

**INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING
30TH SEPTEMBER 2019**

To: General Purposes Committee

Date: 26 November 2019

From: Chief Finance Officer

Electoral division(s): All

Forward Plan ref: 2019/013 **Key decision:** Yes

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

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

- a) Approve the virement of £230,000 for the increased School Improvement and Brokering Grant from the corporate grants section of Funding items to People and Communities so that it can be used for its intended purpose, as set out in section 4.2;
- b) Note the additional 2019/20 contributions of £360k expected in relation to Combined Authority Schemes, as set out in section 7.7.
- c) Approve additional prudential borrowing of £73m in 2019/20 for Commercial Investments, as set out in section 7.8;
- d) Approve the transfer of £800k Section 106 funding to Cottenham Parish Council, subject to:
 - i. The satisfactory conclusion of a funding agreement; and
 - ii. Cambridgeshire County Council being engaged in an ongoing advisory role to Cottenham Parish Council (and the provider) to ensure that its preferred early years and childcare provider prepares a sustainable business case so that it can provide high quality* and financially sustainable early years and childcare places in the newly built facility. (*Ofsted Good or Outstanding and a minimum of three years engagement with the Early Years' Service or another quality improvement provider.)

As set out in section 7.9.

Officer contact:		Member contacts:	
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

- 2.1 The following summary provides the Authority's forecast financial position at year-end and its key activity data for care budgets.
- 2.2 The key issues included in the summary analysis are:
- The overall revenue budget position is showing a forecast year-end pressure of +£0.65m (+0.2%); this is largely within People & Communities (P&C) (£2.6m pressure), Commercial & Investment (C&I) (£0.5m pressure), and LGSS Operational (£0.4m pressure) partially offset by forecast underspends of -£2.0m in Place & Economy, -£0.5m in CS Financing and -£0.3m in Corporate Services. See section 3 for details.
 - The Capital Programme is forecasting an -£21.4m underspend at year-end after the capital programme variations budget has been utilised in full. See section 7 for details.

3. REVENUE BUDGET

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

Key to abbreviations

CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Forecast Variance (Aug) £000	Service	Current Budget for 2019/20 £000	Actual (Sept) £000	Forecast Variance (Sept) £000	Forecast Variance (Sept) %	Overall Status	DoT
57,504	-1,879	Place & Economy	52,079	19,237	-1,961	-3.8%	Green	↑
254,936	2,972	People & Communities	262,728	134,775	2,578	1.0%	Red	↑
390	-86	Public Health	390	-2,986	-86	-	Green	↔
10,221	-336	Corporate Services	9,117	5,924	-314	-3.4%	Green	↓
14,048	60	LGSS Managed	14,202	10,207	14	0.1%	Green	↑
-9,502	115	Commercial & Investment	-8,768	1,585	542	-	Amber	↓
28,161	-534	CS Financing	27,558	3,525	-534	-1.9%	Green	↔
355,758	312	Service Net Spending	357,306	172,267	239	0.1%	Red	↑
20,357	0	Funding Items	18,447	9,709	0	0.0%	Green	↔
376,115	312	Subtotal Net Spending	375,753	181,976	239	0.1%	Red	↑
		Memorandum items:						
8,161	505	LGSS Operational	8,119	4,745	413	5.1%	Amber	↑
	817	Grand Total Net Spending	383,872	186,721	652	0.2%	Red	↑
170,024		Schools	170,024					
554,300		Total Spending 2019/20	553,896					

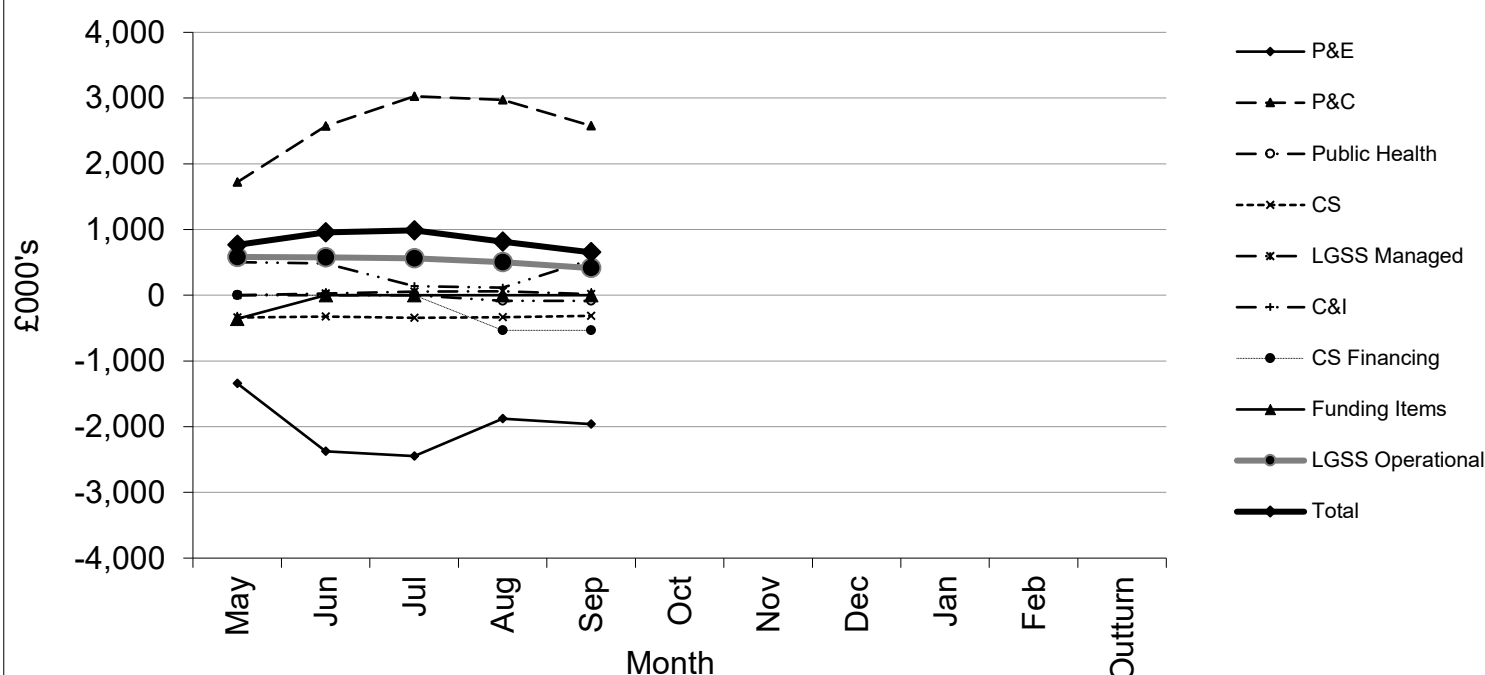
¹ The budget figures in this table are net.

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

³ The budget of £390k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £24.7m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £8.7m Combined Authority Levy, the £407k Flood Authority Levy and £9.3m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

Forecast Outturn Position 2019/20



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£1.961m (-3.8%) underspend is forecast at year-end.

- | | £m | % |
|--|--------|--------|
| <ul style="list-style-type: none"> • Community Transport – a -£0.313m underspend is forecast, of which -£0.291m relates to a change since last month. An underspend of £313k is forecast for Community Transport due to some contracts costing less than expected and some contracts not being let due to a lack of bidders. | -0.313 | (-11%) |
| <ul style="list-style-type: none"> • A combination of more minor variances sum with the above to lead to an overall outturn of -£1.961m. For full and previously reported details see the P&E Finance Monitoring Report, (http://tiny.cc/yecpfz). | | |

3.2.2 **People & Communities:** +£2.578m (+1.0%) pressure is forecast at year-end.

- | | £m | % |
|---|--------|--------|
| <ul style="list-style-type: none"> • Older People's Services - a +£4.319m pressure is forecast. This is a decrease of -£1.000m on the position previously reported in June and relates in full to a change since last month. The improved position is due to a number of changes over the first half of the year, specifically the rising number of people in block placements (which are cheaper), a robust process for negotiating fee uplift requests with providers, and an expectation that contributions will be higher than budgeted in line with higher care costs. | +4.319 | (+22%) |
| <ul style="list-style-type: none"> • Learning Disability Partnership (LDP) – a +£0.588m pressure is forecast, with the NHS paying a further £0.175m as part of the pooled budget. This is a relatively static cohort of service users whose needs have been increasing year on year in line with experiences nationally. Based on changes over the first half of | +0.588 | (+1%) |

the year, we expect these increases to exceed the level built into budgets. In particular, the cost of young people transitioning into adults is high, linked to rising cost of services for children with high needs. Savings delivery within the LDP is on track to overachieve, which provides some mitigation.

- A combination of more minor variances sum with the above to lead to an overall outturn of +£2.578m. For full and previously reported details see the [P&C Finance Monitoring Report](#), (<http://tiny.cc/yocpfz>).

3.2.3 **Public Health:** -£0.086m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full details see the [PH Finance Monitoring Report](#), (<http://tiny.cc/uxe3fz>).

3.2.4 **Corporate Services:** -£0.314m (-3.4%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).

3.2.5 **LGSS Managed:** +£0.014m (+0.1%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).

3.2.6 **CS Financing:** -£0.534m (-1.9%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).

3.2.7 **Commercial & Investment:** +£0.542m (-%) pressure is forecast at year-end.

Contract Efficiencies – a +£0.350m pressure is forecast, of which £0.150m relates to an increase since last month. The Contract Efficiencies & Other Income budget is forecast to underachieve by £350k in 2019/20. This is due to delays in putting in place plans for how to meet targets relating to savings from contract efficiencies and additional external income. Work is underway to achieve this target in future years, and is expected to be taken forward by the Commercial Team once that team is in place.

	£m	%
	+0.350	(-78%)

- A combination of more minor variances sum with the above to lead to an overall outturn of +£0.542m. For full and previously reported details see the [C&I Finance Monitoring Report](#), (<http://tiny.cc/d6f3fz>).

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

3.2.9 **LGSS Operational:** +£0.413m (+5.1%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).

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

4. FUNDING CHANGES

4.1 Where a virement of over £175k in 2019/20 revenue budget is requested between main budget headings compared to that budgeted in the Business Plan (BP), this will require approval by GPC.

4.2 School Improvement Grant

The School Improvement Monitoring and Brokering Grant is an un-ringfenced grant from the Education Funding Agency (EFA) that has been allocated to Local Authorities to allow them to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.

Allocations are based on the number of maintained schools in each Local Authority as at 1st September 2019; following the revised calculation, Cambridgeshire County Council's 2019/20 allocation of the £50m grant is £257,358 higher than budgeted for. Previous years' grant allocations have also been higher than budgeted for, including £317k higher in 2017/18 and £240k higher in 2018/19. Taking previous and expected future years' allocations into consideration, it is proposed that a permanent virement of £230k is made to increase the School Improvement Grant income budget in the corporate grants section of Funding items, and to increase the expenditure budget within People and Communities accordingly.

General Purposes Committee is asked to approve the virement of £230,000 for the increased School Improvement and Brokering Grant from the corporate grants section of Funding items to People and Communities so that it can be used for its intended purpose.

5. SAVINGS TRACKER

- 5.1 The "Savings Tracker" report – a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2019-20 Business Planning process. Currently, the Council is on track to deliver £14.0m of savings against its original plan. Blue rated savings total £1.3m, exceeding the target on those initiatives. Green rated savings total £7.4m. The Savings Tracker as at the end of quarter 2 is included as **Appendix 3** to this report.

It is also important to note the relationship with the reported position within this report. As pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

- 5.2 A summary of Business Plan savings by RAG rating is shown below:

BLUE			GREEN			AMBER			RED			BLACK				
Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Total Original Savings	Total Variance
	£000	£000		£000	£000		£000	£000		£000	£000		£000	£000	£000	£000
2	-450	-804	42	-7,359	0	6	-4,730	963	3	-2,566	962	4	-680	680	-15,785	1,801

6. KEY ACTIVITY DATA

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

7. CAPITAL PROGRAMME

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

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (Aug) £000	Service	Revised Budget for 2019/20 £000	Actual-Year to Date (Sept) £000	Forecast Variance - Outturn (Sept) £000	Forecast Variance - Outturn (Sept) %	Total Scheme Revised Budget (Sept) £000	Total Scheme Forecast Variance (Sept) £000
43,908	-5,111	P&E	59,123	10,634	-16,439	-27.8%	410,602	-
129,267	0	P&C	101,166	48,601	-0	0.0%	678,259	-2,515
3,457	-40	CS	7,463	2,312	-40	-0.5%	24,677	-
2,827	40	LGSS Managed	2,339	2,005	40	1.7%	6,785	-
90,443	-	C&I	152,635	84,959	-4,995	-3.3%	351,474	-
-	5,111	Outturn adjustment	-	-	-	-	-	-
269,902	0	Total Spending	322,726	148,511	-21,434	-6.6%	1,471,797	-2,515

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 7.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is currently forecasting an in-year pressure of £0.8m at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

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

2019-20					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Sept) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Sept) £000
P&E	-13,505	-29,944	13,505	100.00%	-16,439
P&C	-13,399	-6,849	6,849	51.12%	-0
CS	-1,431	-68	68	4.75%	-40
LGSS Managed	-585	0	0	0.00%	40
C&I	-26,312	-31,307	26,312	100.00%	-4,995
Outturn adjustment	-	-	8,498	-	-
Total Spending	-55,232	-68,168	55,232	100.00%	-21,434

- 7.3 As at the end of September 2019, Place & Economy schemes and C&I schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£16.4m and -£5.0m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.
- 7.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.
- 7.4.1 **Place & Economy:** a -£16.4m (-27.8%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (Sept)	Forecast Spend - Outturn Variance (Sept)	Variance Last Month (Aug)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment in Connecting Cambridgeshire						
14,133	2,705	-11,428	0	-11,428	0	-11,428
An in-year underspend of -£11.4m is forecast on the Investment in Connecting Cambridgeshire scheme. Due to the nature of the contract with BT, the majority of the costs are back-ended and expenditure will not be incurred until 2020/21 and 2021/22. The total scheme cost is still £36.29m.						

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

- 7.4.2 **People & Communities:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/yocpfz), (<http://tiny.cc/yocpfz>).
- 7.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](http://tiny.cc/vff3fz), (<http://tiny.cc/vff3fz>).
- 7.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](http://tiny.cc/vff3fz), (<http://tiny.cc/vff3fz>).
- 7.4.5 **Commercial & Investment:** a -£5.0m (-3.3%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (Sept)	Forecast Spend - Outturn Variance (Sept)	Variance Last Month (Aug)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Schemes						
56,847	30,372	-26,475	-1,944	-24,531	0	-26,475
An in-year underspend of -£26.5m is forecast. This is a -£24.5m increase on the underspend position previously reported in July and relates in full to a change since last month. This follows profiling of expected loans in relation to both overage and construction.						
Capital Programme Variations Budget						
-26,312	0	26,312	6,706	19,606	0	26,312
As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when re-phasing exceeds this budget. Therefore £26.3m of the above Housing Schemes underspend and a combination of more minor and previously reported underspends is balanced by full utilisation of the capital variations budget.						

- For full and previously reported details see the [C&I Finance Monitoring Report](http://tiny.cc/d6f3fz), (<http://tiny.cc/d6f3fz>).

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

7.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report](http://tiny.cc/yecpfz), (<http://tiny.cc/yecpfz>).

7.5.2 **People & Communities:** a -£2.515m (-0.4%) total scheme underspend is forecast.

Total Scheme Revised Budget	Total Scheme Forecast Spend - Outturn (Sept)	Total Scheme Forecast Spend - Outturn Variance (Sept)	Variance Last Month (Aug)	Movement
£'000	£'000	£'000	£'000	£'000
Basic Need - Primary				
273,739	271,329	-2,410	-2,066	-344
A total scheme underspend of -£2.4m is forecast across Basic Need – Primary schemes. This is a change of -£0.3m on the position reported last month and is mainly due to forecast savings on completion of the scheme outlined below:				
Histon Additional Places				
17,171	16,887	-284	0	-284
There is a £284k reduction in the overall budget required through the ongoing tender and review process.				

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

- 7.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).
- 7.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/vff3fz>).
- 7.5.5 **Commercial & Investment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](#), (<http://tiny.cc/d6f3fz>).
- 7.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget	Rolled Forward Funding ¹	Revised Phasing	Additional/ Reduction in Funding	Revised Budget	Outturn Funding	Funding Variance
	£m	£m	£m	£m	£m	£m	£m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.4	17.6	19.4	1.7
Basic Need Grant	6.9	-	-	-	6.9	6.9	-
Capital Maintenance Grant	4.7	-	-	-1.1	3.5	3.5	-
Devolved Formula Capital	1.0	2.0	-	-0.2	2.8	2.8	-
Specific Grants	8.4	0.0	-	0.7	9.1	7.4	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.5	10.4	10.4	-0.1
Capital Receipts	45.4	10.4	-10.5	-20.6	24.7	26.7	2.0
Other Contributions	24.6	3.3	-	4.7	32.6	15.2	-17.3
Revenue Contributions	10.1	-	-	-	10.1	10.1	-
Prudential Borrowing	133.4	19.8	-13.4	65.1	204.9	198.9	-6.0
TOTAL	269.9	39.3	-37.0	50.5	322.7	301.3	-21.4

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

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding - Other contributions	P&E	+£0.4	<p>£360k additional contributions are expected in relation to Combined Authority (CA) Schemes in line with the increased level of work expected to be carried out by CCC above that originally anticipated at the beginning of the financial year. The Combined Authority is invoiced on a monthly basis for work on CA schemes.</p> <p>General Purposes Committee is asked to note the additional 2019/20 contributions of £360k expected in relation to Combined Authority Schemes.</p>

- 7.8 In the September [C&I Finance Monitoring Report](#), Commercial & Investment (C&I) Committee is recommending to General Purposes Committee (GPC) the approval of a £52m increase in the 2019/20 budget for Commercial Investments. This also requires an amendment to the capital funding for Commercial Investments. This will reduce funding from Capital Receipts by £21m and increase the Prudential Borrowing requirement by £73m. The reduction in available capital receipts is due to rephasing of the timing of expected overage payments from This Land.

This year the Council has pursued a number of commercial investments in accordance with its Commercial Strategy and the investment section of the Capital Strategy. Following this protocol, individual acquisitions have been assessed according to a standardised multi-measure evaluation process with governance overseen by GPC, the C&I Committee, or its Investment Working Group dependent on the value.

With growing certainty about the total anticipated spend on commercial acquisitions for the current year, proposals for further financial investments made by the appointed investment advisor, Reddington, and rising confidence about the level of capital receipts anticipated as the year progresses, it is now timely to consider the sum of prudential borrowing required to contribute to financing this activity.

We anticipate there will be approaching £32m available by year-end in capital receipts. Therefore it will be prudent to deploy £73m in borrowing to the Commercial investments budget for property investments within Cambridgeshire's economic geography. This approach will mean that the C&I Committee delivers its commercial investment targets on track for this year (subject to acquisition dates and performance of individual assets) alongside supporting local economic development through this major investment.

As a result of this increase in funding by borrowing; the annual cost for this scheme will start in 2020/21 estimated at £4.1m, and decreases each year thereafter. This has already been factored into C&I's overall forecast for property returns, associated with acquisitions made during this financial year.

General Purposes Committee is asked to approve additional prudential borrowing of £73m in 2019/20 for Commercial Investments.

7.9 At the September Children & Young People (CYP) Committee, the CYP Committee recommended to General Purposes Committee (GPC) that £800k of Section 106 funding secured by the County Council for providing new early years and childcare places required in Cottenham, be transferred to Cottenham Parish Council (CPC). This is to enable CPC to construct and own a building which will have dedicated spaces for early years and childcare within it. This funding transfer will be subject to:

- i. The satisfactory conclusion of a funding agreement; and
- ii. Cambridgeshire County Council being engaged in an ongoing advisory role to Cottenham Parish Council (and the provider) to ensure that its preferred early years and childcare provider prepares a sustainable business case so that it can provide high quality* and financially sustainable early years and childcare places in the newly built facility. (*Ofsted Good or Outstanding and a minimum of three years engagement with the Early Years' Service or another quality improvement provider.)

Further details can be found in the CYP paper [here](#). Funding will only be passed to CPC once it has been received. It is anticipated that £128k will be passed to CPC during 2019/20, with the remaining funding being included within the 2020-21 Business Plan.

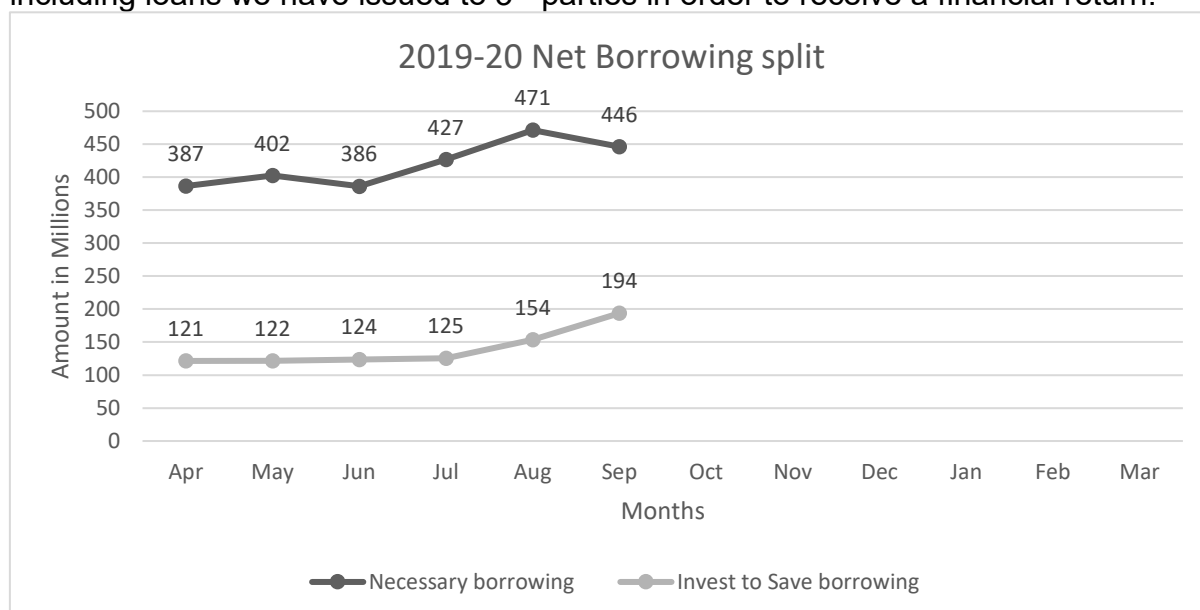
General Purposes Committee is asked to approve the transfer of £800k Section 106 funding to Cottenham Parish Council subject to the conditions above.

8. BALANCE SHEET

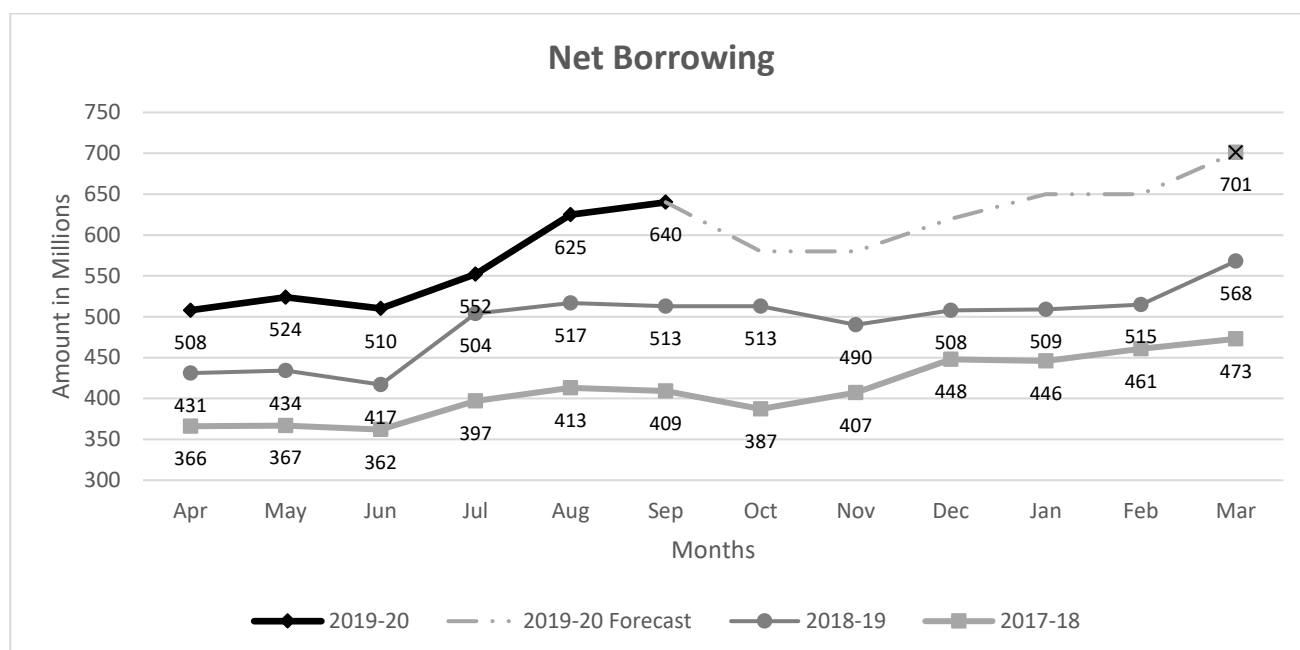
8.1 A more detailed analysis of balance sheet health issues is included below:

Measure		Year End Target	Actual as at the end of Sept 2019
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£8.90m
	Sundry	£1.71m	£4.19m

8.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £194m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



- 8.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of September 2019, investments held totalled £108m (excluding 3rd party loans) and gross borrowing totalled £748m, equating to a net borrowing position of £640m.



- 8.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by the comparative 2017-18 and 2018-19 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2019-20 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.
- 8.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme is, this is now forecast to be £700.5m by the end of this financial year.
- 8.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.
- 8.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 8.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](http://tiny.cc/3by0cz), (<http://tiny.cc/3by0cz>).

- 8.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 A good quality of life for everyone

There are no significant implications for this priority.

9.2 Thriving places for people to live

There are no significant implications for this priority.

9.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

This report provides the latest resources 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.

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

Source Documents	Location
P&E Finance Monitoring Report (September 19) P&C Finance Monitoring Report (September 19) PH Finance Monitoring Report (September 19) CS and LGSS Cambridge Office Finance Monitoring Report (September 19) C&I Finance Monitoring Report (September 19) Capital Monitoring Report (September 19) Report on Debt Outstanding (September 19)	1 st Floor, Octagon, Shire Hall, Cambridge

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial schemes' debt charges budget				-603			603		
Transfer P&E Management restructure savings			-22		22				
Current budget	262,728	390	52,080	27,558	9,118	14,203	-8,768	8,119	18,447
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 30 Sept 2019		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	12,850	4,699	17,549	16,897	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	112	0	112	185	
subtotal	12,962	4,699	17,661	17,082	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,060	-679	3,381	3,381	
subtotal	4,060	-679	3,381	3,381	
- Equipment Reserves					
6 P&C	8	0	8	8	
7 P&E	0	0	0	0	
8 CS	3	0	3	3	
9 C&I	56	0	56	0	
subtotal	67	0	67	11	
<u>Other Earmarked Funds</u>					
10 P&C	286	0	286	286	
11 PH	2,886	0	2,886	2,258	
12 P&E	5,571	-947	4,624	3,437	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	297	3,490	3,498	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	
16 Transformation Fund	24,504	4,567	29,071	20,841	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-196	1,365	963	
subtotal	38,664	3,721	42,385	31,962	
SUB TOTAL	55,753	7,742	63,495	52,437	
<u>Capital Reserves</u>					
- Services					
18 P&C	29,463	0	29,463	29,463	
19 P&E	6,069	841	6,910	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,208	33,623	0	
22 Corporate	54,694	12,047	66,740	56,951	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	26,096	136,736	87,414	
GRAND TOTAL	166,394	33,838	200,231	139,851	

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

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 30 Sept 2019		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	0	0	0	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,660	0	3,660	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	7,273	0	7,273	7,273	