

Corporate Services and LGSS Cambridge Office**Finance and Performance Report – Outturn 2018/19****1. SUMMARY****1.1 Finance**

Previous Status	Category	Target	Current Status	Section Ref.
N/A	Income and Expenditure	Balanced year end position	Green	2.1 – 2.4
N/A	Capital Programme	Remain within overall resources	Green	3.2

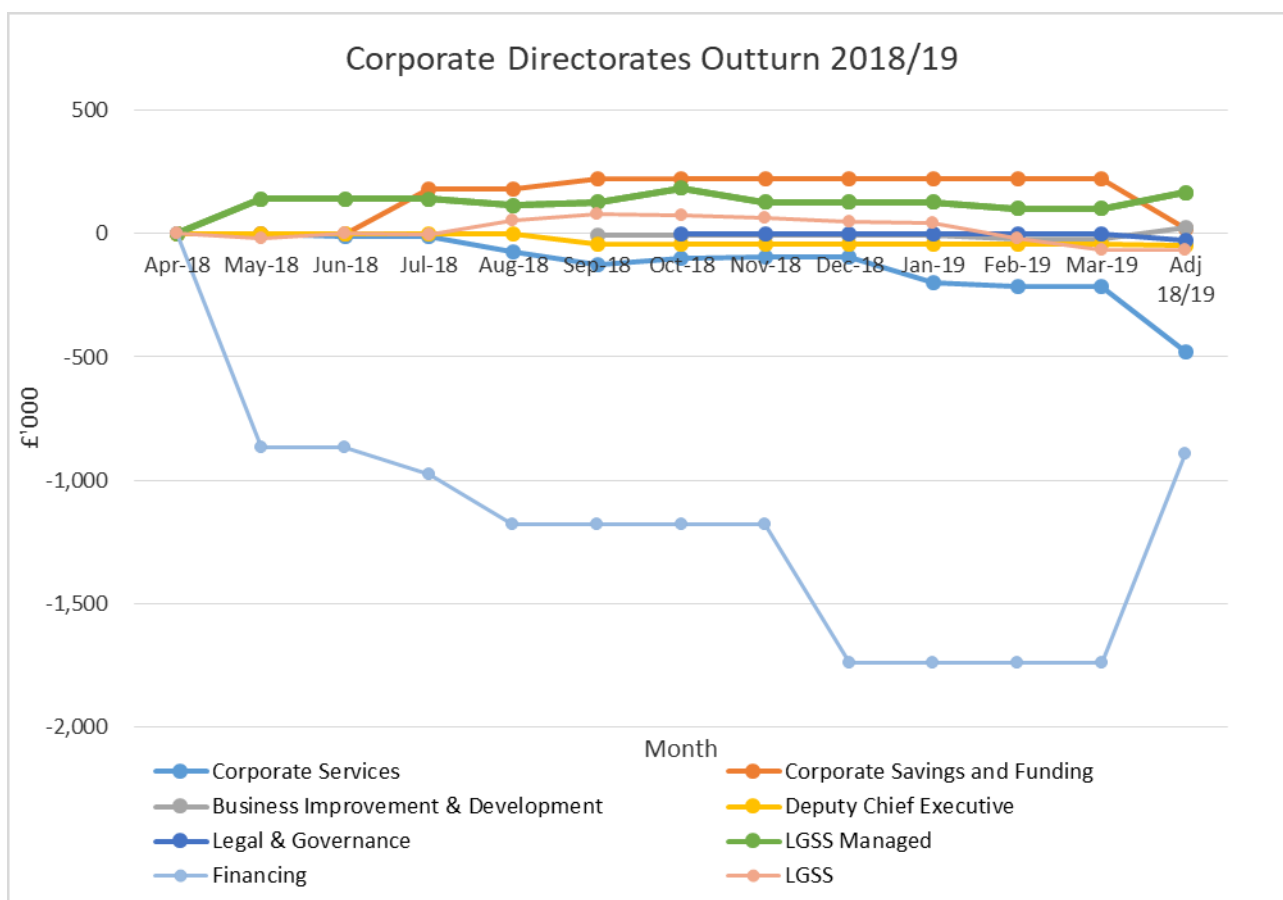
1.2 Performance Indicators – Current status: (see section 4)

Monthly Indicators	Red	Amber	Green	Total
March (Number of indicators)	0	4	8	12

2. INCOME AND EXPENDITURE**2.1 Overall Position**

Outturn Variance (Previous) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	Outturn Variance %	Status
-213	Corporate & Customer Services	6,707	6,230	-477	-7.1%	Green
220	Corporate Savings & Funding	-1,039	-1,021	18	1.8%	Amber
-20	Business Improvement & Development	875	898	23	2.6%	Green
-43	Deputy Chief Executive	325	278	-47	-14.5%	Green
0	Legal & Governance	90	62	-28	-31.5%	Green
-1,738	Financing Costs	25,983	25,089	-894	-3.4%	Green
101	LGSS Managed	8,986	9,151	165	1.8%	Amber
-1,693	Total	41,928	40,688	-1,240	-3.0%	

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for year-end 2018/19 can be found in [CS appendix 1](#).



2.2.1 Significant Issues – Corporate and Customer Services

The overall position for Corporate and Customer Services budgets in 2018/19 was a year-end underspend of £477k, which is an increase of £264k from the figure reported in February. This is mainly due to additional underspends on the Director and IT & Digital budgets.

The final position for the Director, Corporate and Customer Services budget was an underspend of £108k, which is an increase of £68k from the previous forecast. This is mainly due to the budget for staffing changes in the directorate not being required in year as the cost of those changes was net off by underspends in the services.

The final position for the IT & Digital Service budget was an underspend of £203k, which is an increase of £146k from the previous forecast. As new case management systems are being implemented for Adults' and Children's Social Care, the old systems have not been in place for a full year, and therefore the annual licence costs for those systems were lower than budgeted.

2.2.2 Significant Issues – Corporate Savings and Funding

The overall position for Corporate Savings and Funding budgets in 2018/19 was a year-end overspend of £18k, a decrease of £202k from the figure reported in February.

In this category, the demography fund (£322k) was held centrally rather than allocated to a specific service (although the £3.4m smoothing fund had been allocated earlier in year to demand-led pressures). Instead, the remaining central allocation had effectively been held to offset risk of under delivery against the corporately managed savings for workforce, shared services and contract management. At year-end, workforce savings had exceeded target, however there was under delivery against contract management (£64k) and sharing with Peterborough City Council (£139k).

2.2.3 Significant Issues – Business Improvement & Development

The overall position for Business Improvement & Development budgets in 2018/19 was a year-end overspend of £23k, which is an adverse difference of £43k from the figure reported in February.

There are no new exceptions to report this month.

2.2.4 Significant Issues – Deputy Chief Executive

The overall position for Deputy Chief Executive budgets in 2018/19 was an year-end underspend of £47k, which is an additional underspend of £4k from the figure reported in February.

There are no new exceptions to report this month.

2.2.5 Significance Issues- Legal and Governance

The overall position for Legal and Governance budgets in 2018/19 was an year-end underspend of £28k, which is an additional underspend of £28k from the figure reported in February.

There are no new exceptions to report this month.

2.2.6 Significant Issues – LGSS Managed

The overall position for LGSS Managed budgets in 2018/19 was a year-end overspend of £165k, an increase of £64k from the figure reported in February. This is mainly due to additional overspends on the Insurance and IT Managed budgets.

The final position for the Insurance budget was an overspend of £115k, which is an increase of £115k from the previous forecast. This is because the cost of the internal and external insurance premiums exceeded the amount that could be charged to services in 2018/19.

2.2.7 Significant Issues – Financing Costs

The overall position for the Financing Costs budget is an underspend of £894k, which is a decrease of £844k from the previous forecast. This is almost entirely due to the capitalisation of interest recharge which has been calculated significantly lower than was originally budgeted.

The Council has a policy of capitalising the costs of borrowing for schemes, which is allowable up until the point a project completes. The recharge between capital projects and the Financing Costs budget can therefore only be completed at year end once the final funding position of all capital schemes has been established, and once it has been identified which schemes have completed and which are ongoing as at 31st March 2019. There are several reasons why the final calculation is significantly under budget; the most substantial factor has been the reduction of the average cost of borrowing to the Council over the last year (this has reduced the costs of borrowing to the Council, but has also reduced the value of the recharge). However, there have also been changes to funding sources for projects (we have undertaken less borrowing than originally expected), and some schemes have also completed faster than anticipated in the original estimation and therefore it has only been possible to recharge the interest costs for a proportion of the year.

2.2.8 Significant Issues – LGSS Cambridge Office

LGSS Cambridge Office finished the year with an underspend of £67k, which is an increase of £45k from the previous forecast. This is due to increased underspend on Managing Director & Support.

The year-end deficit / surplus is subject to a sharing arrangement with Northamptonshire County Council and Milton Keynes Council and was therefore

split between partner authorities according to an agreed protocol, with an equalisation adjustment processed accordingly at year-end.

There are no new exceptions to report this month.

Additional Income and Grant Budgeted this Period

(De minimis reporting limit = £30,000)

The following item below the de minimis reporting limit were recorded during March 2019.

Corporate & Customer Services:

Grant	Awarding Body	Amount £'000
Non-material grants (+/- £30k)	Improvement & Development Agency for Local Government	13

A full list of additional grant income for Corporate Services and LGSS Managed can be found in [CS appendix 3](#).

A full list of additional grant income for LGSS Cambridge Office can be found in [LGSS appendix 3](#).

2.2 Virements and Transfers to / from Reserves (including Operational Savings Reserve)

(De minimis reporting limit = £30,000)

The following virement was made in March 2019:

LGSS Managed:

	£'000	Notes
Insurance	-2,199	Match budget for insurance premiums charged to services
Non material virements (+/- £30k)	0	

A full list of Virement and Transfer for Corporate Services and LGSS Managed can be found in [CS appendix 4](#)

A full list of Virement and Transfers for LGSS Cambridge Office can be found in [LGSS appendix 4](#).

3. BALANCE SHEET

3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in [CS appendix 5](#).

A schedule of the LGSS Cambridge Office Reserves can be found in [LGSS appendix 5](#).

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services schemes had a capital budget of £4.9m in 2018/19 and there is expenditure of £5.5m at year end. The total scheme forecast (across years) is on budget.

The Citizen First, Digital First project has recorded an in-year underspend of £468k. This is due to expenditure on IT hardware and software which has been delayed and is expected to take place in 2019/20.

The Children's Services IT System project recorded an in-year underspend of £895k. This is because much of the staff time and consultants' time on the project will actually take place in 2019/20 rather than 2018/19.

The Capitalisation of Redundancies project has recorded an in-year overspend of £812k. This is due to more redundancies than expected in the year, in particular relating to the closure of the Catering and Cleaning Service. This has increased the use of Capital Receipts by this amount.

The Capitalisation of Transformation Team budget has recorded an in-year overspend of £297k. A greater proportion of the cost of the Transformation Team has been funded from capital receipts in 2018/19 due to a change in policy allowing more costs to be capitalised and a decrease in the amount of Transformation Team work being funded from other sources. In addition to this, some staff time in HR has also been funded from capital receipts.

Two Third Party Loans were issued during 2018/19: £350k to Estover Playing Field CIC and £150k to Wisbech Town Council.

- LGSS Managed had a capital budget of £6.0m in 2018/19 and there is expenditure of £2.1m at year end. The total scheme forecast is an underspend of £184k.

The Cambridgeshire Public Sector Network Replacement project has recorded an underspend of £3.8m in 2018-19. This is due to a revised timescale for this project; the previous contract was extended, so the process to move buildings across to the new network has started on a revised timescale. As part of the business planning process for 2019/20 this budget has been reviewed and part of the underspend in future years has been reallocated.

This Libraries IT Network Refresh project has recorded an in-year underspend of £443k, which is due to a delay in expenditure on IT hardware which is now expected to take place in 2019/20.

- LGSS Cambridge Office had a capital budget of £0.1m in 2018/19 which has been spent in full. The total scheme forecast is on budget.

There are no new material variances to report this month.

Funding

- Corporate Services schemes had capital funding of £5.4m in 2018/19. The final position for the Corporate Services capital programme as a whole was an overspend of £0.6m, as detailed above.
- LGSS Managed had capital funding of £6m in 2018/19. The final position for the LGSS Managed capital programme as a whole was an underspend of £3.9m in 2018/19, as detailed above.

As reported above, additional in-year underspends of £1.7m have been recorded across the CPSN Replacement and Libraries IT Network Refresh projects. This has reduced the prudential borrowing requirement by that amount.

- LGSS Cambridge Office had capital funding of £0.1m in 2018/19. The final position for the LGSS Cambridge Office capital programme as a whole was a balanced outturn position.

There are no new material variances to report this month.

- A detailed explanation of the position for Corporate Services and LGSS Managed can be found in [CS appendix 6](#).

A detailed explanation of the position for LGSS Cambridge Office can be found in [LGSS appendix 6](#).

4. PERFORMANCE

- 4.1** The key performance indicators for Corporate and Customer Services and LGSS Managed Services are set out in [CS Appendix 7](#). Key performance indicators for LGSS Cambridge Office are not reported here as the information for these is not yet available.

The appendices to this report can be viewed in the [online version](#) of the report.