Agenda Item No.5

INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 30TH NOVEMBER 2019

To:	**General Purposes Committee**		
Date:	**28 January 2020**		
From:	**Chief Finance Officer**		
Electoral division(s):	**All**		
Forward Plan ref:	**2020/001**	*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 additional prudential borrowing of £20m in 2019/20 for Commercial Investments (property) and the use of £20m of capital receipts for investments into the Multi-Class credit pooled fund, as set out in section 5.7;

b) Approve the extension of the contract with Virgin Media Business for the provision of IT infrastructure services, 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 the Authority's forecast financial position at year-end and its key activity data for care budgets.

Finance and Key Activity

Revenue budget outturn		Capital programme outturn
+£1.0m (0.3%) variance at end of year RED	This is a £0.236m increase in the revenue pressure since last month's forecast. This is a £1.368m decrease in the in-year capital expenditure compared to last month's forecast.	-£22.7m (-7.0%) variance at end of year GREEN

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Nov-19	May-19	Trend since May 19
Nursing	477	489	Stayed the same
Residential	912	873	Increasing
Community	1,576	1,476	Increasing

Adults aged 18+ receiving long term services

	Nov-19	May-19	Trend since May 19
Nursing	53	45	Increasing
Residential	359	376	Stayed the same
Community	2,839	2,855	Stayed the same

Children open to social care

	Nov-19	Apr-19	Trend since Apr 19
Children in Care	760	783	Decreasing
Child Protection	455	581	Decreasing
Children in need *	1,744	2,207	Decreasing

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

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£1.0m (+0.3%); this is largely within People & Communities (P&C) (£3.7m pressure), Commercial & Investment (C&I) (£0.9m pressure), and LGSS Operational (£0.4m pressure) partially offset by forecast underspends of -£2.7m in Place & Economy, -£0.5m in CS Financing and -£0.5m in Corporate Services. See section 3 for details.

- The Capital Programme is forecasting a -£22.7m underspend at year-end after the capital programme variations budget has been utilised in full. See section 5 for details.

3. REVENUE BUDGET

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

Key to abbreviations

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

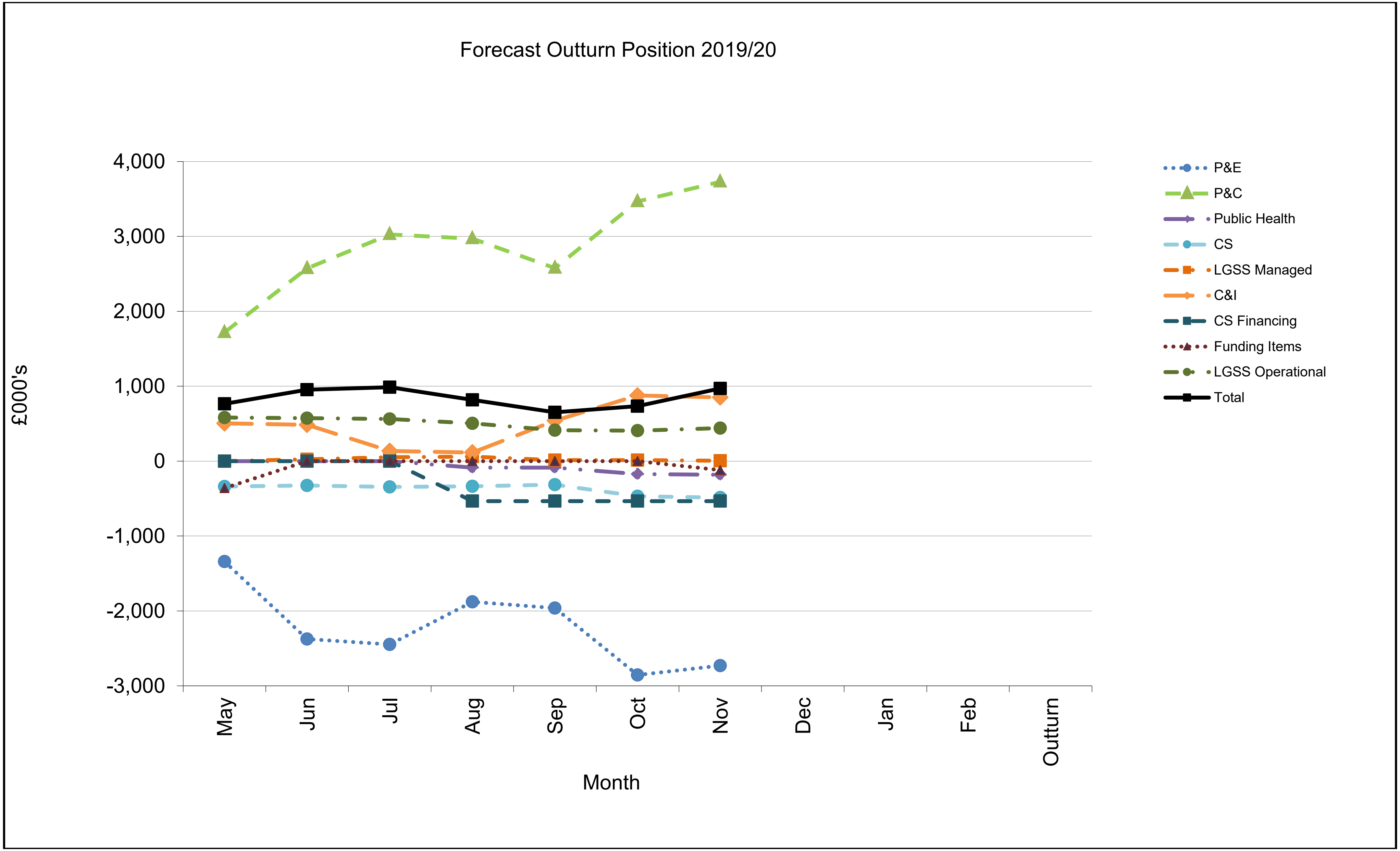
Original Budget as per Business Plan £000	Forecast Variance (Oct) £000	Service	Current Budget for 2019/20 £000	Actual (Nov) £000	Forecast Variance (Nov) £000	Forecast Variance (Nov) %	Overall Status	DoT
57,504	-2,855	Place & Economy	52,079	27,217	-2,731	-5.2%	Green	↓
254,936	3,466	People & Communities	262,935	168,572	3,729	1.4%	Red	↓
390	-172	Public Health	390	-6,505	-182	-	Green	↑
10,221	-469	Corporate Services	12,208	8,069	-487	-4.0%	Green	↑
14,048	14	LGSS Managed	13,149	10,274	4	0.0%	Green	↑
-9,502	877	Commercial & Investment	-8,768	-1,065	852	-	Amber	↑
28,161	-534	CS Financing	27,558	3,960	-534	-1.9%	Green	↓
355,758	**328**	**Service Net Spending**	**359,551**	**210,522**	**651**	**0.2%**	**Amber**	↓
20,357	0	Funding Items	18,447	9,709	-120	-0.7%	Green	↑
376,115	**328**	**Subtotal Net Spending**	**377,998**	**220,231**	**531**	**0.1%**	**Amber**	↓
		Memorandum items:						
8,161	407	LGSS Operational	6,103	4,701	440	7.2%	Amber	↓
	735	**Grand Total Net Spending**	**384,101**	**224,932**	**971**	**0.3%**	**Red**	↓
170,024		Schools	170,024					
554,300		**Total Spending 2019/20**	**554,125**					

[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
£000's
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
LGSS Managed
C&I
CS Financing
Funding Items
LGSS Operational
Total

3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£2.731m (-5.2%) underspend is forecast at year-end. There are no exceptions to report this month; for full details see the P&E Finance Monitoring Report, (https://tinyurl.com/rzuot86).

3.2.2 **People & Communities:** +£3.729m (+1.4%) pressure is forecast at year-end.

	£m	**%**
• **Central Commissioning - Adults** – a +£0.513m pressure is forecast. This is an increase of +£0.412m on last month's position. The change is in relation to increased spend on the contract for block cars that deliver domiciliary care to people, including those leaving hospital. The council has needed to support a number of packages at an enhanced rate this year due to the large scale failure of a major provider of homecare in the last quarter of 2018. There was a need to retain the capacity in the market, as domiciliary care enables people to remain in their own homes and retain their independence; the alternative is often moving into bed-based care at a higher cost. Retaining this capacity has helped us to support winter pressures and facilitate earlier discharges from hospital, and will continue to do so over the last part of the year. This is an in-year pressure only as the contract has now been re-commissioned, with more favourable rates secured that will lead to a balanced budget in 2020/21. Reducing capacity within this area in order to mitigate the in-year cost pressure would ultimately lead to increased spend on alternative provision such as bed-based care. The remainder of the pressure is mainly due to a delay in the realisation of savings on the Housing Related Support contracts; some contracts have been extended until the service is retendered. The full saving is still forecast to be delivered by 2021/22 and work is ongoing as to how best to deliver this service. The in-year pressure on housing related support is £274k, however, this has been mitigated in part, and has been reported previously.	+0.513	(+5%)
• **Funding to Special Schools & Units, High Needs Top Up Funding and Out of School Tuition** – a +£9.0m pressure is currently forecast. This is an increase of +£0.5m on the position reported last month. Initial in-year pressures have been forecast for a number of Dedicated Schools Grant (DSG) funded High Needs Block budgets including funding for special schools and units (+£3.5m), top-up funding for mainstream schools and Post-16 provision (£3.0m), out of school tuition (£2.0m) and Special Educational Needs (SEN) Placements (£0.5m). A Special Educational Needs and Disability (SEND) Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block. As previously reported in 2018/19 we saw a total DSG pressure across SEND services of £8.7m which, combined with underspends on other DSG budgets, led to a deficit of £7.2m carried forward into 2019/20. Given the ongoing increase in numbers of pupils with Education Health Care Plans (EHCPs) it is	+9.000	(+20%)

likely that a similar pressure will occur in 2019/20. Current estimates forecast an in-year pressure of approximately £9.0m. This is a ring-fenced grant and as such pressures do not currently affect the Council’s bottom line but are carried forward as a deficit balance into the next year.

- **Financing DSG** – a -£9.0m required contribution from DSG is forecast. This is an increase of -£0.5m on the required contribution previously reported in last month. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily Funding to Special Schools and Units (£3.5m), High Needs Top Up Funding (£3.0m), Out of School Tuition (£2.0m) and SEN Placements (£0.5m) as described above. -9.000 (-15%)

- **Home to School Transport – Special** – a +£0.700m pressure is forecast. This is an increase of £0.400m on the position previously reported in May, of which £0.200m relates to a change since last month. We are continuing to see significant increases in pupils with Education Health Care Plans (EHCPs) and those attending special schools, leading to a corresponding increase in transport costs. Between 1st April and 30th November 2019 there was an increase in the number of pupils with EHCPs of 379 (8.9%), compared with 307 (8%) over the same period last year. Alongside this, we are seeing an increase in complexity of need resulting in assessments being made by the child/young person’s Statutory Assessment Case Work Officer that they require individual transport, and, in many cases, a passenger assistant to accompany them. A strengthened governance system around requests for costly exceptional transport requests introduced in 2018/19 is resulting in the avoidance of some of the highest cost transports as is the use of personal transport budgets offered in place of costly individual taxis. The People and Communities (P&C) Finance & Performance Report, outlines further actions being taken to mitigate the position. +0.700 (+7%)

- **Children in Care Transport** – a -£0.400m underspend is forecast. This relates in full to a change since last month. Ongoing work around route optimisation, combined with decreasing numbers of Children in Care have resulted in lower than budgeted costs, despite the pressures on the wider transport market. -0.400 (-20%)

- A combination of more minor variances sum with the above to lead to an overall outturn of +£3.729m. For full and previously reported details see the P&C Finance Monitoring Report, (https://tinyurl.com/ue5pf8d).

3.2.3 **Public Health:** -£0.182m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full details see the PH Finance Monitoring Report, (https://tinyurl.com/tquzofw).

3.2.4 **Corporate Services:** -£0.487m (-4.0%) 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, (https://tinyurl.com/sht8gln).

3.2.5 **LGSS Managed:** +£0.004m (+0.0%) 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, (https://tinyurl.com/sht8gln).

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, (https://tinyurl.com/sht8gln).

3.2.7 **Commercial & Investment**: +£0.852m (-%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the C&I Finance Monitoring Report, (https://tinyurl.com/wfhd33r).

3.2.8 **Funding Items:** -£0.120m (-0.7%) underspend is forecast at year-end. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** +£0.440m (+7.2%) 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, (https://tinyurl.com/sht8gln).

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

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C Finance Monitoring Report, (https://tinyurl.com/ue5pf8d) (section 5).

5. CAPITAL PROGRAMME

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

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (Oct) £000	Service	Revised Budget for 2019/20 £000	Actual-Year to Date (Nov) £000	Forecast Variance - Outturn (Nov) £000	Forecast Variance - Outturn (Nov) %	Total Scheme Revised Budget (Nov) £000	Total Scheme Forecast Variance (Nov) £000
43,908	-16,308	P&E	59,381	17,230	-17,149	-28.9%	411,096	-
129,267	-0	P&C	101,292	63,499	-0	0.0%	678,259	-10,334
3,457	-	CS	7,763	3,258	-	0.0%	24,977	-
2,827	-	LGSS Managed	2,339	2,443	-	0.0%	6,785	-69
90,443	-4,995	C&I	155,139	87,710	-5,522	-3.6%	353,998	-
-		Outturn adjustment	-	-		-	-	-
269,902	**-21,303**	**Total Spending**	**325,914**	**174,140**	**-22,671**	**-7.0%**	**1,475,115**	**-10,403**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 5.2.

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is currently forecasting an in-year underspend of -£1.5m at year-end.

3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

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

2019-20					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Nov) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Nov) £000
P&E	-13,505	-30,654	13,505	100.00%	-17,149
P&C	-13,399	-8,464	8,464	63.17%	-0
CS	-1,431	-108	108	7.55%	0
LGSS Managed	-585	-327	327	55.90%	0
C&I	-26,312	-31,834	26,312	100.00%	-5,522
Outturn adjustment	-	-	6,516	-	
Total Spending	**-55,232**	**-71,387**	**55,232**	**100.00%**	**-22,671**

5.3 As at the end of November 2019, Place & Economy schemes and Commercial and Investment (C&I) schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£17.1m and -£5.5m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.

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

5.4.1 **Place & Economy:** a -£17.1m (-28.9%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (Nov)	Forecast Spend - Outturn Variance (Nov)	Variance Last Month (Oct)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Delivering the Transport Strategy Aims – Cycling Schemes						
1,258	441	-817	-283	-534	-100	-717

An in-year underspend of -£0.8m is forecast across Delivering the Transport Strategy Aims – Cycling Schemes. This is a change of -£477k on the position previously report in July, of which -£534k relates to a change since last month. This relates primarily to the following schemes:

- Fenstanton to the Busway

Due to the need to work through a statutory process relating to changing a permissive footpath to a public bridleway by means of a 'Creation Order' this will delay the scheme's delivery.
Detailed design and statutory processes are progressing, but not complete. Construction works at this location are best completed in spring, rather than winter, hence the forecast is to spend just £7k in this financial year, with the remaining funding to be spent in 20/21.

- Dry Drayton to NMU (Non-Motorised User) link

Design work is progressing on this scheme, but it cannot be delivered until works on the A14 are completed due to its close proximity. The spend forecast for this year is £35k, with the remaining £145k to be spent in 20/21.

- Papworth to Cambourne

Design work is progressing on this scheme, but it cannot be delivered until works on the A14 are complete as the scheme lies on the diversion route that is regularly used by Highways England. Forecast spend for this year is less than originally planned.

- For full and previously reported details see the P&E Finance Monitoring Report, (https://tinyurl.com/rzuot86).

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

Revised Budget for 2019/20	Forecast Spend - Outturn (Nov)	Forecast Spend - Outturn Variance (Nov)	Variance Last Month (Oct)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,420	33,454	-966	-791	-175	-1,958	992
An in-year underspend of -£1.0m is forecast across Basic Need – Primary schemes. This is a change of -£0.4m on the position previously reported in August of which -£0.2m relates to a change since last month. This is primarily due to changes on the schemes as outlined below:						
Chatteris New School						
4,600	3,000	-1,700	-1,700	0	0	-1,700
£1.7m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission . This is a combined project with Cromwell Community College. This is an increase of -£0.1m on the rephasing position previously reported in August.						
Hatton Park, Longstanton						
189	0	-189	-189	0	-189	0
An in-year underspend of -£0.2m is forecast which is an increase on the position previously reported in August. This is due to savings made on contingency and risk as the project nears completion.						
Bassingbourn Primary School						
2,666	2,350	-316	-316	0	-225	-91
An in-year underspend of -£0.3m is forecast mainly due to savings on the completion of the scheme. This is a -£50k increase on the in-year underspend previously forecast in August.						
Basic Need - Secondary						
51,096	44,310	-6,786	-6,466	-320	-248	-6,538
An in-year underspend of -£6.8m is forecast across Basic Need – Secondary schemes. This is a change of -£0.32m on the position reported since month and is primarily due to changes on the Fenland Secondary scheme as outlined below:						
Fenland Secondary						
5,000	300	-4,700	-4,400	-300	0	-4,700
None of the applications submitted to the Department for Education (DfE) to establish the new secondary as free school were approved. Work is progressing to determine the final specification for the scheme and the associated project cost.						
Condition & Maintenance						
3,623	4,083	460	0	460	952	-492
An in-year pressure of £0.5m is forecast across Condition & Maintenance schemes. This is primarily due to changes on the schemes as outlined below:						
School Condition, Maintenance & Suitability						
3,123	3,482	359	0	359	952	-593
The forecast in-year pressure of £359k has arisen due to an increased number of unplanned emergency projects requiring urgent attention to ensure the schools concerned remained operational and to maintain schools' condition. The in-year position has been partially offset with slippage of £593k for Galfraid Primary (formerly known as Abbey Meadows) which was agreed by GPC as additional funding						

for 2019/20. This funding is required in 2020/21 due to the scheme timescales being delayed. (See also 5.5.2.)						
Temporary Accommodation						
1,500	257	-1,243	0	-1,243	-1,243	0
An underspend of -£1.2m is forecast across Temporary Accommodation schemes. The level of temporary mobile accommodation is lower than initially anticipated when the Business Plan was approved. (See also 5.5.2.)						
Cultural & Community Services						
5,157	3,731	-1,426	-223	-1,203	0	-1,426
An in-year underspend of -£1.4m is forecast across Cultural & Community Services schemes. This is a change of -£1.2m on the position since last month. This is primarily due to changes on the schemes as outlined below:						
Libraries - Open access & touchdown facilities (hub libraries)						
567	11	-556	0	-556	0	-556
Work is ongoing to tender for the system and create a detailed plan for the rollout of Open Access across all libraries; this will involve building surveys of all sites to determine the requirements for implementation, which is the expenditure projected within the current financial year. A report will be brought to C&P Committee in the Spring to update members and make decisions about prioritisation and principles of the rollout, with implementation and expenditure taking place later in 2020/21 and 2021/22.						
Libraries - Open access & touchdown facilities - further 22 Libraries						
605	0	-605	0	-605	0	-605
Work is ongoing to tender for the system and create a detailed plan for the rollout of Open Access across all libraries; this will involve building surveys of all sites to determine the requirements for implementation, which is the expenditure projected within the current financial year. A report will be brought to Communities and Partnership Committee in the Spring to update members and make decisions about prioritisation and principles of the rollout, with implementation and expenditure taking place later in 2020/21 and 2021/22.						
P&C Capital Variation						
-13,399	-4,935	8,464	5,933	2,531	0	8,464
As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £8.5m underspend is balanced by use of the capital variations budget; this is an increase of £2.5m on the use of the variations budget reported last month. The increase relates primarily to the increased in-year underspends on Basic Need- Primary, Basic Need- Secondary, Temporary Accommodation and Cultural & Community Services, partially offset by the pressure on Condition & Maintenance as reported above, together with more minor variances.						

- For full and previously reported details see the P&C Finance Monitoring Report, (https://tinyurl.com/ue5pf8d).

5.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/sht8gln).

5.4.4 **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, (https://tinyurl.com/sht8gln).

5.4.5 **Commercial & Investment**: a -£5.5m (-3.6%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (Nov)	Forecast Spend - Outturn Variance (Nov)	Variance Last Month (Oct)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Woodston Closed Landfill Energy Project						
285	29	-256	-	-256	-	-256
An in-year underspend of -£0.26m is forecast on the Woodston Closed Landfill Energy Project scheme. The C&I Committee approved an officer request to suspend activity on this project in October due to prohibitive grid connection costs and current uncertainty in the battery service market.						

- For full and previously reported details see the C&I Finance Monitoring Report, (https://tinyurl.com/wfhd33r).

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

5.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the P&E Finance Monitoring Report, (https://tinyurl.com/rzuot86).

5.5.2 **People & Communities:** a -£10.334m (-1.5%) total scheme underspend is forecast.

Total Scheme Revised Budget	Total Scheme Forecast Spend - Outturn (Nov)	Total Scheme Forecast Spend - Outturn Variance (Nov)	Variance Last Month (Oct)	Movement
£'000	£'000	£'000	£'000	£'000
Basic Need - Primary				
273,739	264,242	-9,497	-3,058	-6,439
A total scheme underspend of -£9.5m is forecast across Basic Need – Primary schemes. This is a change of -£6.4m on the position reported last month and is mainly due to changes on the schemes outlined below:				
Sawtry Infants				
5,511	2,306	-3,205	0	-3,205
The scheme to expand Sawtry Infant and Junior School is no longer being progressed. On 12th November Children & Young People (CYP) Committee agreed support for the request to change the project at Sawtry from an expansion by one form of entry to the existing Infant and Junior schools on their current shared site, to a project to build a new separate primary school on the site of the proposed new development on Glatton Road in Sawtry.				
Sawtry Junior				
3,214	0	-3,214	0	-3,214
The scheme to expand Sawtry Infant and Junior School is no longer being progressed. On 12th November Children & Young People (CYP) Committee agreed support for the request to change the project at Sawtry from an expansion by one form of entry to the existing Infant and Junior schools on their current shared site, to a project to build a new separate primary school on the site of the proposed new development on Glatton Road in Sawtry.				

Condition & Maintenance				
27,123	28,075	952	0	952
A total scheme pressure of +£0.95m is forecast across Condition & Maintenance schemes. This is primarily due to changes on the schemes as outlined below:				
School Condition, Maintenance & Suitability				
25,473	26,425	952	0	952
A total scheme pressure of +£0.95m is forecast. This is due to an increased number of unplanned emergency projects requiring urgent attention in 2019/20 to ensure the schools concerned remained operational and to maintain schools' condition. (See also 5.4.2.)				
Temporary Accommodation				
12,500	11,257	-1,243	0	-1,243
A total scheme underspend of -£1.2m is forecast across Temporary Accommodation schemes. The level of temporary mobile accommodation in 2019/20 is lower than initially anticipated when the Business Plan was approved. (See also 5.4.2.)				

- For full and previously reported details see the P&C Finance Monitoring Report, (https://tinyurl.com/ue5pf8d).

5.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/sht8gln).

5.5.4 **LGSS Managed:** a -£0.069m (-1.0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/sht8gln).

5.5.5 **Commercial & Investment**: a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance Monitoring Report, (https://tinyurl.com/wfhd33r).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.4	**17.6**	19.0	1.4
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**	10.1	-0.3
Capital Receipts	45.4	10.4	-10.5	-20.6	**24.7**	26.7	2.0
Other Contributions	24.6	3.3	-	4.9	**32.8**	15.7	-17.1
Revenue Contributions	10.1	-	-	-	**10.1**	10.1	-
Prudential Borrowing	133.4	20.0	-13.4	67.9	**207.9**	201.0	-7.0
TOTAL	**269.9**	**39.5**	**-37.0**	**53.5**	**325.9**	**303.2**	**-22.7**

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

5.7 At the January Commercial & Investment (C&I) Committee meeting, the Committee recommended to General Purposes Committee (GPC) that

- £20m of capital receipts funding is re-assigned from financing commercial property to the asset classes considered by the C&I Committee (multi class credit); thereby supporting the investment activities outlined within the Commercial Strategy 2019-21 and our Investment Strategy, and
- requiring a corresponding increase in borrowing of £20m to replace the capital receipts funding for commercial property.

Further information can be found in the paper here.

The current strategy of direct property investment has enabled the Council to expect annual revenue returns of approximately £7.8m gross (5.3% return) before financing costs. The Council are in a good position to manage any capital value decrease (over the long term) and can control when assets are disposed to reduce capital losses.

Following advice about the Council's constraints, the Council's appointed investment advisor, Redington Ltd, suggested there is a further opportunity through diversifying our portfolio to also reduce the risk (across a larger portfolio) to the revenue income from the portfolio. Following workshops with Redington and Members of the C&I Committee, the intention is now to reduce the possible fluctuation in portfolio value and protect revenue returns through reducing the average Value at Risk.

Based upon the Council's requirements and funding capacity, the proposed next step is to deploy £20m of capital receipts within a Multi-Class Credit fund. Multi-class credit comprises a range of fixed income corporate and government debts managed across an investment fund. In order to achieve the higher yield constraints that the Council has requested (in comparison to property financed by borrowing for example) the pool of credit is likely to include sub-investment grade assets.

The impact of this investment decision on our wider portfolio will be;

- Reduction in the average Value at Risk across the portfolio
- Estimated income per annum – increase from £7.8m to £8.9m
- % of investment in Property – 84% down from 100% once funds deployed
- % in Non-property – 16% up from 0% once funds deployed

General Purposes Committee has recently agreed £73m of borrowing to fund commercial property acquisitions this year, and this recommendation will increase that figure to £93m. The recommended extension has been in prospect during the autumn and was initially considered alongside the benefit analysis for the financing of commercial property. On a recurrent basis, after applying additional borrowing costs and an MRP to commercial property as a result of the £20m borrowing extension, the Council has additional financing costs of £0.8m, however this is more than offset by the net return from the proposed £20m investment in multi-class credit, where the return is £1.02m. Therefore the expected net impact to the Council from these twin changes is additional investment income of £220k per annum, alongside an increase in the size of the portfolio by £20m.

The Council is taking further advice on the next stages of this process including the approach to procurement of an investment manager, and the overall appropriateness of this type of investment, this may (or may not) in turn require consideration by Full Council in relation to compliance with the treasury management strategy. Redington are appointed to support the process of the selection of an investment manager. C&I committee highlighted the governance processes in place for the Council to monitor and manage the investment through its Investment Group, advisors and the Commercial team, and the preferable liquidity of this asset class, relative to property, should the Council deem it necessary to withdraw funds.

General Purposes Committee is asked to approve additional prudential borrowing of £20m in 2019/20 for Commercial Investments (property) and to use £20m of capital receipts for investments into the Multi-Class credit pooled fund.

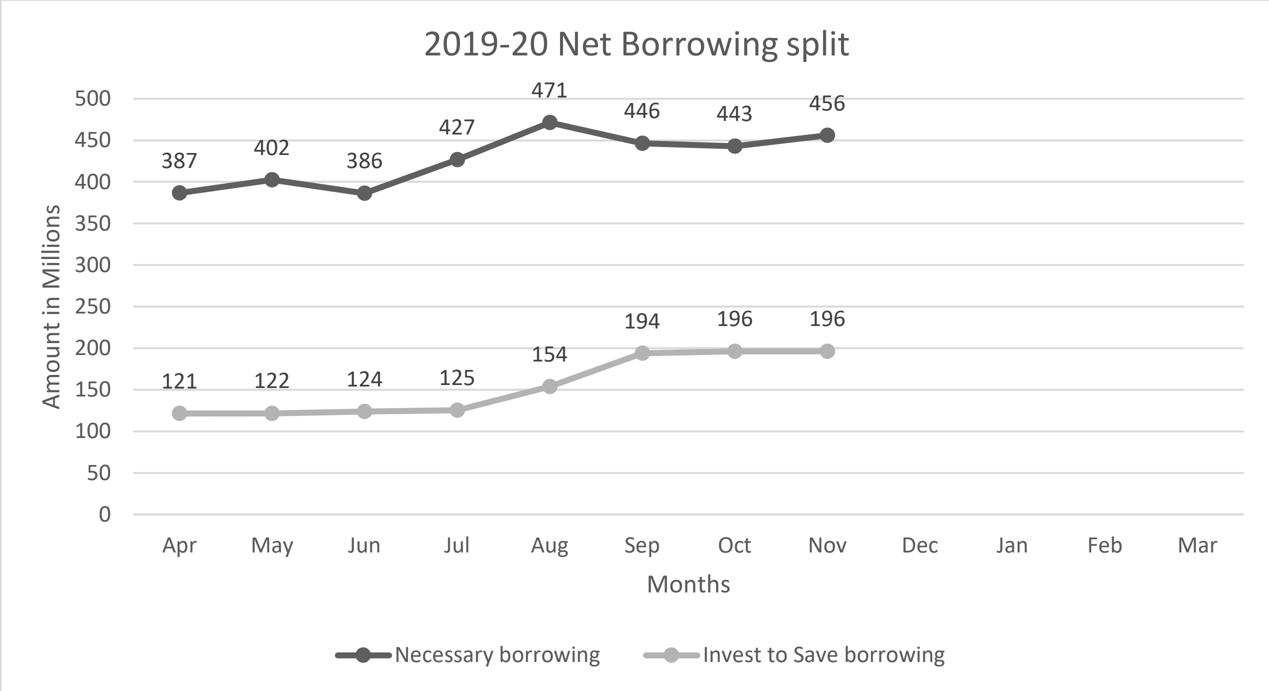
6. BALANCE SHEET

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

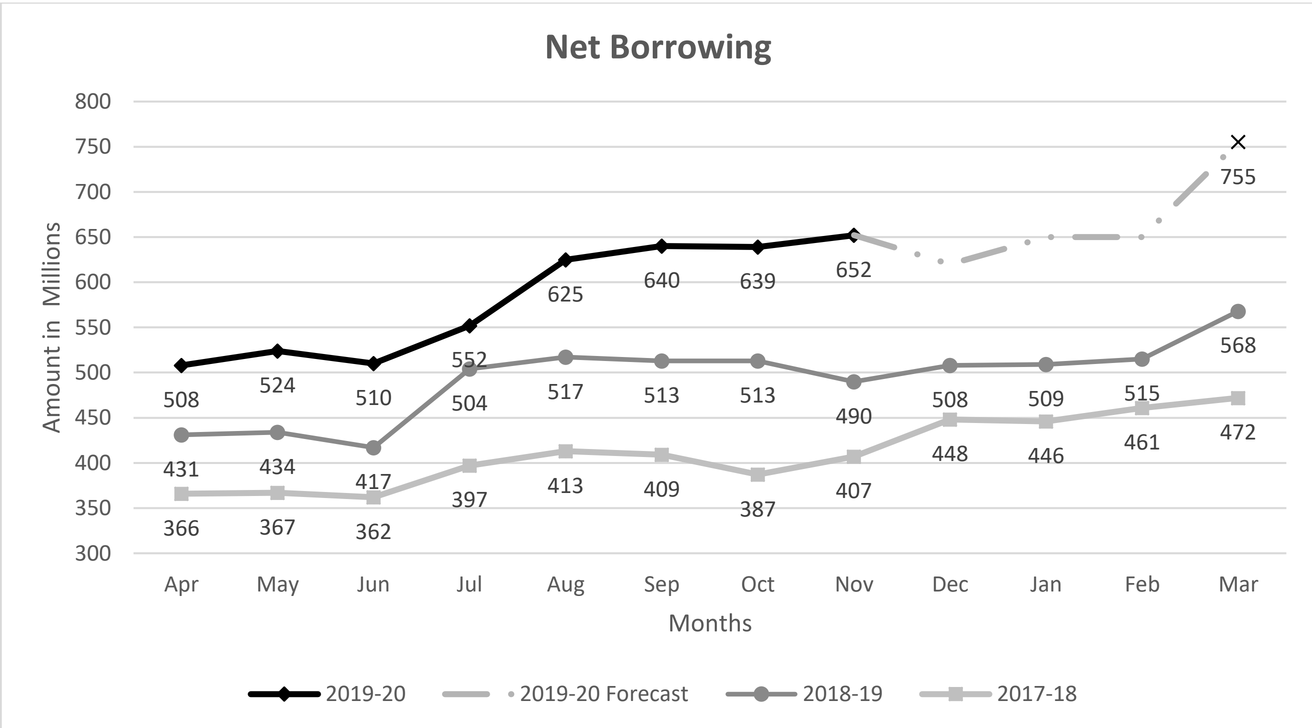
Measure		Year End Target	Actual as at the end of Nov 2019[1]
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£4.92m
	Sundry	£1.71m	£2.04m

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

6.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £196m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



6.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of November 2019, investments held totalled £96m (excluding 3rd party loans) and gross borrowing totalled £748m, equating to a net borrowing position of £652m.



6.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by the comparative 2017-18 and 2018-19 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2019-20 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

6.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme is, this is now forecast to be £755.0m by the end of this financial year.

6.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Councils exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.

6.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

6.8 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report, (http://tiny.cc/5qfggz).

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

7. ALIGNMENT WITH CORPORATE PRIORITIES

7.1 A good quality of life for everyone

There are no significant implications for this priority.

7.2 Thriving places for people to live

There are no significant implications for this priority.

7.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

8. SIGNIFICANT IMPLICATIONS

8.1 Resource Implications

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

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

8.3 **Statutory, Legal and Risk Implications**

There are no significant implications within this category.

8.4 **Equality and Diversity Implications**

There are no significant implications within this category.

8.5 **Engagement and Consultation Implications**

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

8.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

8.7 **Public Health Implications**

There are no significant implications within this category.

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

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

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial scheme debt charges budget				-603			603		
Transfer P&E Management restructure savings			-22		22				
Repatriation of the Professional Finance Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,631			-1,631	
Repatriation of the Democratic & Members' Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,438	-1,053		-385	
Allocation of £230k School Improvement Grant to P&C as approved by GPC 26th Nov 2019	230								
Transfer from Fostering to Communications	-23				23				
Current budget	**262,935**	**390**	**52,080**	**27,558**	**12,210**	**13,150**	**-8,768**	**6,103**	**18,447**
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 30th Nov 2019		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	12,850	4,699	17,549	16,578	
- 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	16,763	
Earmarked					
- Specific Reserves					
5 Insurance	4,060	-1,627	2,433	2,433	
subtotal	4,060	-1,627	2,433	2,433	
- 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	
Other Earmarked Funds					
10 P&C	1,008	-133	875	875	
11 PH	2,886	98	2,984	2,258	
12 P&E	5,571	-964	4,607	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	3,085	27,589	20,841	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-252	1,309	963	
subtotal	39,386	2,131	41,517	32,551	
SUB TOTAL	**56,475**	**5,203**	**61,678**	**51,759**	
Capital Reserves					
- 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	13,549	33,964	0	
22 Corporate	54,694	16,754	71,447	61,914	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	31,144	141,784	92,377	
GRAND TOTAL	**167,116**	**36,347**	**203,463**	**144,135**	

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 30th Nov 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**	

APPENDIX 3 – IT Infrastructure Services Contract Extension

We are approximately 60% of the way through the installation of new Eastnet circuits across the partnership however there was always a risk that we would need to extend the transition of services from Virgin Media Business (CPSN) to MLL (Eastnet) into 2020. All ‘central services’ (WiFi, Firewalls, Domain Name System) have been completed and we are pushing to have the final circuits migrated to Eastnet by the spring 2020.

We have now negotiated the additional extension costs with Virgin Media Business:

- The shared partnership costs are £432k - including the core network and reduced project resources;
- The costs of keeping the remaining circuits online for up to 6 months is £332k;
- Total £767k.

The County Council’s contribution to the shared partnership costs is £250k, equating to 58%. As a high percentage of the remaining circuits are the County Council’s (corporate buildings and schools), most of the circuits costs are ours.

All the County Council costs are within the allocated budget.

The procurement to replace CPSN was approved by GPC in March 2016. In June 2017 GPC approved an extension to the CPSN/Virgin Media Business contract to allow time for a comprehensive procurement process and in May 2018 GPC approved the award of the Eastnet contract to MLL.

General Purposes Committee is asked to approve this decision to extend the contract with Virgin Media Business so that we can continue and complete the migration to Eastnet in 2020.