

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31ST JULY 2017**

*To:* **General Purposes Committee**

*Date:* **19th September 2017**

*From:* **Chief Finance Officer**

*Electoral  
division(s):* **All**

*Forward Plan ref:* **Key decision: N/A**

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

*Recommendations:* **The committee is asked to note the following recommendations to General Purposes Committee on 19<sup>th</sup> September 2017:**

- a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.**
- b) Approve the changes to capital funding requirements as set out in section 6.7.**
  - i) Allocate £3.5m Challenge Fund grant received from the Department for Transport to ETE.**
  - ii) Revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.**
  - iii) An additional £193k of Prudential Borrowing to fund the increased costs of the Sawston Community Hub scheme, which will need to be met in 2017/18.**
- c) Confirm the allocation of improved Better Care Fund grant, within People & Communities, following sign-off of a joint plan with the NHS (as set out in Appendix 3)**

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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 a snapshot of the Authority's performance against its indicators about outcomes, its forecast financial position at year-end and its key activity data for care budgets.

## Outcomes

80 indicators about outcomes are monitored by service committees

They have been grouped by outcome area and their status is shown below

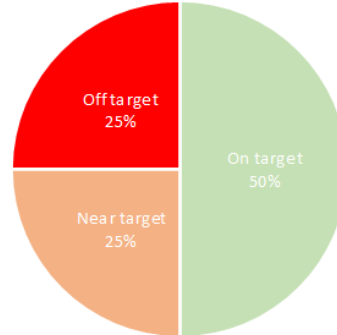
A direction of travel arrow will be shown for each chart once the indicator review by Service Committees has been completed

Older people live well independently



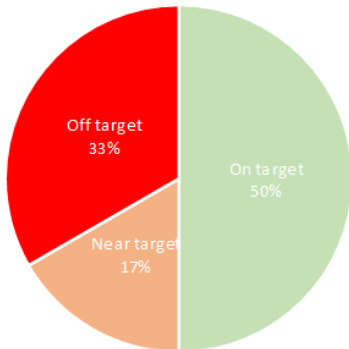
4 indicators

People with disabilities live well independently



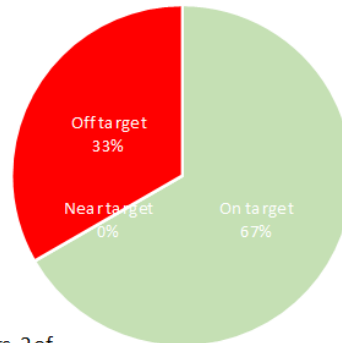
4 indicators

Adults and children are kept safe



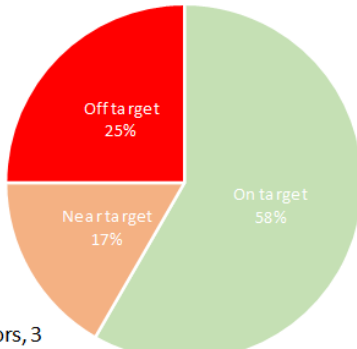
6 indicators

People live in a safe environment



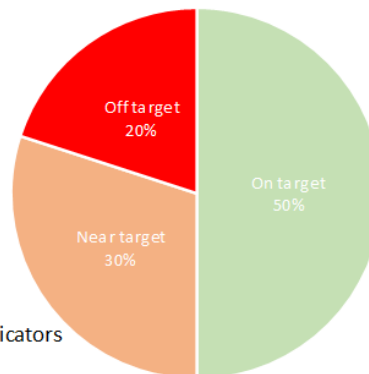
5 indicators, 2 of which do not have targets

The Cambridgeshire economy prospers to the benefit of all residents



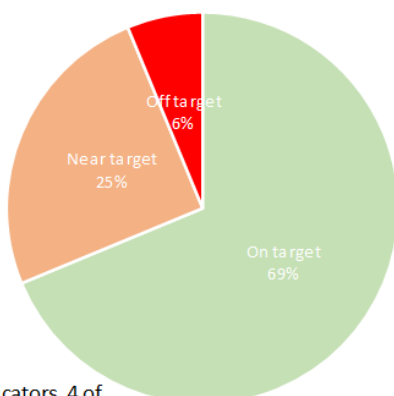
15 indicators, 3 of which do not have targets

Places that work with children help them to reach their potential



10 indicators

People lead a healthy lifestyle and stay healthy for longer



36 indicators, 4 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
<p>21 Early ideas ↑</p> <p>82 Business cases in development ↑</p> <p>27 Projects being implemented ↑</p> <p>Transformation Fund:</p> <p>14 projects rated Green</p> <p>4 rated Amber (reflecting some need to re-phase savings)</p> <p>3 rated Red (risk of non-delivery of savings or benefits)</p>	<p>At the end of 2016/17 we had lost 6.91 days on average per staff member to sickness during the year (better than target)</p>

## Finance and risk

<u>Revenue budget forecast</u>  +£4.1m, +1.2% variance at end of year  <b>RED</b>	<u>Capital programme forecast</u>  £0m, 0% variance at end of year  <b>GREEN</b>	<u>Balance sheet health</u>  Net borrowing activity £466m  <b>GREEN</b>
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Residual risk score	<b>Green</b>	<b>Amber</b>	<b>Red</b>
Number of risks	<b>0</b>	<b>8</b>	<b>1</b>

## Number of service users supported by key care budgets

### Older people aged 65+ receiving long term services

	Jul-17	Trend since Apr-17
Nursing	319	↑
Residential	716	↑
Community	2013	↑

### Adults aged 18+ open to disability services receiving long term services

	Jul-17	Trend since Apr-17
Nursing	25	↔
Residential	309	↔
Community	1921	↑

### Children open to social care

	Jul-17	Trend since Apr-17
Looked after children	681	↔
Child protection	572	↓
Children in need	2095	↑

The number of service users is a key indicator of the demand for care budgets in social care. Information about the contacts with the public across web and phone channels, which is a key indicator of both service delivery and transformation, is currently in development.

## 2.2 The key issues included in the financial summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of +£4.1m (+1.2%), an increase of £1.0m on the forecast overspend reported in May; the increase is mainly within People & Communities (P&C) and Corporate Services Financing. See section 3 for details. Significant action is underway to identify further mitigations to manage these pressures downwards.
- The Capital Programme is forecasting a balanced budget at year end. This includes use of £1.8m (7%) of the capital programme variations budget. See section 6 for details.
- Balance Sheet Health; the original forecast net borrowing position for 31<sup>st</sup> March 2018, as set out in the Treasury Management Strategy Statement (TMSS) is £466m. At this early stage in the financial year the full year projection is still as set out in the TMSS at £466m.

### 3. REVENUE BUDGET

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

#### Key to abbreviations

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

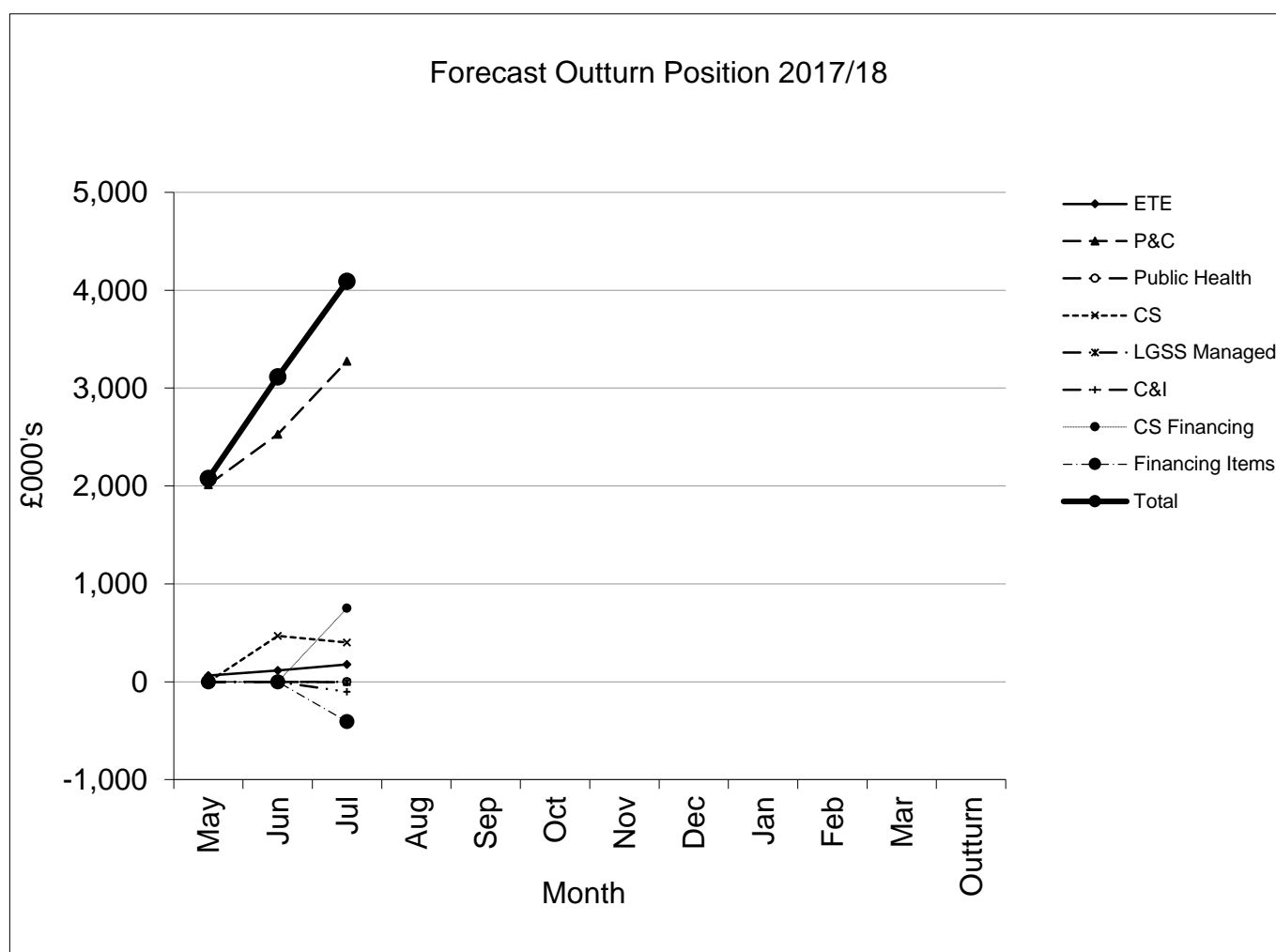
Original Budget as per Business Plan £000	Service	Current Budget for 2017/18 £000	Forecast Variance (June) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
38,682	ETE	38,384	116	178	0.5%	Amber	↓
237,311	People & Communities	237,045	2,528	3,276	1.4%	Red	↓
200	Public Health	386	0	0	0.0%	Green	↔
15,542	Corporate Services	6,463	470	400	6.2%	Amber	↑
6,500	LGSS Managed	13,560	0	-5	0.0%	Green	↑
2,702	Commercial & Investment	2,356	0	-101	-4.3%	Green	↑
22,803	CS Financing	22,803	0	750	3.3%	Amber	↓
<b>323,740</b>	<b>Service Net Spending</b>	<b>320,997</b>	<b>3,114</b>	<b>4,498</b>	<b>1.4%</b>	<b>Red</b>	↓
24,377	Funding Items	23,384	0	-405	-1.7%	Green	↑
<b>348,117</b>	<b>Total Net Spending</b>	<b>344,381</b>	<b>3,114</b>	<b>4,093</b>	<b>1.2%</b>	<b>Red</b>	↓
	<b>Memorandum items:</b>						
7,746	LGSS Operational	9,396	0	90	1.0%	Green	↓
212,873	Schools	212,873					
<b>568,736</b>	<b>Total Spending 2017/18</b>	<b>566,650</b>					

- The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.
- For budget virements between Services throughout the year, please see [Appendix 1](#).
- The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.
- The 'Funding Items' budget (previously been referred to as 'Financing Items') comprises the £23m Combined Authority Levy and the £384k Flood Authority Levy. 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.

3.1.1 Although the position continues to be challenging, savings of £29.4m are on track against a target for 2017-18 of £33.4m. The council faces significant demand led pressures and risks particularly related to children's services, where numbers of looked after children are at very high levels in historical context, and continue to grow, in line with national trends.

This report includes new favourable forecasts on business rates income and County offices. Children's services have a reduced expenditure expectation on business support.

Robust action is being taken to improve the budgetary position in People & Communities and the Executive Director is currently developing actions plans to ensure that mitigating measures are brought forward.



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.178m (+0.5%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report](#).

3.2.2 **People & Communities:** +£3.276m (+1.4%) overspend is forecast at year-end.

Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in [Appendix 5](#) to this report.

	£m	%
<ul style="list-style-type: none"> <li><b>Looked After Children (LAC) Placements</b> – a +£641k overspend is forecast at year-end, which is an increase of £368k on the overspend previously reported in May. LAC numbers have increased by 9 since June and 14 since May.</li> </ul>	+0.641	(+4%)
<ul style="list-style-type: none"> <li><b>Older People Mental Health</b> – a +£271k overspend is forecast for year-end. This is due to increased care commitments for nursing dementia beds in comparison to those budgeted. Delivery of savings is in line with expectations and other mitigations within Mental Health Services are partially mitigating the pressure.</li> </ul>	+0.271	(+5%)

The rest of the Adults programme is currently on track. P&C are forecasting delivery of £20m savings in 2017-18.

- For full and previously reported details see the [P&C Finance & Performance Report](#).

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

3.2.4 **Corporate Services:** +£0.400m (+6.2%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** -£0.005m (-0.0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** +£0.750m (3.3%) overspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li><b>Housing Financing</b> – the Housing Investment Company is a new initiative for the Council, and a new income stream is forecast. After re-phasing, there are greater returns in future years but a +£750k pressure within 2017-18. Timescales set within the business plan were deliberately ambitious. Planning permission is being actively progressed on schemes in order to maximise asset values. The Resources directorate has identified some mitigation from the County Offices budget (see below) and is working to reduce the pressure further.</li> </ul>	+0.750	(+3%)



- For full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

### 3.2.7 **Commercial & Investment:** -£0.101m (-4%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>County Offices</b> – a -£450k underspend is forecast at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income, which makes up -£105k of the forecast underspend. The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.</li> </ul>	-0.450	(-10%)
<ul style="list-style-type: none"> <li>• <b>Strategic Assets</b> – a +£349k overspend is forecast at year-end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across all partners. At the ending of the arrangements, budgets were disaggregated. Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget. It was an LGSS decision to withdraw from property services provision and there will be new opportunities in terms of collaboration within the County. An outcomes focused review is commencing across assets, facilities and property compliance functions with a view to improving the final outturn.</li> </ul>	+0.349	(+49%)

Mitigation from the Business Rates pilot is report below under the funding adjustments category.

- For full and previously reported details see the [C&I Finance & Performance Report](#).

### 3.2.8 **LGSS Operational:** +£0.090m (+1.0%) overspend is forecast at year-end. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

### 3.2.9 **Funding adjustments:** The County Council participates in a local business rates retention pilot agreed with HM Treasury as a pathfinder. This enables the Council to retain a share of local increases in business rates income, so that more of the proceeds of local economic growth are retained within the county rather than redistributed elsewhere in the country. This is forecast to deliver additional income of at least £405k this financial year, with the potential to grow. (see section 7.1 for more details).

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

## 4. KEY ACTIVITY DATA

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

## 5. PERFORMANCE AND RISK

- 5.1 At GPC in July, Service Committees were requested to review performance indicators. This work is underway, but is dependent on the timescales for the relevant Finance and Performance Report so is in different stages in each Committee. This report is based on the basket of indicators that are reported in the Finance and Performance Reports being considered by Committees in September, covering the period for July. As these reports are updated, the indicators reported here that make up the pie charts in Section 2.1 will be updated also.
- 5.2 GPC also requested that direction of travel arrows be added to the pie charts on the front sheet. These will be added once the indicator review has been completed as it is not possible to compare the baskets of indicators if they have changed.
- 5.3 A summary of the Corporate Risk Register is shown in [Appendix 4](#). The risk of the Business Plan not being delivered is now rated red, due to the forecast outturn position worsening.

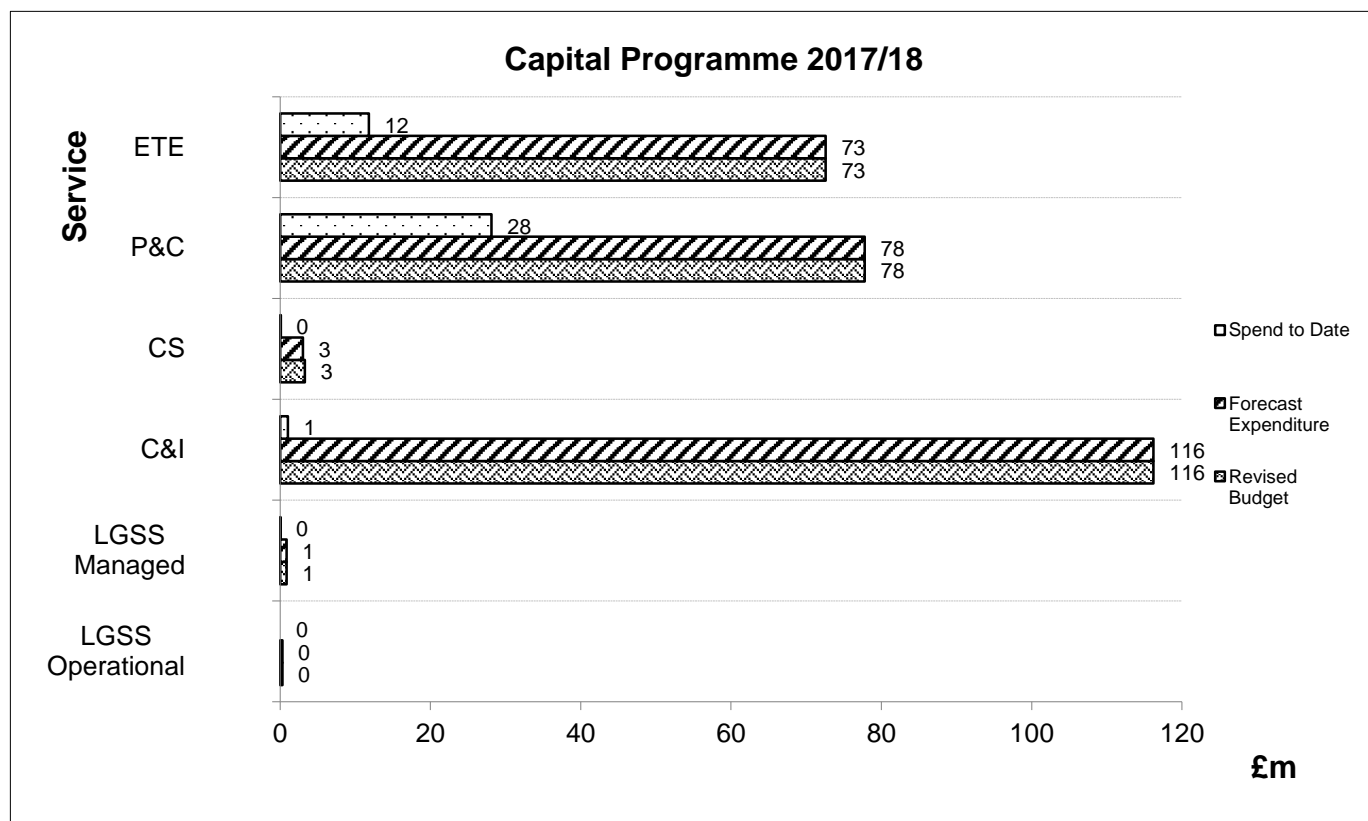
## 6. CAPITAL PROGRAMME

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

2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan  £000	Service	Revised Budget for 2017/18  £000	Forecast Variance - Outturn (June)  £000	Forecast Variance - Outturn (July)  £000	Forecast Variance - Outturn (July)  %	Total Scheme Revised Budget (July)  £000	Total Scheme Forecast Variance (July)  £000
66,263	ETE	72,580	-	-	0.0%	431,053	-
79,208	P&C	77,774	-	-0	0.0%	578,941	12,363
3,689	CS & Transformation	3,280	-	-237	-7.2%	8,993	-
160	LGSS Managed	851	-	-	0.0%	9,300	-
116,476	C&I	116,208	-	-	0.0%	218,376	-
100	LGSS Operational	301	-	-	0.0%	1,408	-
-	Outturn adjustment	-	-	237	-	-	-
<b>265,896</b>	<b>Total Spending</b>	<b>270,994</b>	-	<b>0</b>	<b>-7.2%</b>	<b>1,248,071</b>	<b>12,363</b>

**Notes:**

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported ETE capital figures do not include City Deal, which has a budget for 2017/18 of £11.1m and is currently forecasting a balanced budget at year-end



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

- 6.2 A summary of the use of capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

2017/18					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (July)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (July)
	£000	£000	£000	%	£000
ETE	-15,234	-106	106	0.70%	0
P&C	-10,305	-1,525	1,525	14.80%	-0
CS & Transformation	-279	-516	279	100.00%	-237
LGSS Managed	-643	-73	73	11.35%	0
C&I	-1,000	0	0	0.00%	0
LGSS Operational	-20	0	0	0.00%	0
Outturn adjustment	-	-	237	-	237
<b>Total Spending</b>	<b>-27,481</b>	<b>-2,220</b>	<b>2,220</b>	<b>8.08%</b>	<b>0</b>

- 6.3 Although slippage on Corporate Services and Transformation schemes have exceeded the capital programme variations budget allocated to them, it is not currently thought that slippage across the whole programme will exceed the total capital programme variations budget. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

- 6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the [ETE Finance & Performance Report](#).

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

- |   | £m   | %     |
|---|------|-------|
| <ul style="list-style-type: none"> <li><b>Basic Need – Primary</b> – an in-year underspend of -£1.5m is forecast, which is a movement of -£0.6m on the position last reported in May. This is mainly due to slippage on Meldreth Primary (£500k increase since May) due to the commencement on site being delayed from November 2017 to February 2018.</li> </ul> | -1.5 | (-4%) |
| <ul style="list-style-type: none"> <li>For full details see the <a href="#">P&amp;C Finance &amp; Performance Report</a>.</li> </ul>  |      |       |

6.4.3 **Corporate Services:** a -£0.2m (-7.2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	%
<ul style="list-style-type: none"> <li><b>Citizen First, Digital First</b> – an in-year underspend of -£516k is forecast due to revised timescales for implementing the projects as detailed in the latest business case analyses.</li> </ul>	-0.5	(-46%)
<ul style="list-style-type: none"> <li>For full details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>		

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).

6.4.5 **Commercial & Investment:** a balanced budget is forecast at year-end. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the [C&I Finance & Performance Report](#).

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

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

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

6.5.2 **People & Communities:** a +£12.3m (+2%) total scheme overspend is forecast.

	£m	%
<ul style="list-style-type: none"> <li><b>Basic Need – Secondary</b> – there has been a +£21.6m increase in total scheme costs since the 2017/18 Business Plan was agreed, for which funding has not yet been allocated by Members. This is £19.9m higher than was reported in June and is largely due to a change in scope of the Northstowe Secondary scheme (+£19.6m).</li> </ul>		
<p>The scheme has been extended to include SEN provision, of which 90 places are to be funded by the Education Funding and Skills Agency (EFSA), and the delivery of community sports provision, which will attract S106 funding from South Cambs District Council. This change in budget will be dealt with through the 2018/19 Business Planning process, with funding being allocated to meet the increased costs. Ensuring there is sufficient local SEN provision is a key aspect of the Council's demand management strategy.</p>	+21.6	(+10%)
<ul style="list-style-type: none"> <li>For full details see the <a href="#">P&amp;C Finance &amp; Performance Report</a>.</li> </ul>		

- 6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.5 **Commercial & Investment:** a total scheme balanced budget is forecast. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the [C&I Finance & Performance Report](#).
- 6.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.5	8.0	7.7	36.6	36.6	-
Basic Need Grant	32.7	-	-	-	32.7	32.7	-
Capital Maintenance Grant	4.0	-	0.4	-	4.5	4.5	-
Devolved Formula Capital	1.1	0.8	-0.1	-0.0	1.8	1.8	-
Specific Grants	23.1	0.5	-7.6	-	16.1	16.1	-
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	-0.0	19.2	19.2	-
Capital Receipts	83.9	-	-	-	83.9	83.9	-
Other Contributions	15.1	0.4	-4.7	1.6	12.4	12.4	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	63.5	9.6	-10.4	1.2	63.9	63.9	0.0
<b>TOTAL</b>	<b>265.9</b>	<b>13.4</b>	<b>-18.8</b>	<b>10.5</b>	<b>271.0</b>	<b>271.0</b>	<b>0.0</b>

<sup>1</sup> Reflects the difference between the anticipated 2016/17 year end position, as incorporated within the 2017/18 Business Plan, and the actual 2016/17 year end position.

6.7 Key funding changes (of greater than £0.5m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Department for Transport (DfT) Grant	ETE	£3.5	<p>Cambridgeshire County Council has received a one-off grant payment £3.5m from the Department for Transport's Challenge Fund, to repair drought damaged roads.</p> <p><b>General Purposes Committee is asked to approve the allocation of the £3.5m grant to ETE so it can be used for its intended purpose.</b></p>
Revised phasing – Prudential Borrowing	ETE	£2.25	<p>The amount received from the Department for Transport's Challenge Fund is not sufficient to complete the required works. Our funding bid relied on being able to fund £1.25m of works ourselves with borrowing, but another £1m is required to make up the shortfall between the amount bid for and the amount awarded. Therefore it is requested that £2.25m of the £90m Highways Maintenance fund be brought forward from later years in the capital programme to allow the works to be completed in 2017/18.</p> <p><b>General Purposes Committee is asked to approve the revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.</b></p>
Addition/Reduction in Funding – Prudential Borrowing	C&I	£0.2	<p>A +£193k increase in the in-year and total scheme costs for the Sawston Community Hub project has occurred. This is due to delays to the start date caused by prolonged negotiations with the Parish Council and Sawston Village College in relation to land usage, which delayed submission of the planning application. Additionally, further detailed design development has led to a number of changes being made to meet fire safety and disabled access requirements. The largest single cost (£38k) is for the removal of contaminated materials identified during the site survey.</p> <p><b>GPC is asked to approve an additional £193k of Prudential Borrowing to fund the increased costs of the scheme, which will need to be met in 2017/18.</b></p>

## 7. FUNDING CHANGES

- 7.1 Where there has been a material change in 2016/17 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team (SMT) discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

### Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year two of the pilot scheme Cambridgeshire County Council's share of the additional growth, which will be received in 2017/18, is anticipated to be £405k. This has not been budgeted for and is shown as a forecast outturn in the 'Funding Items' section of this report.

It is proposed that this additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. An update to the current reported position will be provided if this projection changes and approval will be sought at year-end once the final figure is known.

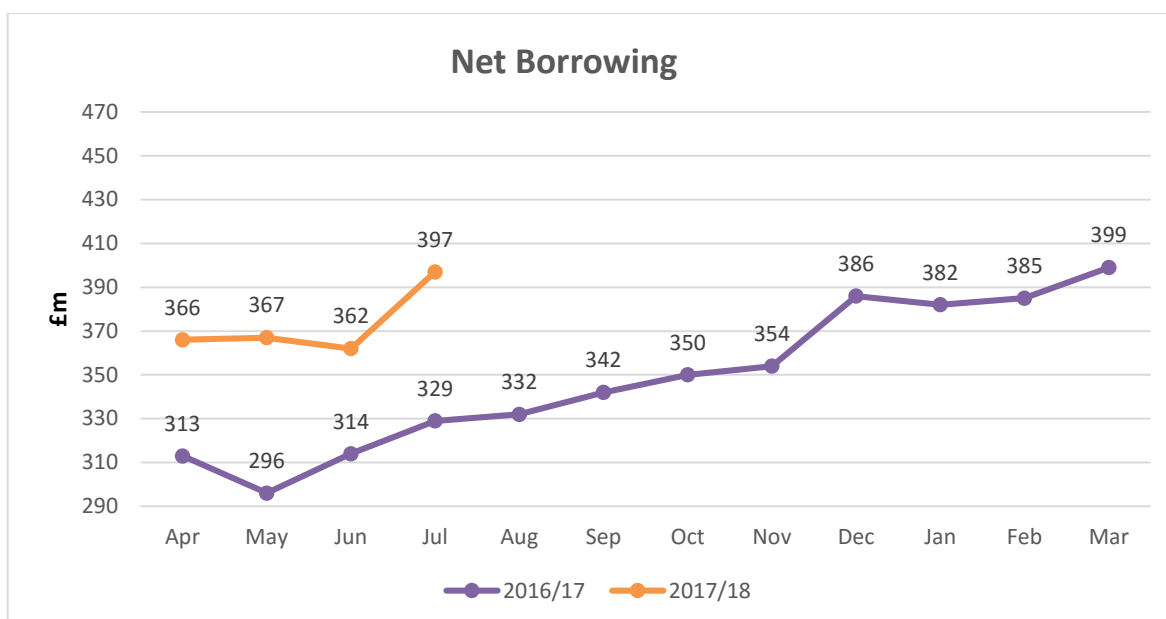
## 8. BALANCE SHEET

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

Measure	Year End Target	Actual as at the end of July
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£8.6m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.7m
Invoices paid by due date (or sooner)	97.6%	99.6%

- 8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of July 2017 were £14.49m (excluding 3<sup>rd</sup> party loans) and gross borrowing was £411.94m.





- 8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1<sup>st</sup> April 2017 was £399m, this reduced to £366m at the end of April 2017 thus starting at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.
- 8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 8.5 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 8.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance
- 8.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 8.8 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

## **10. SIGNIFICANT IMPLICATIONS**

### **10.1 Resource Implications**

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

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

There are no significant implications within this category.

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

There are no significant implications within this category.

### **10.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **10.5 Engagement and Consultation Implications**

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

### **10.6 Localism and Local Member Involvement**

There are no significant implications within this category.

### **10.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	No Name of Legal Officer: Not applicable
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	No Name of Legal Officer: Not applicable
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	No Name of Officer: Not applicable
<b>Have any engagement and communication implications been cleared by Communications?</b>	No Name of Officer: Not applicable
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	No Name of Officer: Not applicable
<b>Have any Public Health implications been cleared by Public Health</b>	No Name of Officer: Not applicable

<b>Source Documents</b>	<b>Location</b>
ETE Finance & Performance Report (July 17) P&C Finance & Performance Report (July 17) PH Finance & Performance Report (July 17) CS and LGSS Cambridge Office Finance & Performance Report (July 17) C&I Finance & Performance Report (July 17) Performance Management Report & Corporate Scorecard (July 17) Capital Monitoring Report (July 17) Report on Debt Outstanding (July 17) Payment Performance Report (July 17)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge

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

[illegible]

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 31 July 17		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	15,808	1,453	17,261	13,164	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	540	-540	0	0	
2 ETE	2,229	-2,229	0	0	
3 CS	-64	64	0	0	
4 LGSS Operational	609	0	609	51	
subtotal	20,162	-1,252	17,870	13,215	
<b><u>Earmarked</u></b>					
- Specific Reserves					
5 Insurance	3,269	0	3,269	3,269	
subtotal	3,269	0	3,269	3,269	
- Equipment Reserves					
6 P&C	859	0	859	114	
7 ETE	218	0	218	218	
8 CS	57	0	57	57	
subtotal	1,134	0	1,134	389	
<b><u>Other Earmarked Funds</u></b>					
9 P&C	1,289	249	1,538	566	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
10 PH	2,960	0	2,960	2,302	
11 ETE	6,003	1,019	7,022	4,883	
12 CS	2,656	0	2,656	2,656	
13 LGSS Managed	146	0	146	146	
14 C&I	362	27	389	389	Savings realised through change in MRP policy
15 Transformation Fund	19,525	-439	19,086	11,641	
16 Innovation Fund	1,000	0	1,000	1,000	
subtotal	32,901	856	33,797	22,583	
<b>SUB TOTAL</b>	<b>57,465</b>	<b>-396</b>	<b>56,069</b>	<b>39,456</b>	
<b><u>Capital Reserves</u></b>					
- Services					
17 P&C	1,827	24,091	25,918	273	Section 106 and Community Infrastructure Levy balances.
18 ETE	7,274	32,907	40,181	5,200	
19 LGSS Managed	72	-3	69	69	
20 C&I	0	3,072	3,072	0	
21 Corporate	29,782	398	30,179	17,834	
subtotal	39,343	60,465	99,419	23,376	
<b>GRAND TOTAL</b>	<b>96,808</b>	<b>60,069</b>	<b>155,489</b>	<b>62,832</b>	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 31 July 17		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 ETE	669	0	669	0	
2 P&C	200	0	200	0	
3 CS	64	0	64	64	
4 LGSS Managed	3,056	-911	2,145	2,145	
5 C&I	24	0	24	24	
subtotal	4,013	-911	3,102	2,233	
<b>- Long Term Provisions</b>					
6 LGSS Managed	3,613	-3,613	0	0	
subtotal	3,613	-3,613	0	0	
<b>GRAND TOTAL</b>	<b>7,626</b>	<b>-4,524</b>	<b>3,102</b>	<b>2,233</b>	

## APPENDIX 3 – Improved Better Care Fund

In 2017-18, the County Council is receiving an **£8.339m** grant as part of an 'improved Better Care Fund.' This is additional, non-recurrent funding: the amount to be received, grant conditions and the wider planning requirements associated with the Better Care Fund were confirmed gradually by government in the early months of the financial year.

The grant is ring-fenced, and the Council must:

- Use the funding to:
  - meet adult social care needs,
  - reduce pressures on the NHS (including supporting more people to be discharged from hospital when they are ready), and
  - ensure that the local social care provider market is supported
- Pool the funding into the local Better Care Fund [via a section 75 agreement with the Clinical Commissioning Group (CCG)]
- Work with the CCG & social care providers to meet conditions around managing transfers of care
- Provide quarterly reports as required by the Secretary of State.

As this sets out, there are constraints in using the grant and formal processes for agreeing this with the NHS (and other partners). Following extensive planning work with the NHS during the Summer, the formal and public involvement of other committees is as follows:

<b>Health and Wellbeing Board</b> - formal sign-off of the BCF plan as a whole and pooling of funds by all partners	8 September 2017 <a href="https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/749/Committee/12/SelectedTab/Documents/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/749/Committee/12/SelectedTab/Documents/Default.aspx</a>
<b>Adults Committee –</b> Update on the Better Care Fund and confirmation of plans for the Council's part	14 September 2017 <a href="https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/605/Committee/3/SelectedTab/Documents/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/605/Committee/3/SelectedTab/Documents/Default.aspx</a>

Following sign-off by the Health and Wellbeing Board, the BCF plan, including the iBCF allocation, was submitted to NHS England on 11 September 2017.

Within the wider Better Care Fund, only the iBCF amount of £8.339m is a) additional funding and b) a grant to the local authority from central government, with the rest being supplied as income directly from the local NHS to a pooled budget which continues from last year. Although there is limited discretion possible due to the timing and conditions of grant, given the materiality, **GPC is asked to confirm, for its part, allocation within People & Communities to:**

Allocation Title	Amount	Remarks
Investment in Adult Social Care & Social Work	£2,889k	Additional capacity and initiatives which manage demand & sustain investment, including some repayment of transformation fund
Investment into housing options & accommodation projects for vulnerable people	£3,000k	Working with care suppliers, and to reduce out-of-county placements: reducing care costs on an ongoing basis.

Joint funding with NHS and Peterborough CC Public Health prevention initiatives	£150k	Supporting programmes on falls reduction & atrial fibrillation.
Detailed plan to support delivery of national reducing delayed transfers of care target	£2,300k	Capacity focused around hospital discharge and reablement, especially into Autumn/Winter
Total of grant [allocated]	<b>£8,339k</b>	

Beyond 2017-18, with allocations and planning guidance now known for 2018-19 (the iBCF reduces to £6.56m next year), it will be possible to deal with spending and funding assumptions in the wider Business Planning process in coming weeks as this reaches service committees from October. The funding reduces further to £3.273m in 2019-20 and zero thereafter, so iBCF funded activities are planned to end in line with these timescales.



## APPENDIX 4 – Corporate Risk Register Summary

Likelihood	5					
	4				2	
	3			3	4 6 7 10	1
	2			8	5	
	1					
		1	2	3	4	5
Consequence						

Risk #	Risk	Risk Owner	Residual Risk Level	Risk Appetite	Review Date
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### Cambridgeshire County Council

1	01. Vulnerable children or adults are harmed	Wendi Ogle-Welbourn	15		01/07/2017
2	02. The Business Plan (including budget and services) is not delivered	Chris Malyon	16		01/07/2017
3	03. Personal data is inappropriately accessed or shared	Sue Grace	9		01/07/2017
4	04. A serious incident prevents services from operating	Sue Grace	12		01/07/2017
5	05. The Council does not deliver its statutory or legislative obligations	Quentin Baker	8		01/07/2017
6	06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need	Gillian Beasley	12		01/07/2017
7	07. The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time	Graham Hughes	12		01/07/2017
8	08. The Council is a victim of major fraud or corruption	Gillian Beasley	6		01/07/2017
9	09. Our partnerships are not successful in delivering the intended outcomes	Gillian Beasley			01/07/2017
10	10. Inequalities in the county continues	Gillian Beasley	12		01/07/2017
11	11. Change and transformation of services is not successful	Chris Malyon			01/07/2017

This month risk 2 (the Business Plan is not delivered) has worsened as a result of its consequence score increasing. It is now rated 'red'. This is because there is a higher forecast overspend this month compared to the last period, as explained in the main body of this report. Actions to address this are also described in the main body of this report.

## APPENDIX 5 – Narrative from the report to Children and Young People Committee about budget pressures

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>8) Looked After Children Placements</b>	<b>17,344</b>	<b>3,867</b>	<b>641</b>	<b>4%</b>

An overspend of £641k is being forecast, which is an increase of £234k from what was reported in June. Of this increase, £151k relates to a reduction in the forecast LAC composition savings in 17/18 (where the expectation is that these will be delivered in 18/19 due to the timing of the savings), with the remaining £83k being due to a combination of changes in placement fees and/or new placements.

In July GPC approved the allocation of £2.913m from the corporately held demography and demand budget to the LAC Placement budget, resulting in the overall pressure being reduced to a more manageable level.

Overall LAC numbers at the end of July 2017, including placements with in-house foster carers, residential homes and kinship, are 689, 9 more than June 2017. This includes 66 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of July are 355, an increase of 8 from the 347 reported at the end of June. A small number of expensive residential placements made in the last quarter of 2016/17 and during April 2017 impact significantly on the forecast.

External Placements Client Group	Budgeted Packages	30 June 2017 Packages	31 July 2017 Packages	Variance from Budget
Residential Disability – Children	1	1	1	0
Child Homes – Secure Accommodation	0	0	0	0
Child Homes – Educational	16	20	20	+4
Child Homes – General	22	33	33	+11
Independent Fostering	263	263	269	+6
Supported Accommodation	15	21	24	+9
Supported Living 16+	25	9	8	-17
<b>TOTAL</b>	<b>342</b>	<b>347</b>	<b>355</b>	<b>+13</b>

'Budgeted Packages' are the expected number of placements by Mar 18, once the work associated to the saving proposals has been undertaken and has made an impact.

Actions being taken to address the forecast overspend include:

- A fortnightly panel to review children on the edge of care, specifically looking to prevent escalation by providing timely and effective interventions. The panel also reviews placements of children currently in care to provide more innovative solutions to meet the child's needs.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>Looked After Children Placements continued;</b> <ul style="list-style-type: none"> <li>Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of a holistic, creative team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.</li> <li>A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the newly formed, combined People &amp; Communities directorate to lead the Access to Resources function. Their review of commissioning practices for LAC will report in mid-September, to identify potential quicker wins, longer term process improvements and resourcing needs.</li> </ul>				
<b>9) Adoption</b>	<b>4,406</b>	<b>1,774</b>	<b>450</b>	<b>10%</b>
<p>The Allowances budget is forecasting an over spend of £450k.</p> <p>Our contract with Coram Cambridgeshire Adoption (CCA) provides for 38 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes. The forecast assumes £270k to manage our inter agency requirement and a further £30k to increase our marketing strategy in order to identify more suitable adoptive households.</p> <p>The adoption/Special Guardianship Order (SGO) allowances overspend of £150k is based on the continuation of historical adoption/SGO allowances and a lower than expected reduction from reviews of packages or delays in completing reviews of packages. The increase in Adoption orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.</p> <p><u>Actions being taken:</u> Ongoing dialogue continues with CCA to look at more cost effective medium term options to recruit more adoptive families to meet the needs of our children. Rigorous oversight of individual children's cases is undertaken before Inter Agency placement is agreed.</p> <p>A programme of reviews of allowances continues which is resulting in some reduction of packages, which is currently off-setting any growth by way of new allowances.</p>				
<b>10) Legal Proceedings</b>	<b>1,540</b>	<b>339</b>	<b>450</b>	<b>29%</b>
<p>The Legal Proceedings budget is forecasting a £450k overspend.</p> <p>Numbers of Care Applications have increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend and continue to rise. Aside from those areas which we are working on to reduce costs ie advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £450k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.</p> <p><u>Actions being taken:</u> Work is ongoing to better manage our controllable costs by use of a legal tracker but this was only implemented in June 2017 so the impact is yet to be felt. The tracker should enable us to better track the cases through the system and avoid additional costs due to delay. We have invested in two practice development posts to improve practice in the service and will also seek to work closer with LGSS Law with a view to maximising value for money.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>11) Children's Disability Service</b>	<b>6,527</b>	<b>2,490</b>	<b>168</b>	<b>3%</b>
<p>The Children's Disability Service is forecasting an over spend of £168k.</p> <p>The Community Support Services budget has seen an increase both in the number of support hours, a high cost individual case (£35k) and in the number of joint funded health packages (also including some with high allocations of hours). Contributions to Adult Services (£45k) have increased and the service is also carrying a £50k overspend position from 2016/17.</p> <p><u>Actions being taken:</u></p> <p>We will be reviewing the costs of current packages and in particular support levels for our young people.</p>				
<b>12) Childrens' Innovation &amp; Development Service</b>	<b>47</b>	<b>-1,414</b>	<b>104</b>	<b>220%</b>
<p>There is a pressure of £104k against Grafham Water which was identified during budget build.</p> <p>The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.</p> <p>This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the directorate.</p>				
<b>13) Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>-130</b>	<b>185</b>	<b>41%</b>
<p>CCS is currently forecasting an under recovery of £185k, which is reduced from the £215k pressure identified at budget build. Plans are being progressed with the transformation team to develop strategies in which the service can be competitive in price, make efficiencies to the service and increase customer engagement.</p> <p>Encouragingly the service has retained the CPET group of 3 schools plus an additional new site at Trumpington, as well as contracting with ALT to develop the catering service at the new Littleport Academy from Sep17.</p> <p>Conversely, a further 4 sites have given notice that they are tendering their catering services to commence wef Jan 18 and previous trends indicate the very high potential for these contracts to be lost.</p> <p>Operational teams have been targeted with increasing the uptake of meals served by a minimum 5%, and making productivity savings against the major direct costs to achieve 45% staffing costs (budget = 47%, savings value = £200k) and 39% provisions costs (budget = 39%) against income.</p> <p>Cleaning services will face a further pressure in 18/19 when contracts for Childrens center's are moved to the corporate CCC contract, and 2 major SLAs are expected to end (Revenue value £200k)</p> <p>The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider considerations, the HoS and Client Development posts are being held vacant enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.</p> <p>The mothballed C3 cook freeze unit has a potential £500k dilapidations cost (awaiting verification) to resolve before the lease can be ended, and £80k pa ongoing costs until then.</p>				

<b>7) Strategic Management – Children &amp; Safeguarding</b>	<b>2,521</b>	<b>1,412</b>	<b>956</b>	<b>38%</b>
<p>The Children and Safeguarding Director budget is forecasting an over spend of £956k. This is a reduction of £122k on the June 2017 position.</p> <p>The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing, unfunded posts (£180k). The previous Business Support service pressure of £122k is now being managed in year and managed out entirely by 2018/19. An additional £70k of costs associated with managing the Children's Change Programme is also forecast. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads.</p> <p><u>Actions being taken:</u></p> <p>A business support review is underway to ensure we use that resource in the most effective manner in the new structure. All the budget pressures continue to be monitored and reviewed at the CCP work stream project meetings, by Senior Management Team and at the P&amp;C Delivery Board with the intention of any residual pressures being managed as part of the 2018/19 Business Planning round.</p>				