable us to control expenditure in the short term, however inflation levels are forecast to rise as the economy recovers, putting upward pressure on our costs.

To meet the challenge created by the combination of rising costs and static or reducing levels of income, we have put in place a programme of service transformation to drive out further efficiencies. However, some service cuts have proved unavoidable if we are to balance our budgets over the 5 year planning period.

Creation of budget estimates

During the summer, initial high-level estimates were developed to identify expected levels of income and costs for the five-year planning period. Benchmarking and comparative value for money data were used to highlight areas where improvements could be made. Our calculations showed that taking into account likely increases in demand and inflation, significant levels of savings were required to achieve a balanced budget.

A programme of informal Star Chambers in the autumn was used to explore proposals for service efficiencies, service cuts and other savings across all council activities. Consideration was given to minimising the impact of proposals on the county’s residents and maintaining momentum towards the achievement of council priorities. Members and senior officers worked together to understand the possible effects of the proposals and identify cross-linkages and synergies between them.

Selected proposals were then developed in greater detail to assess the deliverability and timing of the changes and the resultant savings. Where possible, savings are planned to be delivered in the first two years of the planning period. However, due to the size and complexity of some of the transformations, savings are also planned for the third year.

Formal scrutiny meetings took place in February, prior to the full council meeting to formally approve the integrated plan.

The process has resulted in the services preparing detailed budgets showing savings, inflation, demography, pressures and investments and linking their service development planning to their financial planning. The actions arising from these savings, pressures and investments are outlined in section 2, and will be allocated to individual managers through the appraisal and goal setting process for next year.

All budgets for 2010-11 and 2011-12 are allocated down to individual service level and each budget is allocated to a named budget holder who links it to performance targets.

Service transformation will continue into the latter three years as the Services complete their change programmes to achieve the significant level of cuts required to balance our budgets going forward. Detailed financial plans will be developed for these years in due course, in accordance with our policy of planning in detail for the following two years.

Risks and contingencies

In providing budget estimates due account has been taken of financial and operational risks. The key areas of risk, and the basic response to these risks, are as follows:

- **Containment of inflation to funded levels** – achieved via detailed management of budgets and contracts and further progress in improving leverage over the supply chain, particularly from 2011/12 onwards.

- **Management of service demand to funded levels** – achieved via clearer modelling of service demand patterns and service review in adults and children's services – key areas of demographic pressure.

- **Delivery of efficiency savings to planned levels** – achieved via SMART action plans and detailed review with all savings needing to be recurrent. Efficiency savings requirements are built into the base budget and monitored monthly as part of budgetary control. These are reported to meet the requirements of NI179.

- **Containment of the revenue consequences of capital schemes to planned levels** – achieved via ensuring capital projects do not start without a tested and approved business case, incorporating whole life cycle costs.

- **Maintenance of the Use Of Resources rating** – achieved via improved planning and performance management arrangements and responding to Comprehensive Area Assessment (CAA) requirements. It should be noted that during 2008-09 the 'harder test' CAA arrangements applied to Use of Resources. The council received a rating of 3 – performing well.

- **Response to economic downturn** - The council has fully reviewed its financial strategy in light of the economic downturn, and revised its objectives accordingly. This has included reducing future estimates of council tax income, reviewing cost pressures that might arise from the downturn and reviewing the capital programme in light of reduced asset sale proceeds and delayed developer contributions. The council also continues to work with partners through Cambridgeshire Together (the countywide partnership board) to see how best to support residents during the downturn.

- **Future funding transfers** - The council has been preparing for the transfer to us of the responsibility for funding the education and training of 16-19 year olds from April 2010.

4.2 REVENUE FUNDING

Funding summary

A detailed examination of the revenue resources that are available to the authority has been undertaken. A summary of the key issues is included in this section.

Based on the analysis set out below, the following revenue assumptions have been used to determine the cash limits for services within which a balanced budget has been produced.

Table 4.2.1: Sources of funding 2010-15

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Formula Grant	111,055	109,945	108,845	107,757	106,679
Council Tax	225,991	232,220	238,621	245,198	251,956
Budget Requirement	**337,046**	**342,165**	**347,466**	**352,954**	**358,635**

The budgetary context for 2010-11

<u>Revenue Support Grant settlement</u>

The Formula Grant settlement is announced around the time of the Pre-Budget Report issued by the Chancellor in November/December each year. In 2007, the announcement covered three years of grant over the period 2008-09 to 2010-11. This year's settlement therefore confirmed the grant for 2010-11.

The grant itself is calculated according to the Four Block Model. The model uses calculations relating to population and authority type (central allocation), local ability to raise Council Tax (Relative Resource), population characteristics and need (Relative Need). It is however then subject to Ministerial discretion over a minimum grant increase for authorities. Authorities with an increase above this level have their grant reduced to pay for the minimum increase in other authorities.

Cambridgeshire's settlement was considerably worse than for many other shire authorities. The grant increases have been below inflation during the first two years, providing a real terms grant cut. The increase of 2% for 2008-09 was the lowest in a decade, whilst the increase for 2009-10 was even lower. Although in 2010-11 the percentage increase is due to rise from 1.9% to 2.2%, this increase is still well below the Shire average of 4.0% and ranks us at 27 out of 34 shire authorities (this includes unitary authorities that were shire authorities at the time of the 2007 grant announcement).

Table 4.2.2: Cambridgeshire's grant increases 2008-11

	2008-09	2009-10	2010-11
CCC % Increase	2.0%	1.9%	2.2%
Average Shire % Increase	5.2%	4.2%	4.0%

The grant settlement for 2010-11 has not been changed by government despite economic conditions. Cambridgeshire remains concerned that the grant model is not fit for purpose and in particular dos not reflect the changed economic circumstances, the costs and benefits of growth and the relative efficiency of local authorities.

More evidence continues to emerge that the model insufficiently keeps pace with the growth in population of growth areas, and indeed penalises these authorities by reducing grant to take into account council tax raised on new homes. It is notable that in the period 07/08 to 09/10, Bedfordshire and Cambridgeshire, two authorities growing fast, received the lowest percentage increase in grant per head during that period.

One of the root causes of the low increases in grant per head is the fact that the Four Block Model operates with floors and ceilings, which ensure that authorities receive a known level of increase each year, but at the cost of those authorities which would otherwise receive much higher increases. Cambridgeshire has lost £26 million in grant since the introduction of this system.

However, the Relative Resource Adjustment which attempts to adjust the grant for the amount an authority can raise from council tax, has no such floor or ceiling. This ensures that the balance of funding between council tax payer and central government moves ever more onto the shoulders of council tax payers and away from central government in fast-growing areas.

Although no details of a grant settlement for 2011-12 onwards have been released, the Pre-Budget Report specified that overall departmental spending will only increase by 0.8% per annum in real terms from 2011-12 to 2014-15. Therefore, the council has prudently forecast a 1% decrease in Formula Grant for each of the 4 years from 2011-12.

Other sources of funding

In addition to Formula Grant and Council Tax, the authority also receives income from various other sources including government ring fenced specific grants and grants through the Area Based Grant scheme, charges from fees, income from sales and partnership funding from other public sector bodies. The following table provides detail of this funding.

Table 4.2.3: Other sources of funding for Cambridgeshire 2009-12

Item	2009-10 £000	2010-11 £000	2011-12 £000
Specific Revenue Grants *	401,405	411,293	944
Area Based Grant**	23,441	33,376	N/A
Other income***	160,186	146,892	N/A
TOTAL OTHER FUNDING	**585,032**	**591,561**	**944**

* contains estimated grant amounts
** 2010-2011 is the last year of the current CSR period and therefore is the final year for which Area Based Grant information is available
*** Other income is only estimated for 2010-11

Specific grants support particular expenditure that is expected to be scaled to the level of available resources over the planning period, taking account of grant changes in that time.

A number of existing grants have now been subsumed into the Area Based Grant. Analysis has been provided by

government on the breakdown of this grant by the original grant source and the recipient authority.
The authority is still awaiting detailed notification of the values of some specific grants for 2010-11 and beyond. Estimates have been given by services which are either their planning estimates or confirmed figures from government departments. Details of the specific grants are set out in Appendix 1 for information.

During the Star Chamber process all income streams have been challenged, taking into account inflation levels and recognising the increased pressure on the finances of many service users. Information on charges for adults services is published in the detailed information for the Community and Adult Services in Appendix 4.

<u>Local Area Business Growth Incentive</u>

The Local Area Business Growth Incentives scheme (LABGI) has been significantly reduced in the Comprehensive Spending Review (CSR) and its previous £1 billion allocation from 2005/06 to 2007/08 has been reduced to £150 million over 2009-10 and 2010-11. It is unlikely that LABGI will be a material source of income for the council. Our plans take account of the possible availability of LABGI and a prudent expectation of future year receipts.

<u>Council Tax</u>

The authority starts the Integrated planning process with the fourth lowest Council Tax rate of all counties, and an average per capita level of grant receipt from Government.

In the provisional grant announcement the Parliamentary Under Secretary of State, Communities and Local Government stated **"**I am pleased that the average Band D council tax increase this year was 3.0% - the government expects to see it fall further next year while authorities protect and improve front line services. We expect the average Band D council tax increase in England to fall to a 16 year low in 2010-11. We remain prepared to take capping action against excessive increases set by individual authorities and requiring them to rebill for a lower Council Tax if necessary."

It is proposed that a 3% Council Tax increase is set for 2010-11, and 2.5% indicatively for 2011-12. It is expected that the council will continue to have one of the lowest Council Tax rates in the country after this increase. These increases are significantly lower than the 4.0% increase used indicatively for each of these years in the 2009-10 Integrated Plan, and reflect the changing economic circumstances.

The council would like to continue with a low increase in later years. However, given existing uncertainty over financial conditions in those years, it would be imprudent to make firm commitments at this stage. Therefore, budget figures for the three years 2012-13 to 2014-15 are exemplified using a 2.5% Council Tax increase in line with medium-term Treasury inflation estimates. However this is simply a continuation of recent trends for modelling purposes, rather than a commitment.

The current budget requirement (and all other factors) gives rise to a 'Band D' Council Tax of £1,047.78, an increase of 3%

on the actual 2009-10 level. This figure reflects final precept and collection fund information from districts.

Table 4.2.4: Build-up of recommended Budget Requirement and derivation of Precept 2010-11

	£000	% Adj. Base
Budget Requirement 2009-10	**327,953**	
Base adjustments	-1,303	
Adjusted Base Budget 2009-10	**326,650**	
Transfer of Function	-44	0.0%
Inflation	10,423	3.2%
Demography	10,933	3.3%
Pressures	2,493	0.8%
Investments	2,451	0.8%
Savings	-15,976	-4.9%
Change in reserve use/one-off items	116	0.0%
Budget Requirement 2010-11	**337,046**	**103.2%**
Less:		
Formula Grant (Business Rates and General Grant)	111,055	34.0%
Surplus / (Deficit) on Collection Funds	-	0.0%
Recommended Precept 2010-11	**225,991**	**69.2%**
District tax base	215,686	
'Band D' Council Tax 2010-11	**1047.78**	

The derivation of taxes for the other bands, is achieved by applying the following ratios. For example, the Band A tax is 6/9 of the Band D tax.

Table 4.2.5: Ratios and amounts of Council Tax for properties in different bands

Band	Ratio	Amount	Increase on 2009-10
A	6/9	£ 698.52	£ 20.34
B	7/9	£ 814.94	£ 23.73
C	8/9	£ 931.36	£ 27.12
D	**9/9**	**£ 1,047.78**	**£ 30.51**
E	11/9	£ 1,280.62	£ 37.29
F	13/9	£ 1,513.46	£ 44.07
G	15/9	£ 1,746.30	£ 50.85
H	18/9	£ 2,095.56	£ 61.02

4.3 REVENUE COSTS

A detailed examination of the costs incurred in delivering services at defined volumes and to specific performance criteria has been undertaken. Based on this analysis the following cash limits have been set for services within which a balanced budget has been produced.

Table 4.3.1: Service cash limits 2010-15

Service	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Children and Young People's Services	81,943	80,793	80,542	80,702	80,214
Environment Services	51,623	50,708	52,957	53,082	53,620
Community and Adult Services	145,593	147,903	149,887	156,030	160,560
Corporate Services	34,307	33,058	31,375	30,246	29,959
Financing [1]	27,883	30,963	34,261	34,703	36,120
Levy [2]	369	383	398	413	429
Dedicated School Grant contribution	-1,922	-1,970	-2,020	-2,070	-2,122
Net movement on reserves [3]	-2,749	327	65	-150	-145
Headroom	-	-	-	-	-
Budget Requirement	**337,046**	**342,165**	**347,466**	**352,954**	**358,635**
% increase	2.8%	1.5%	1.5%	1.6%	1.6%

(1) Financing refers to the net cost of interest and principal payments on existing and new loans.
(2) Levy refers to the contribution to the Environment Agency for flood control and flood mitigation measures.
(3) Net movement on reserves reflects use of the Pressures and Developments Reserve, as well as contributions to the Invest to Transform Fund and balances.

Table 4.3.2: Increases in service cash limits

Service	Proposed % cash increase over 5 year period
Children and Young People's Services	-2.1%
Environment Services	3.9%
Community and Adult Services	10.3%
Corporate Services	-12.7%
Financing	29.5%
Total	**5.6%**

Inflation

In the past there has not always been a direct link between the inflation faced by the council, and nationally published inflation indicators such as the Retail Price Index. Inflation faced by the council has often been higher than this due to the more specific nature of the goods and services the council has to purchase. Specific action will be needed if the council is to benefit from lower inflation in future years.

The inflationary picture has changed significantly over the last year. In estimating our inflationary pressures we have taken the following approach: estimates of 2010-11 inflation pressures have been reduced to reflect current depressed inflation rates. These pressures have been funded with some protection being available within reserves if needed. From 2011-12 to 2014-15, inflation levels are forecast to rise as the economy recovers, putting upward pressure on our costs. However, we anticipate that through contract negotiation, we will be able to hold inflation at around 3% across the council as a whole.

Expected overall inflation levels are shown below:

	2010-11	2011-12	2012-13	2013-14	2014-15
Inflation	3.4%	2.9%	3.0%	3.1%	3.1%

Demography

For clarity, demography is used as a term to include all demand changes arising from: increased numbers (e.g. clients served, road kilometres), increased complexity (e.g. more intensive packages of care as clients age) and any full-year catch up from previous activity baselines. Expected cost increases from demography are shown below:

	2010-11	2011-12	2012-13	2013-14	2014-15
Demographic cost increases	3.6%	3.4%	3.9%	3.4%	3.3%

These figures compare with an underlying population growth in the order of 0.8% per annum (3.3% between 2010-11 and 2014-15), with differences reflecting faster growth in certain client groups and changes in levels of need.

Efficiency savings

The 2007 Comprehensive Spending Review increased the efficiency target to 3% fully cashable savings in 2008-09, 2009-10 and 2010-11. The settlement that local government has received already reflects this assumption.

In addition to this target, services are encouraged to continue to make non-cashable efficiency savings that they can deploy against demand pressures or to free time and materials to make qualitative service improvements. The proposals from services will be used to demonstrate how the council achieves efficiencies in 2010-11.

The December 2009 Pre-Budget Report also outlined an expectation for local government to find a total of £550m of extra savings by 2012/13 from, plus potentially a further £120m from improvements to the administration of concessionary travel.

Service pressures

It is recognised that there are some unavoidable cost pressures that will have to be met. Members consider whether these should be funded from available resources, or whether services should find additional savings to cover the pressures.

Savings proposals

Rising costs, partly caused by growth and associated demographic pressures, as well as reducing levels of income mean that it is inevitable that cost pressures will outstrip available resources. Therefore savings will need to be made to close the gap. The council would also expect to achieve efficiency savings as part of the on-going approach to improving value for money.

In order to achieve these savings which we estimate to total £87.8m over the next 5 years, we have put in place a programme of service transformation to drive out further efficiencies.

Services have developed savings proposals to meet the savings targets. Using benchmarking data, the council has considered where value for money requires greater improvement. These, and other lower priority areas, have been targeted in order to find the necessary savings, however, some service cuts have proved unavoidable if we are to balance our budgets over the 5 year planning period.

The savings proposals have been scrutinised through the Star Chamber process by Members and Senior officers, following which proposals have been prioritised by management teams working with their lead member. Where possible, savings are planned to be delivered in the first two years of the planning period. However, due to the size and complexity of some of the transformations, savings are also planned for the third year.

Priority investments

Due to the tight funding situation, no new money was made available for priority investments. All investments approved in previous years were re-examined by service managers and reprioritised alongside the need to make funding available to enable the transformation of services required to achieve on-going savings and a balanced budget.

Cabinet have considered savings proposals alongside existing priority investment proposals and any new investments proposals funded through additional savings. Final cash limits reflect the use of available resources to optimise service delivery in relation to the achievement of priorities and the minimisation of risks.

Major developments and financial uncertainties

There remain uncertainties across the planning period in relation to inflation, demography, major developments and the impact of the economic downturn. In line with good practice, a better understanding of risk and the emerging costs of future development proposals, it is intended to reserve funds for deployment across and beyond the planning period to meet these pressures.

In particular the authority is progressing several major developments that are likely to have revenue consequences at the project and / or operational stage. These projects are: Street Lighting PFI (invitation to submit final tender stage), Building Schools for the Future (preferred bidder has been appointed) and Better Utilisation of Property Assets. Specific provision has been made for these project costs.

Further details on the approach to managing risk can be found in the Risk, Sensitivity and Reserves section (4.7).

4.4 INVEST TO TRANSFORM

Background

The Invest to Transform Fund (ITT) was re-launched in 2006-07 to more closely fit with the service, performance and financial requirements of the authority and in particular the challenges of delivering year on year cash-releasing efficiency requirements.

Objectives of the fund

The fund is designed to provide seed funding for both strategic and opportunistic projects that are in line with one or more of the following objectives:

- To release cash through more efficient and effective methods of service delivery.
- To deliver quantifiable improvements in quality and performance.
- To advance already approved projects so that the financial and non-financial benefits can be achieved earlier.

Bids are categorised based on the nature of their proposal, with consideration given to projects that comply with one or more of the following criteria:

- **Invest to save** - proposals that require an investment to achieve a cash releasing saving in future years in line with council and service priorities as determined during the IPP.

- **Invest to improve** - proposals that deliver a quantifiable increase in performance (with or without the generation of savings) in line with council and service priorities as determined during the IPP.

- **Invest to advance** - proposals that have a known and future income stream that could be started earlier with “bridging finance”, in line with council and service priorities as determined during the IPP.

- **Invest to innovate** - smaller scale and/or ad-hoc proposals from high performing services that bring one or more of the benefits above but by their nature are not part of the main IPP.

Bids are evaluated in a structured way with particular importance being attached to:

- The return on investment.
- The speed of payback.
- The degree of performance improvement.

Management of the fund

The fund is operated as a revolving credit account with the value of new approvals in any single year not exceeding the balance on the reserve plus forecast repayments. It is important that the reserve remains of sufficient size so that:

- Most bids conforming to the evaluation criteria can be approved in the year of submission.

- The likely phasing of loan draw-downs and pay-backs can be supported over a 5-year cycle.

To ensure the above, the following actions are proposed:

- That the overall level of the fund is reviewed annually as part of the IPP.
- That approved bids with no direct financial pay-back become a first call on headroom in equal tranches over the following three years.
- That normally a contingency of £1 million is retained in the fund at year-end (subject to the overall reserves review)

Resources available

Service funds

To allow flexibility at service level to deal with smaller scale bids with prompt pay-backs (i.e. up to £100,000 in value with payback starting in the year after investment), shares of the fund are held at service level and issued at the discretion of the relevant Head of Finance and Performance. Taking into account the turnover of each service (excluding financing charges), the shares of the fund held and headroom for new bids are:

Table 4.4.1: Invest to Transform Fund – service funds

	CYPS £000	ES £000	CAS £000	CD £000
Service allocation	200	400	-	75
Forecast capacity 2010-11	150	61	-	19

Corporate fund

Bids in excess of £100,000 and/or with no savings payback are submitted to the Director of Finance, Property and Performance for consideration. Bids in excess of £150,000 and/or when the pay-back proposed is greater than three years are referred to Cabinet by the Director of Finance, Property and Performance if deemed appropriate.

The table below shows a summary of the ITT schedule for the next 5 years:

Table 4.4.2: Invest to Transform Fund – corporate fund forecast year-end balances

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Opening balance	-567	-784	1,656	3,398	4,810
Loans out	-1,082	-212	-51	-	-
Repayments made	1,202	2,164	1,572	1,412	-
Additional funding from IPP	738	738	221	-	-
Funding to support IPP	-1,075	-250	-	-	-
Closing balance	**-784**	**1,656**	**3,398**	**4,810**	**4,810**

(Note: the figures in this table include all approved schemes as at December 2009. No assumption is made on levels of loans to be approved in future years).

A breakdown of all the current approved schemes, with their annual loan requirement, can be found in the table below:

Table 4.4.3: Invest to Transform Fund – corporate funds loan schedule

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
CD					
Workwise	289	-	-	-	-
Shared Services	557	-	-	-	-
E-Government Improvements & Upgrades	51	51	51	-	-
ES					
Exploiting & Valuing Camb's Innovation In Strategic Service Delivery & Projects	157	161	-	-	-
Reduction In Business Mileage	28		-	-	-
TOTAL LOANS	**1,082**	**212**	**51**	**-**	**-**

Proposals

No proposals have been received from the services with start dates in 2010-11. All investment proposals submitted have been funded as part of the base budget setting. It is noted, however, that in-year bids may be received and subject to approval could be charged against the available ITT Fund.

4.5 CAPITAL FUNDING AND SPENDING

Impact of the economic downturn on the capital programme

The 5 year capital programme approved for 2009-14 used capital funding provided by central government (supported expenditure and grants) and locally raised funding in the form of capital receipts and contributions.

The marked downturn in the housing and property market has led to the slowing or, in some cases, the stalling of development. Land values have also fallen. As a result the council's ability to fund capital investment through the sale of surplus land and buildings and contributions from developers has been adversely affected.

The government indicated in its pre-budget report last year that they would be bringing forward £3 billion of capital spending from 2011-12 to 2009-10 and 2010-11 for housing, transport and other construction projects, including schools in the form of advanced funding. This is not additional funding and there are corresponding reductions in funding in 2011-12.

Creating the new capital programme

By the very nature of capital planning, proposals and funding put forward in advance are subject to refinement and change, particularly in respect of the need to reflect operational requirements and gauging the true revenue consequences and benefits of each scheme. This year it has once again been necessary to undertake a fundamental review and reprioritisation of all schemes as a result of the economic downturn.

For the years 2010-15, scheme budgets, funding estimates, timing and therefore the viability of all schemes proposed and outlined in last year's integrated plan were examined. Based on an early estimate of possible reductions and delays in funding, services were asked to identify £31.9m of schemes to cancel or postpone until funding becomes available. This represents 27.9% of the generally funded programme.

However, it should be noted that prudential borrowing includes £44m to 31 March 2010, £11.4m in 2010/11 and £6.8m in future years to meet contract payments on the Guided Busway. This is required to meet both the delayed receipt of S106 developer contributions and contract payments in excess of the target price. It is anticipated that £24.7m from future developer contributions will be available to partly repay this debt, and the balance repaid by the contractor with interest on completion of the risk share process.

Capital funding

A summary of available funding for the capital programme is shown below.

Table 4.5.1: Funding the capital programme 2010-15

	2010-11 £m	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m	Later years £m
Supported expenditure (general)	22.5	22.0	23.3	24.9	4.9	1.9
Grants	60.6	23.6	24.0	22.6	15.4	6.9
Contributions	8.2	26.5	40.5	49.6	73.0	26.2
Prudential borrowing	35.8	31.0	-1.9	1.3	7.2	10.4
General capital receipts	8.3	3.1	2.3	0.3	-	-
Ear-marked capital receipts	2.3	2.3	5.8	5.7	1.8	7.7
Total funding	**137.7**	**108.5**	**94.1**	**104.3**	**62.0**	**53.0**

- **Supported expenditure** is the target amount for schools and transport advised by government.

- **Grants** are funding provided to support specific capital schemes. If some of this funding is not forthcoming, the programmes will be reduced and re-phased to accommodate the reduced income.

- **Contributions** are funding amounts provided by developers and others to support specific schemes. Future years' budgets supported by contributions are based on current best estimates. Where this funding is not forthcoming, the related schemes will be reduced and rephased as appropriate.

- **General capital receipts** are the proceeds of asset sales net of sales expenses.

- **Earmarked capital receipts** are capital receipts that are 'ring fenced' to related capital schemes. For example, a proportion of receipts from the sale of a school site may be ring fenced to the development of a replacement school.

- **Prudential borrowing** is approved amounts borrowed for the purposes of funding capital schemes. The council's assessment of its level of prudential borrowing is included in section 4.6.

Capital programme spending

As in previous years, the capital programme has been considered in three blocks: schools, transport and a common programme.

The schools and transport blocks are composed of individual schemes that are evaluated and prioritised within the block by officers and members for CYPS and ES respectively. The funding for these blocks comprises the full range of funding types listed in Table 4.5.1.

The common programme is funded by all available general capital receipts and a top slice of the general supported capital expenditure for transport and schools if necessary.

Schemes included in the common programme have been evaluated taking into account the strategic coherence, operational necessity and payback period of proposed schemes. Additionally the net impact on revenue budgets (other than financing costs) has been considered. Where there will be additional revenue costs as a result of a capital scheme, they have been clearly factored into budget pressures identified by the Offices.

The capital budget for 2010-11 now proposed, amounts to £137.7m. This includes schemes that were committed in previous years but are scheduled to be completed in 2010-11. Details of the 2010-11 to 2014-15 schemes are set out within the service sections of this report. A summary is provided in the following tables.

Table 4.5.2: Services capital programme for 2010-15

Scheme	Total Cost £m	Prev. Years £m	2010-11 £m	2011-12 £m	2012-13 £m	2013-14 £m	2014-15 £m	Later Years £m
CYPS	443.4	63.0	80.5	70.8	53.9	71.2	69.0	35.0
ES	279.3	170.6	45.0	23.6	30.3	25.1	-15.5	-
CAS	5.8	0.9	4.4	0.1	0.4	0.1	-	-
CD	71.2	5.6	7.8	14.0	9.4	7.9	8.5	18.0
Total	**799.7**	**240.2**	**137.7**	**108.5**	**94.1**	**104.3**	**62.0**	**53.0**

Table 4.5.3: Capital programme for 2010-15

	2010-11 £m	2011-12 £m	2012-13 £m	2013-14 £m	2014 -15 £m	Later £m
Commitments	77.8	21.4	21.6	16.9	-23.3	18.0
New Starts						
2010-11	57.2	36.2	6.6	4.8	1.7	0.2
2011-12	2.1	47.5	21.4	14.2	8.8	1.9
2012-13	0.6	2.3	40.7	24.2	14.9	9.0
2013-14	-	1.0	3.3	42.9	22.6	10.2
2014-15	-	-	0.5	1.3	37.4	13.6
Total Spend	**137.7**	**108.5**	**94.1**	**104.3**	**62.0**	**53.0**

4.6 CASH AND BALANCE SHEET MANAGEMENT

As part of its overall approach to balance sheet management, the council models the balance sheet position over the same 5 years as its financial plan. Targets are set for key balance sheet components, and progress is reported as part of the monthly budgetary control process.

Debtors

The council will improve its cash flow by controlling the absolute level of debt through the planning period.

The council will continue its programme of improvements including the active pursuit of overdue debt within the 30-60 day period, and quicker handling of debt issues. The targets for the next 5 years are as follows:

Table 4.6.1: Debtor targets 2010-15

Debtor targets at 31 March	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %
Total debt as % of turnover	11.25	11.00	10.75	10.50	10.25	10.00
% debt over 90 days	17.5	15	15	15	15	15

Creditors

It is intended that the council will manage its creditor position more actively and in particular seek opportunities to secure discounts for prompt payment within 30 days.

This approach will be monitored by the value of total creditors and the proportion of payments made for undisputed invoices within agreed terms throughout the planning period. The targets for the next 5 years are as follows:

Table 4.6.2: Creditor targets 2010–15

Creditor targets at 31 March	2010	2011	2012	2013	2014	2015
Aggregate value (£m)	7.65 – 10.35	7.65 – 10.35	7.65 – 10.35	7.65 – 10.35	7.65 – 10.35	7.65 – 10.35
% Invoices paid within term	97%	97%	97%	97%	97%	97%

Financing

Apart from the reduced call on working capital that will arise from improvements in debtor and creditor management further activity is planned to manage financing costs within tighter limits by continued active management of the debt portfolio and in particular the exchange of short term loans for long term loans to offset the impact of recent and potential in-year interest rate fluctuations.

Capital - Prudential Code

The council must approve its prudential capital indicators as part of the budget setting process for one year ahead and an indicative further four years, (see Table 4.6.3). There are two main indicators to be approved:

- Financing costs (as % of revenue expenditure).
- Maximum limits on total debt.

Table 4.6.3: Prudential Indicators

	2010-11 £000	2011-12 £000	2012-13 £000	2013-14 £000	2014-15 £000
Financing costs					
Net Revenue Expenditure	337,046	342,165	347,466	352,954	358,635
Financing costs	29,753	33,183	36,004	36,198	36,616
% Of Net Revenue Expenditure	**8.83%**	**9.70%**	**10.36%**	**10.26%**	**10.21%**
Debt limits					
Authorised limits for debt	494,999	528,185	530,472	535,391	482,224
Operational boundary for debt – normal limit	464,999	498,185	500,472	505,391	452,224
Forecast average debt for CCC	253,377	293,732	326,918	329,205	334,124

Performance against these indicators will be reported as part of the outturn report after the end of the financial years. No Government guidance on suggested limits is provided and it is down to each authority to set them at what it believes to be ‘prudent’.

However, it should be noted for the council:

- Financing costs (debt charges) are part of the full council budget for the next five years. Affordability of debt charges has been determined in line with the overall budget setting process. An average interest rate of 4.5% has been allowed for across the full range of the debt portfolio. It is recommended that a ceiling be placed on debt charges at 10.8% of net revenue expenditure.

- Forecast average debt is within the normal limit (Operational Boundary), at £212m below this level for 2010-11, and well within the maximum upper limit (Authorised Limit).

- The Capital funding and spending section (4.5) outlined plans to support the capital programme through prudential borrowing. Full revenue provision has been made for these borrowing costs. It is anticipated that some of this borrowing will be repaid from future developer contributions, reducing these interest costs.

Debt portfolio

The council is also required to report on its debt portfolio, both in terms of interest rate exposure and debt maturity.

Table 4.6.4: Debt portfolio

	2010-11	2011-12	2012-13	2013-14	2014-15
Interest rate exposure (Upper/lower limit as % of debt)					
Fixed rate	80-100	80-100	80-100	80-100	80-100
Variable rate	0-20	0-20	0-20	0-20	0-20
Debt maturity (Upper/lower limit as % of debt)					
Under 1 year	0-40	0-40	0-40	0-40	0-40
1-2 years	0-20	0-20	0-20	0-20	0-20
2-5 years	0-20	0-20	0-20	0-20	0-20
5-10 years	0-20	0-20	0-20	0-20	0-20
Over 10 years	50-100	50-100	50-100	50-100	50-100

Over half of the council's debt consists of fixed rate loans with a maturity of over 10 years. This gives stability to future interest costs. It also enables the council to lock in better interest rate deals when they are available.

The overall level of debt is lower than that of other county councils of a comparable size to Cambridgeshire.

Treasury management strategy

The councils' overall treasury management strategy outlines the approach to treasury management. Key indicators are refreshed and approved each year as part of the budget setting process. A summary of the proposed borrowing activity for 2010-11 is as follows:

Table 4.6.5: Borrowing activity

	Estimated Debt 1 April 2010 £000	Net Movement £000	Estimated Debt 31 March 2011 £000	Interest 2010-11 £000
Long-term:				
Fixed	257,000	37,000	294,000	11,565
Variable	-	-	-	-
Short-term	-	-	-	-
Total	**257,000**	**37,000**	**294,000**	**11,565**

The council follows a very prudent approach when loaning cash surpluses, and has no exposure to Icelandic banks or other institutions in financial difficulty. The council continues to keep its treasury management arrangements under regular review in light of the changing position in the financial markets. A summary of the proposed investment strategy for 2010-11 is as follows:

- All investments will be either short-term sterling cash deposits, that is to be repaid within 12 months of the date on which the investment was made, or deposits in money market funds.

- The day to day level of investments during the year will normally be nil, with cash only invested when not required to repay loans or finance expenditure.
- The security of investments is paramount. Given the risks involved in making deposits in foreign banks, and the low level of cash investments relative to other local authorities, a restricted list of UK lenders is sufficient to provide a diversification against risk whilst providing the opportunity for earning a market rate of interest.

Debt repayment

Budget provision is made for debt repayment of 4% of the Capital Financing Requirement as defined by Government Regulations.

Balance sheet forecasts

Taking into account the revenue and capital plans set out in this document together with the approach to creditor and debtor management and borrowing set out in the rest of this section the forecast balance sheet at year-end for the planning years is as follows:

Table 4.6.6: Forecast balance sheets 2010-15

Balance Sheet	Forecast 31 March 2010 £000	Forecast 31 March 2011 £000	Forecast 31 March 2012 £000	Forecast 31 March 2013 £000	Forecast 31 March 2014 £000	Forecast 31 March 2015 £000
Fixed Assets	1,595,830	1,700,368	1,773,286	1,830,084	1,895,781	1,958,120
Stock	333	333	333	333	333	333
Debtors	68,439	68,094	67,757	67,428	67,108	66,795
Other Assets	16,669	16,072	15,863	15,654	15,445	15,236
Creditors	-98,747	-103,685	-108,869	-114,312	-120,028	-126,029
Other Liabilities	-995,956	-1,085,737	-1,143,530	-1,181,239	-1,228,909	-1,276,926
Total	**586,568**	**595,445**	**604,840**	**617,948**	**629,730**	**637,528**
General Reserve	9,391	6,741	6,843	6,949	7,059	7,173
Other Reserves	32,970	33,310	35,804	37,601	39,070	39,127
Other Balances	544,206	555,394	562,193	573,398	583,601	591,228
Total	**586,568**	**595,445**	**604,840**	**617,948**	**629,730**	**637,528**

4.7 RISK, SENSITIVITY AND RESERVES

Need for reserves

Reserves are required to protect and enhance the financial viability of the authority and in particular:

- To maintain a degree of in-year financial flexibility.
- To enable the authority to deal with unforeseen circumstances and incidents.
- To set aside monies to fund major developments in future years.
- To enable the authority to invest to transform and achieve improved service effectiveness and efficiency.
- To set aside sums for known and predicted liabilities.
- To provide operational contingency at service level.
- To provide operational contingency at school level.

Reserve types

There are six types of reserve maintained by the authority as outlined below:

General Reserve:

- **County Fund** - a working balance to cushion the impact of uneven cash flows. In addition the reserve also acts as a contingency that can be used in year in the event of unexpected emergencies or unforeseen spending.

Other Reserves:

- **Pressures and Developments Reserve** - used to set aside moneys for future uncertain developments and pressures, where the exact timing and value is not yet known.

- **Invest to Transform Fund** - a particular reserve that is set aside to allow the authority to invest in projects that make future savings, facilitate service transformation and deliver measurable improvements in service performance (see section four for details of allocations).

- **Earmarked Reserves** - set aside to meet known or predicted liabilities e.g. insurance claims, or are set aside for specific and designated purposes.

- **Service Reserves** - limited flexibility is held at service level to meet potential liabilities & to act as a general contingency.

- **Schools Reserves** - schools are encouraged to hold general contingency reserves within advisory limits.

Level of reserves

To calculate the level of reserves that need to be held, consideration needs to be given to the general economic conditions, the certainty of these conditions and the probability and financial impact of service and business risks specific to the Authority.

There are risks associated with price and demand fluctuations during the planning period. There is also continued, if reducing, uncertainty as to the financial impact of major developments (street lighting and building schools for the future) currently being progressed.

At the operational level, effort has been put into reducing risk by providing corporately held funding for transformation initiatives and more robust savings plans to generate the required level of cash-releasing efficiencies and other savings.

Given the specific provision for street lighting and BSF project costs, the focus of the reserves strategy in the coming five years is to ensure adequate coverage for demand and inflation uncertainty during the current economic climate.

As such the budget strategy ensures that sufficient sums remain within the Pressures and Developments Reserve for the period 2010-11 to 2014-15, with the proposal that this reserve remains at 1% of the 2014-15 estimated non-school spend.

Earmarked Reserves are in the main kept to meet potential insurance and legal liabilities.

Service Reserves were purposefully and almost entirely expended during 2008-09 and it is not intended to increase or decrease the remaining balances this year.

The overall level of **Schools Reserves** is determined by the governing bodies within an advisory framework and is expected to remain static over the planning period.

Table 4.7.1: Estimated level of reserves by type 2010-15

Balance as at:	31 March 2010 £m	31 March 2011 £m	31 March 2012 £m	31 March 2013 £m	31 March 2014 £m	31 March 2015 £m
General Reserve – County Fund	9.4	6.7	6.8	7.0	7.1	7.2
Pressures and Developments Reserve	2.8	3.4	3.4	3.5	3.5	3.6
Invest to Transform Fund	-0.1	-0.2	2.3	4.1	5.5	5.5
Earmarked Reserves	12.1	12.1	12.1	12.1	12.1	12.1
Office Reserves	0.7	0.7	0.7	0.7	0.7	0.7
Schools Reserves	19.4	19.4	19.4	19.4	19.4	19.4
Total	**44.3**	**42.1**	**44.7**	**46.7**	**48.2**	**48.4**
General Reserve as % of Revenue Budget	2.9%	2.0%	2.0%	2.0%	2.0%	2.0%

Adequacy of General Reserves

The external auditor as part of the CAA Use of Resources assessment considers the adequacy of the level of reserves. In the 2008/09 audit letter, it was commented that ‘the level of

Council's general reserves remains relatively low compared with annual gross expenditure (at approximately 1%). It should be noted that the auditor's comment relates general reserves to gross expenditure including schools (and so is not directly comparable to the percentages in table 4.7.1).

As a minimum it is proposed that General Reserves should be no less than 2% of the non-school spend of the council.

At present, General Reserves are forecast to be £7.2 m by 31 March 2015. This equates to 2.0% of estimated non-schools net budget in 2014-15. This is considered sufficient based upon the following factors:

- The majority of costs arising from major incidents will be met by central government; the residual risk to the council is a little over £1m if a major incident occurred.

- All efficiency and other savings required to produce a balanced budget have been identified and included in the budgets

Adequacy is further assessed using the following criteria:

Criteria / Factors	Cambridgeshire Commentary
Treatment of inflation and interest rates	Individual inflation rates are built into the budget for each service area. The council looks to manage inflation in certain procurement areas in order to meet savings requirements. These areas are detailed in the relevant budget reports, and achievement is monitored through the budgetary control process. Usually, no supplementary estimates are provided to cover in year changes in prices, and additional demands must be met within cash limit. See section 4.6 for full details on the interest rate assumptions used in setting debt charges, and the preference for using fixed rate loans for certainty.
Estimates of the level and timing of capital receipts	Capital programme and debt charges budgets are built based on a realistic assessment of likely receipts. Relevant parts of Capital programme could be put on hold if these receipts are not forthcoming. Monthly updates on the receipts position are reported alongside the capital programme. Due to current economic uncertainties, delays in realising planned receipts are now expected. Prudential borrowing will be used to enable the delivery of essential capital schemes on a temporary basis. The borrowing will be repaid as the expected receipts are realised. Interest costs have been included in revenue budgets.
Treatment of demand led pressures	Regular budgetary monitoring is undertaken to identify emerging pressures. Action plans are put in place initially to manage pressures within cash limits. Funding may be made available from Service Reserves and the Pressures and Developments Reserve to meet unavoidable pressures.
Treatment of planned efficiency savings/ productivity	The council exceeded the £21.3m efficiency savings target for the 3 years to 2007-08 and has again exceeded the £11.1m target for

Criteria / Factors	Cambridgeshire Commentary
gains	2008-09. The increased requirements for the next two years are built into budgets, and the council is on track to meet its efficiency requirements.
Inherent financial risks of new partnerships, outsourcing or capital developments	Cambridgeshire is increasingly moving towards PFI/PPP for major partnerships. One of the driving factors is the transfer of financial risk to the private sector partner. Where any risk resides with the council, it is clearly understood and managed e.g. waste PFI.
Level of borrowing and outstanding debt	See the prudential indicator information in section 4.6. Due to current economic uncertainties, a full review of the financial deliverability of the capital programme has been undertaken once more. Where appropriate, prudential borrowing has been used to provide funding for essential schemes. Where additional capital funds become available this borrowing will be repaid. Expected interest costs have been included within revenue budgets.
Record in budget and financial management	Historically Cambridgeshire has a good record of budgetary adherence. The council's policy is to carry forward overspends within the relevant service budget. Services overspends are ringfenced to that service.
Approach to budgeting	All budgets are provided on cash limited basis, with no in-year supplementary estimates. Provision exists within the pressures and developments fund to cover

Criteria / Factors	Cambridgeshire Commentary
	exceptional circumstances
Robustness of Integrated Planning	Cambridgeshire has a comprehensive 5-year IPP programme, linking priorities and budgeting. This incorporates the use of longer term financial models to aid financial planning.
Strength of financial information and reporting arrangements	The council's current CAA 'Use of Resources score' is 3 out of 4. This includes scores of 3 for Financial Reporting and 3 for Financial Management and Financial Standing.
Virement and year-end budget procedures	Over/underspends are carried forward between years as required by council's constitution. Budgetary control reports include disclosure of virements and use of reserves.

APPENDIX 1: Specific Grants 2009-12

Table 1a: Grants within Area Based Grant

GRANTS WITHIN ABG	Issued by £000	Actual 2009-10 £000	Announced 2010-11 £000	Change %	Notes
PRE-EXISTING GRANTS					
Adult Social Care Workforce	DoH	1,320	1,372	+4	Formerly HRDS and NTS.
Children's Social Care Workforce	DCSF	127	128	+0	Formerly HRDS and NTS. £82k of this is used to fund the retention work being carried out re Social workers.
Care Matters White Paper	DCSF	324	370	+14	Used for PEAs & IT FOR LAC
Carers					20% of this original grant amount allocated to CYPS commissions voluntary sector/play schemes etc to promote and develop carer support/respite.
OCYPS element	DoH	445	479	+8	
Adults element	DoH	1,780	1,918	+8	
Child and Adolescent Mental Health Services	DoH	683	720	+5	Used jointly with Health to take forward and devlelop strategies for services to children and adolescents with MH problems in line with the NSF.
Child Death Review Processes	DCSF	52	54	+5	used by LSCB to employ a specialist worker & panel
Children's Fund	DCSF	795	795	+0	Commissioning voluntary sector services for 5-13 preventative services, plus central costs inc staffing. Ends March 2011.
Child Trust Fund	DCSF	7	8	+13	
Connexions	DCSF	4,307	4,067	-6	
Detrunked Roads Maintenance	DfT	751	770	+2	
Learning and Disability Development Fund	DoH	374	375	+0	
Local Involvement Networks (LINks)	DoH	220	222	+1	
Mental Capacity Act and Independent Mental Capacity Advocate Service	DoH	285	276	-3	
Mental Health	DoH	1,257	1,323	+5	
Positive activities for young people	DCSF	182	236	+30	
Preserved Rights	DoH	2,513	2,436	-3	

GRANTS WITHIN ABG	Issued by £000	Actual 2009-10 £000	Announced 2010-11 £000	Change %	Notes
Road Safety Grant	DfT	1,129	1,114	-1	
Rural Bus Subsidy	DfT	1,511	1,549	+3	
Standards Fund					
14-19 Flexible Funding Pot	DCSF	154	156	+1	Pay costs associated w on line prospectus, contribute to general adviser 14-19 salary.
Choice Advisers	DCSF	35	35	+0	
Education Health Partnerships	DCSF	127	103	-19	
Extended Rights to Free Transport	DCSF	257	342	+33	Low income children now have free HtS to choice of 6 schools, and 3 mile minimum reduced to 2 miles.
Extended Schools Start Up Costs	DCSF	1,845	759	-59	External School funding.
Primary National Strategy - Central Coordination	DCSF	285	285	+0	Funding the work of school inspectors.
School Development Grant (Local Authority element)	DCSF	540	540	+0	
School Improvement Partners	DCSF	252	252	+0	Funding the work of the SIPs inspectors - either via consultancy or employed by the county.
School Intervention Grant	DCSF	165	165	+0	Used to support schools that have been identified via their annual reviews as in need - to raise standards.
School Travel Advisers	DCSF	75	75	+0	
Secondary National Strategy-Behaviour and Attendance	DCSF	126	126	+0	Used to fund 2 members of staff centrally.
Secondary National Strategy - Central Coordination	DCSF	243	243	+0	Funding the work of school inspectors.
Sustainable Travel General Duty	DCSF	44	44	+0	
Subtotal Standards Fund		**4,147**	**3,124**	**-25**	
Stronger Safer Communities Fund - Revenue	HO	584	584	+0	
Supporting People Administration	CLG	360	309	-14	
Teenage Pregnancy	DCSF	155	155	+0	Used to fund 3 posts and training. Ends 2011.
Young People's Substance Misuse	HO	89	89	+0	Newly pooled funding. £88,565 from HO via ABG and £68,789 from DCSF via ABG.
Young People's Substance Misuse	DCSF	69	69	+0	

GRANTS WITHIN ABG	Issued by £000	Actual 2009-10 £000	Announced 2010-11 £000	Change %	Notes
Subtotal Pre-existing Grants		**23,464**	**22,540**	**-4**	
LATE TRANSFERS					
ContactPoint	CLG			N/A	Transferring into ABG from 2011/12
Supporting People Programme	CLG	-	10,799	N/A	Delayed transfer - now 2010/11.
Subtotal Late Transfers		**0**	**10,799**	**N/A**	
NEW GRANTS					
Designated Teacher Funding	DCSF	37	37	+0	To improve specialist teaching for Looked After Children
Community Call for Action/Overview	HO	11	12	+9	
Economic Assessment Duty	CLG	-	65	N/A	
Standards Fund: Social Care Checks Funding	DCSF	2	-	-100	
Subtotal New Grants		**49**	**114**	**+131**	
TOTAL COUNTY COUNCIL ELEMENT OF CAMBRIDGESHIRE LAA ABG		**23,513**	**33,453**	**+42**	

Note – the increase in 2010-11 mainly reflects the transfer of “Supporting People” grant into ABG.

Table 1b: Grants outside Area Based Grant

NON ABG GRANTS	Issued by	Actual 2009-10 £000	Estimated 2010-11 £000	Announced 2010-11 £000	Estimated 2011-12 £000	Announced 2011-12 £000	Notes
PRE-EXISTING GRANTS							
14-19 Provision	LSC	257		187			
AIDS Support	DoH	136					
Cambs Community Network PFI Grant	CLG	1,024		983		944	
ContactPoint	CLG	224	150		-		Information Sharing Index transferring to ABG in 10/11.
Consortia Support Grant	DCSF	569	569		-		Based on 2009-10 figures, however this figure is likely to fall
CREDS – Adult Learning	LSC	28	-		-		
Dedicated Schools Grant (DSG)	DCSF	306,375		321,114			
Diploma Formula	DCSF	711	711		-		
Drug Intervention Programme		359	-		-		
EEDA developing Vocational Centres	EEDA	250	-		-		
Fairplay Pathfinder Revenue Grant	DCSF	214		143	-		
Higher Level Teaching Assistants	TDA	190	190		-		
Instrument Fund	DCSF	144		140	-		
Kickstart	DfT	131		-	-		
Learning Disability Campus Closure	DoH	100		165	-		
Learning and Skills Council (LSC) grant for Adult Education	DCSF	1,691	-		-		Uncertain of the future of LSC funding
Learning and Skills Council (LSC) grant for Sixth Forms	DCSF	15,926	15,926		-		
Migrant Impact Fund	CLG	11	19		-		
Multi Dimensional Treatment Foster Care	DCSF	300	-		-		
Post 16 Partnership	DCSF	129	-		-		
Practical Learning and Collaboration	LSC	80	-		-		
Rural Access	DCSF	50	-		-		

NON ABG GRANTS	Issued by	Actual 2009-10 £000	Estimated 2010-11 £000	Announced 2010-11 £000	Estimated 2011-12 £000	Announced 2011-12 £000	Notes
School Improvement Partners	LSC	15	-		-		
Social Care Reform	DoH	1,863		2,323	-		
Specialist Schools Redesignation Pilot	DCSF	5	-		-		
Standards Fund							
1-2-1 Tuition and Participation KS2	DCSF	1,305		2,658	-		
Aim Higher	DCSF	94		94	-		
Free entitlement 3-4 yr olds	DCSF	1,149		3,617	-		
Ethnic Minority Achievement	DCSF	429		478	-		
Extended Schools - subsidy	DCSF	237		1,282	-		
Extended Schools - sustainability	DCSF	1,427		2,010	-		
Fresh Start	DCSF		-		-		
KS4 Engagement Programme	DCSF	200	200		-		
Meals Grants	DCSF	789		796	-		
Music Services	DCSF	651		653	-		
National Challenge	DCSF	382	382		-		
Playing for Success	DCSF	84		80	-		
Primary Strategy - Targeted	DCSF	2,119		1,734	-		
Secondary Strategy - Targeted	DCSF	1,161		1,161	-		
School Development	DCSF	15,440		15,616	-		
School Standards Grant	DCSF	16,276		16, 700	-		
Targeted Improvement Grant	DCSF	277	277		-		
Stroke Strategy	DoH	111		112	-		
Supporting People Programme - Social Services	CLG	11,367	-		-		
Sure Start Grant							
Aiming high for Disabled Children	DCSF	688		2,188	-		
Local Programmes	DCSF	963		914	-		
Outcomes, Quality & Inclusion	DCSF			0	-		
Early Years, Childcare Fund - Main	DCSF	10,709		12,814	-		
2 Year Old Offer Early Learning & Childcare	DCSF	231		311	-		

NON ABG GRANTS	Issued by	Actual 2009-10 £000	Estimated 2010-11 £000	Announced 2010-11 £000	Estimated 2011-12 £000	Announced 2011-12 £000	Notes
Targeted mental health in schools				223	-		
Timely Information for Citizens	DCSF	41	-		-		
UASC Leaving Care	UKBA	49	-		-		
Unaccompanied Asylum Seekers	HO	1,600	1,200		-		
Virtual School Head Project	DCSF	26		-	-		
Walking to Schools Initiative	DCSF	27	-		-		
Welfare Benefits - 16+ Hardship fund	LSC	29	29		-		
Work Related Learning	LSC	200	200		-		
Young People's Substance Misuse Partnership	HO	242		242	-		Newly pooled funding. £71,576 and £170,894 non ABG
Youth Capital Fund	DCSF	248		248	-		This is granted to others for their capital schemes
Youth Offending Grant	YJB	929	929		-		
Youth Opportunity Fund	DCSF	287		287	-		
Subtotal Pre-existing Grants		**400,548**	**21,117**	**389,272**	**-**	**944**	
Subtotal estimated & announced				**410,389**		**944**	
NEW GRANTS							
CEBLO	LSC	177	177		-		
CWDC Core Offer	CWDC	0		47	-		
Think Family	DCSF	422	422		-		
Workforce in Schools Modernisation and Development	TDA	176	176		-		
Young Apprenticeship Fund	LSC	83	83		-		
Subtotal New Grants		**857**	**435**	**469**	**-**	**-**	
TOTAL ESTIMATED & ANNOUNCED		**401,405**		**411,293**		**944**	

Note – Estimates are not currently included for 2011-12 given the level of uncertainty at this stage.