

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING
31STMAY2015**

To: **General Purposes Committee**

Date: **28th July 2015**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **2015/032**

Key decision: **Yes**

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

Recommendations: **That General Purposes Committee is recommended to:**

- a) Analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action is required.**
- b) Approve the transfer of £200k from the General Reserve to LGSS Managed to address the budget error that arose when creating the 2015/16 base budget in relation to the City Deal (section 3.2.5).**
- c) Approve the use of the full £31.9m capital carry forward funding in 2015/16 (section 6.5).**
- d) Approve that the remaining £20.0m budget in relation to the Science Park Station scheme is removed from the Economy, Transport and Environment (ETE) capital programme in 2015/16 (section 6.5).**
- e) Approve that the additional Growth Deal funding of £1m in 2015/16 is allocated in full to ETE (section 6.5).**
- f) Approve that the 2015/16 element of the second tranche of the Cycle City Ambition grant of £1.48m is allocated in full to ETE (section 6.5).**
- g) Approve an increase of £1.24m to the Prudential Borrowing requirement in 2015/16 to offset the reduction in funding received from the Department for Education (DfE) RE: Condition, Suitability and Maintenance funding (section 6.5).**

- h) Approve the -£5.8m rephasing of Children, Families and Adults (CFA's) S106 funding in 2015/16 (section 6.5).
- i) Approve the -£7.1m rephasing of CFA's Prudential Borrowing requirement in 2015/16 (section 6.5).
- j) Approve the inclusion of the additional CFA capital schemes into the 2015/16 and 2016/17 capital programme, along with the associated Prudential Borrowing requirement of £3.2m in 2015/16 and £2.6m in 2016/17 (section 6.5).
- k) Approve CFA's additional Prudential Borrowing requirement of £1.5m in 2015/16 (section 6.5).

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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 table provides a snapshot of the Authority's forecast performance at year end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	Measure	Forecast Year End Position (Apr)	Forecast Year End Position (May)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	-	+£3.8m	Amber	-
Basket Key Performance Indicators	Number at target (%)	-	44% (4 of 9) ¹	Amber	-
Capital Programme	Variance (£m)	-	£0.0m	Green	-
Balance Sheet Health	Net borrowing activity (£m)	-	£433m	Green	-

¹The number of performance indicators on target reflects the current position.

- 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year end overspend of £3.8m (1.1%). This is mainly due to pressures within CFA. See section 3 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2015/16. Some of the measures within this new set are still being developed and should be available from next month. There are 16 indicators in the Council's new basket, with data currently being available for 9 of these. Of these 9 indicators, 4 are on target. See section 5 for details.
- The Capital Programme is showing a forecast balanced budget at year end. See section 6 for details.
- Balance Sheet Health; the original forecast net borrowing position for 31st March 2016, as set out in the Treasury Management Strategy Statement (TMSS), was £453m. This projection has now fallen to £433m, largely as a result of changes in the net expenditure

profile of the capital programme and changes in expected cashflows since the Business Plan was produced in February 2015. See section 8 for details.

3. REVENUE BUDGET

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

Key to abbreviations

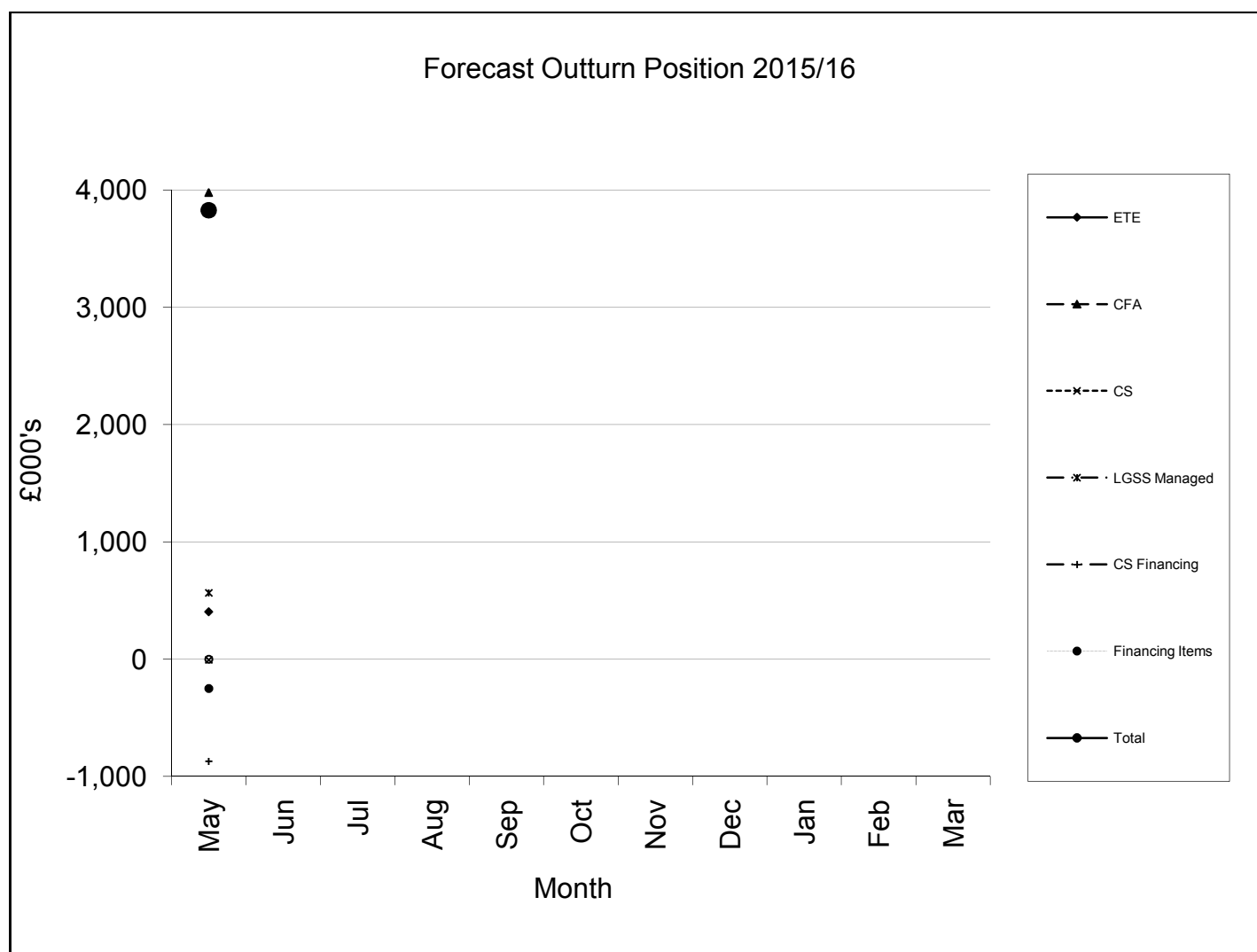
ETE –Economy, Transport and Environment
CFA – Children, Families and Adults
CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per BP¹ £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %	Current Status	D o T
63,308	ETE ²	62,747	405	0.6%	Amber	-
244,270	CFA	244,333	3,979	1.6%	Amber	-
0	Public Health	0	0	0.0%	Green	-
5,672	Corporate Services	5,567	-4	-0.1%	Green	-
9,145	LGSS Managed	9,877	566	5.7%	Amber	-
35,460	CS Financing	35,460	-870	-2.5%	Green	-
357,855	Service Net Spending	357,983	4,076	1.1%	Amber	-
2,165	Financing Items	2,052	-248	-12.1%	Green	-
360,020	Net Spending	360,035³	3,828	1.1%	Amber	-
	<i>Memorandum Items:</i>					
9,864	LGSS Operational	9,849	0	0.0%	Green	-
369,884	Total Net Spending 2015/16	369,884				

¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

² ETE includes Winter Maintenance and the Waste PFI Contract, where specific arrangements for under/overspends exist. Excluding these the underlying forecast outturn position for ETE is a £355k overspend.

³ For budget virements between Services throughout the year, please see [Appendix 1](#).



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** £0.405m (0.6%) overspend is forecast at year end.

- | | £m | % |
|---|--------|--------|
| <ul style="list-style-type: none"> Park & Ride – a predicted shortfall in income in the region of £560k is expected for parking fees at the Park & Ride sites based on income levels achieved in the first two months of this year. | +0.260 | (154%) |
| <p>This overspend is expected to be partially covered by increased income from bus lane enforcement, but as this is a newly introduced charge it remains unclear at this point in the year, the level of income expected (we have assumed £300k).</p> | | |

3.2.2 **Children, Families and Adults:** £3.979m (1.6%) overspend is forecast at year end.

- | | £m | % |
|--|--------|------|
| <ul style="list-style-type: none"> Adult Social Care (ASC) Directorate – this directorate is reporting a forecast overspend of £609k, which is due to: | +0.609 | (1%) |
| <ul style="list-style-type: none"> - Strategic Management – a £1.2m underspend is forecast due | | |

to the allocation and timing of funding made available to meet changes in legislation and case law. This includes the timing of recruitment for staff to undertake assessments for self-funders from October 2015 and implementation of IT systems to support the introduction of Care Accounts, under the Care Act, from April 2016. In addition there has been a delay in being able to secure appropriate staff to manage the increased demand for processing Mental Capacity Act (MCA) /Deprivation of Liberty Safeguards (DOLS).

- **Learning Disability Services** – a £2.38m overspend is forecast due to the continuation (and full year effect) of the overspend reported at the end of the 2014/15 financial year. The Learning Disability Partnership (LDP) overspend position is forecast to be £2.975m, of which £2.380m relates to the County Council after the pooled budget risk share with the NHS. Achieving this position will require meeting saving plans for 2015/16.
- **Physical Disabilities** – a forecast underspend of £530k is being reported. This reflects the continuation (and full year effect) of the combined underspend for Physical Disabilities and Sensory Services reported at the end of the 2014/15 financial year.
- **Older People and Adult Mental Health Directorate** – this directorate is reporting a forecast underspend of £295k, which is mainly due to:

	-0.295	(0%)
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 - **Adult Mental Health** – a £205k underspend is forecast due to savings in cost of care packages particularly in the Huntingdon and Fenland area.
- **Children’s Social Care Directorate** – this directorate is reporting a forecast overspend of £2.475m, which is due to:

	+2.475	(7%)
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 - **Strategic Management, Children’s Social Care Access and Children in Need** – a cumulative forecast overspend of £1.2m is being reported. The overspend is due to the continuing need to use agency staff, which is placing pressure on staffing budgets and making the vacancy saving target difficult to deliver.
 - **Head of Social Work** – a £525k overspend is forecast due to an increase in the number of adoption/special guardianship orders. This reflects the full year impact of the 2014/15 increase plus a further planned increase for 2015/16.
 - **Children Looked After** – a £750k overspend is forecast due to the full year impact of the 2014/15 increase in placements, plus

a further planned increase of 36 placements by the end of this financial year. This is a cheaper alternative to higher cost independent foster placements and is part of the Looked After Children (LAC) Commissioning Board Strategy to reduce overall placement costs. The additional budget is currently held in Strategy and Commissioning – LAC Placements and is due to be moved to fund this pressure.

- **Strategy & Commissioning Directorate** – this directorate is reporting a forecast overspend of £400k, which is due to:
 - **Looked After Children (LAC) Placements** – a £800k underspend is forecast, resulting from an assumed full achievement of £2m savings as per the Business Plan. This underspend needs to be considered alongside pressures in in-house fostering within Children's Social Care and LAC Commissioning Board is reviewing how the demography funding currently held in Strategy and Commissioning should be allocated across all the LAC services. +0.400 (1%)
 - **Home to School Transport - Special** – a £1.2m overspend is forecast due to a residual pressure from 2014/15 and a pressure in LAC Transport resulting from the policy of trying to keep young person in their educational setting when they are taken into care or their care placement moves.
- **Learning Directorate** – this directorate is reporting a forecast overspend of £790k, which is due to:
 - **Strategic Management** – a £150k overspend is forecast, which represents the intended efficiencies from integrating several transport functions led by the Total Transport Project Board, but still requires allocation to specific budgets on completion of an analysis of journeys that is being undertaken. +0.790 (4%)
 - **Home to School Transport - Mainstream** – a £640k overspend is forecast due to a higher than anticipated growth in demand as families move into Cambridgeshire, and within Cambridgeshire into catchment areas of schools which are full. This is resulting in increased individual transport and therefore increased unit costs.

3.2.3 Public Health: a balanced budget is forecast at year end.

- | | £m | % |
|--|----|---|
| • Public Health Grant – it has been announced that a £200m cut is required nationally against the 2015/16 Public Health Grant. The average reduction on local authorities is 7.4% of grant. This will need to be funded from a mix of general reserves, review of earmarked reserves and in-year savings. | - | - |

3.2.4 **Corporate Services:** £0.004m (-0.1%) underspend is forecast at year end.

- There are no exceptions to report this month.

3.2.5 **LGSS Managed:**£0.566m (5.7%) overspend is forecast at year end.

- **County Offices** – full-year savings have now been realised in respect of the closure of Dryden House (£203k) and the cessation of Castle Court running costs (£347k). The prior year savings target for a reduction of the property portfolio has therefore been fully achieved and progress is being made towards the new 2015/16 target (£400k), with a balance of £379k to be identified.

A pressure has been identified in relation to business rate charges for the Children's Centre portfolio. These properties have not previously been subject to business rates, but the sites have been reassessed and it has been determined the Council is liable for payments dating back to 2010/11. This has resulted in a pressure of £175k in 2015/16, with the ongoing unfunded pressure being £35k.

£m	%
+0.501	(9%)

These pressures have been partially offset by a £42k reduction in the anticipated cost of Dryden House dilapidations and a £13k business rates rebate for Unit 3, The Meadows.

- **City Deal** – the Council agreed, along with Cambridge City and South Cambridgeshire District Council, as part of the City Deal negotiations to contribute 40% of the New Homes Bonus generated in the Greater Cambridge Area towards the non-transport related activities that support the outcomes of the programme. An activity that will be supported through this funding stream relates to support for the delivery of the Adults Learning Programme. Unfortunately when managing the change of source funding of this activity within the Business Plan a budget error arose when creating the 2015/16 base budget.

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Therefore a transfer of £200k from the General Reserve to LGSS Managed is required in 2015/16, which the General Purposes Committee is asked to approve.

This sum will then feed into the Business Planning process for 2016/17.

3.2.6 **CS Financing:**£0.870m (-2.5%) underspend is forecast at year end.

- **Debt Charges** – this is largely as a result of a favourable variance for interest payable, which has been included on the assumption that the Council will experience significant slippage in the capital programme, as it has done in the past. Initial projections for the

£m	%
-0.870	(-2%)

Minimum Revenue Provision (MRP) charge also contribute to this underspend, along with lower than budgeted interest recharged internally.

3.2.7 **Financing Items:**£0.248m (-12.1%) underspend is forecast at year end.

- | | £m | % |
|--|--------|-------|
| <ul style="list-style-type: none"> Education Services Grant (ESG) – an additional c.£265k is currently forecast to be received than was originally budgeted for in 2015/16 – see section 7.1 for the detail. | -0.265 | (-6%) |

3.2.8 **LGSS Operational:**a balanced budget is forecast at year end.

- There are no exceptions to report this month.

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

4. KEY ACTIVITY DATA

4.1 The Actual Costs (weekly and annual) for all clients shown below are calculated based on all clients who have received a service, are receiving a service, or we plan will receive a service. Some clients will have ceased receiving a service in previous months, or during this month, or we will have assumed an end date in the future. The Actual Average Weekly Cost of Care and the Annual Cost of Care relates to all clients, not just those in placement at the end of last month.

4.2 Looked After Children (LAC): May 2015

	BUDGET	ACTUAL (May)			VARIANCE
Service Type	Annual Budget	Snapshot of No. of Placements at end of May 15	Projected Spend	Average weekly cost	Net Variance to Budget
Residential - disability	£391k	4	£241k	2,152	-£150k
Residential schools	£743k	11	£880k	1,935	£137k
Residential homes	£3,487k	28	£3,684k	2,801	£197k
Independent Fostering	£9,776k	250	£9,527k	772	-£520k
Supported Accommodation	£799k	11	£477k	982	-£322k
16+	£301k	12	£158k	313	-£142k
TOTAL	£15,497k	316	£14,697k		-£800k
In-house fostering	£2,831k	122	£3,353k	500	£522k
Kinship	£614k	34	£781k	418	£168k
In-house residential	£1,588k	12	£1,588k	2,545	0
Concurrent Adoption	£50k	6	£111k	355	£61k
TOTAL	£5,083k	174	£5,833k		£750k
Adoption	£2,449k	324	£2,974k	177	£525k
TOTAL	£2,449k	324	£2,974k		£525k
OVERALL TOTAL	£23,029k	814	£23,504k		£475k

4.3 Adult Social Care (ASC): May2015

		BUDGET			ACTUAL (May)			VARIANCE
Service Type		<i>Budgeted No. of Clients 2015/16</i>	<i>Budgeted Average Unit Cost (per week)</i>	<i>Annual Budget</i>	<i>Snapshot of No. of Clients at End of May 15</i>	<i>Current Average Unit Cost (per week)</i>	<i>Projected Spend</i>	<i>Net Variance to Budget</i>
Physical Disability Services	Residential	40	£892	£2,015k	36	£1,022	£1,915k	-£100k
	Nursing	23	£836	£898k	22	£924	£1,026k	£128k
	Community	835	£218	£9,015k	836	£221	£9,645k	£630k
Physical Disability Services Total		898		£11,928k	894		£12,586k	£658k
Learning Disability Services	Residential	294	£1,233	£18,900k	294	£1,345	£20,614k	£1,714k
	Nursing	17	£1,432	£1,270k	17	£1,530	£1,357k	£87k
	Community	1,272	£547	£36,244k	1,272	£588	£38,996k	£2,752k
Learning Disability Service Total		1,583		£56,414k	1,583		£60,967k	£4,553k

The Learning Disability Partnership (LDP) is in the process of loading care packages for automatic payment and commitment recording through the Council's AFM system. Until this has been fully completed, activity analysis is based on more restricted details about package volume (hours/nights) and length, than is available through AFM. In the table above, the assumption has been made that packages that are currently open last 365 days, as a proxy for full year activity, rather than full reflection of closed and part-year packages.

The figures shown above reflect the current activity situation, whereas forecasts presented in Appendix 1 reflect the impact of savings measures to take effect later in the year, and for the LDP, the risk share with the NHS.

4.4 Older People (OP): May 2015

	BUDGET			ACTUAL (May)			VARIANCE		
Service Type	Budgeted No. of clients 2015/16	Budgeted Average Cost (per week)	Annual Budget	Service Users	Current Average Cost (per week)	Projected spend	Service Users	Current Average Cost (per week)	Variance
Residential	531	£424	£11,733k	544	£424	£12,015k	13	£0	£282k
Residential Dementia	320	£475	£7,952k	327	£475	£8,109k	6	£0	£157k
Nursing	319	£576	£9,551k	325	£575	£9,722k	6	£0	£170k
Community based	2,164		£17,969k				121		£951k
Direct payments				356	£203	£3,748k			
Homecare arranged				1,928	£16 p/hr	£15,172k			
Total	3,334		£47,205k			£48,765k	146		£1,560k

4.5 Adult Mental Health (OP): May 2015

		BUDGET			ACTUAL (May)			VARIANCE
Service Type		Budgeted No. of Clients 2015/16	Budgeted Average Unit Cost (per week)	Annual Budget	Snapshot of No. of Clients at End of May 15	Current Average Unit Cost (per week)	Projected Spend	Variance
Adult Mental Health	Community based support	67	£76	£266k	79	£92	£484k	£218k
	Home & Community support	196	£86	£886k	169	£78	£707k	-£179k
	Nursing Placement	13	£719	£461k	15	£660	£497k	£36k
	Residential Placement	71	£728	£2,704k	63	£772	£2,374k	-£330k
	Supported Accommodation	137	£81	£579k	140	£92	£667k	£88k
Adult Mental Health Total		484		£4,896k	466		£4,729k	-£167k

4.6 Older People Mental Health (OPMH): May 2015

	BUDGET			ACTUAL (May)			VARIANCE		
<i>Service Type</i>	<i>Budgeted No. of clients 2015/16</i>	<i>Budgeted Average Cost (per week)</i>	<i>Annual Budget</i>	<i>Service Users</i>	<i>Current Average Cost (per week)</i>	<i>Projected spend</i>	<i>Service Users</i>	<i>Current Average Cost (per week)</i>	<i>Variance</i>
Residential	12	£460	£300k	13	£460	£313k	1	£0	£13k
Residential Dementia	21	£465	£521k	22	£465	£545k	1	£0	£24k
Nursing	18	£736	£676k	18	£736	£692k	0	£0	£16k
Nursing Dementia	0	£659	£5,411k	0	£659	£5,525k	0	£0	£114k
Community based:	83	£280	£714k				5		£37k
Direct payments				15	£264	£207k			
Homecare arranged				72	£16 p/hr	£544k			
Total	217		£7,622k	0		£7,826k	7		£204k

We are continuing to develop this data to encompass an increasing proportion of the service's expenditure (spending on extra care and sheltered housing is currently not included). Although this activity data shows current expected and actual payments made through direct payments, this in no way precludes increasing numbers of clients from converting arranged provisions into a direct payment.

5. PERFORMANCE TARGETS

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment	ETE	High	31/12/14	%	79.5	80.3	Amber	↓
	Additional jobs created	ETE	High	30/09/13*	Number	7,700	3,500	TBC (new indicator)	TBC (new indicator)
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	30/11/14	%	Top 10% = 11.9% Others = 5.8%	≤12	Green	↑
	The proportion of children in year 12 taking up a place in learning	CFA	High	30/04/15	%	94.9	96.0	Amber	↑
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	30/04/15	%	3.4	3.6	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	30/04/15	%	75	80	Amber	↔
	The proportion of older people (65 and over) who are still at home 91 days after discharge from hospital into reablement / rehabilitation services	CFA	High	Awaiting completion of statutory returns	%	Currently measured annually	86.6	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of reablement phase	CFA	High	Awaiting completion of statutory returns	%	Awaiting completion of statutory returns	57	TBC	TBC
	Reduced proportion of Delayed Transfers of care from hospital,	CFA	Low	TBC (indicator)	Number	TBC (indicator)	406.3 per month	TBC	TBC

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
	per 100,000 of population (aged 18+)			<i>to be tweaked for quarterly target)</i>		<i>to be tweaked for quarterly target)</i>	(4,874.5 per year)		
	Children eligible for free school meals and pupil premium achieving a good level of development at end of reception	Public Health (joint with CFA learning)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)
	The percentage of children weighed and recorded as obese according to national childhood measurement programme	Public Health	Low	TBC (new indicator)	%	TBC (new indicator)	19.9	TBC (new indicator)	TBC (new indicator)
Supporting and protecting vulnerable people	The number of Looked After Children (LAC) per 10,000 children (under 18)	CFA	Low	30/04/15	Rate per 10,000	41.8	32.8 to 38.5	Red	↓
	<i>New indicator in development – strategic indicator for ASC/OP measuring whether fewer people are slipping into crisis</i>	CFA	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)	TBC (new indicator)
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	30/04/15	%	88.2	80	Green	↑
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CCC	High	01/01/15 to 31/03/15	%	70.5	75	Amber	↑
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/05/15	Days (12 month rolling average)	6.48	7.8	Green	↑

* The data is reported annually and so the 2014 data will be available in September 2015.

5.1 Key exceptions are identified below.

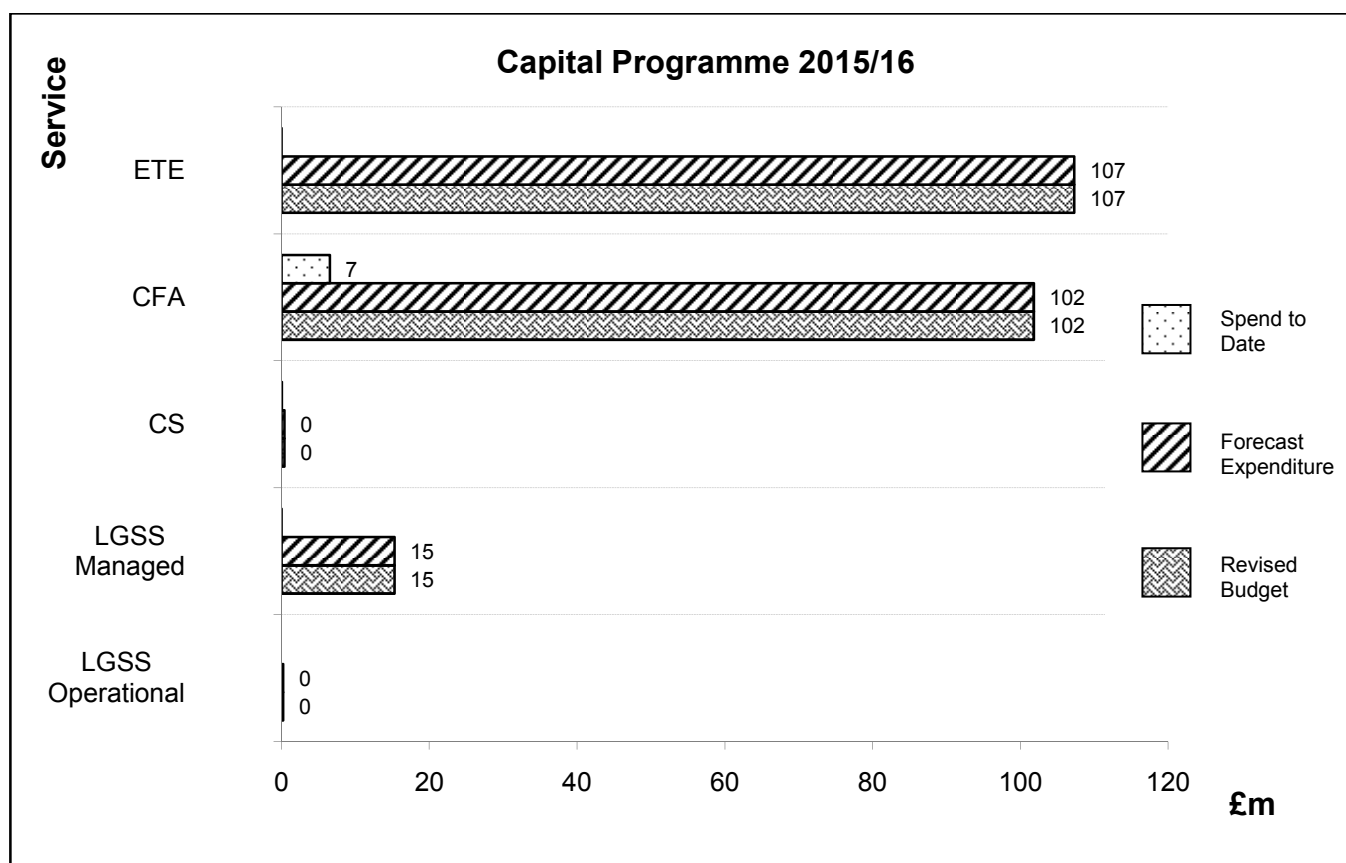
- **Number of Looked After Children (LAC) per 10,000 population under 18**

The number of LAC has increased to 543 during April 2015. The current target has been set with an upper limit equating to 500 LAC by April 2016. The newly established Alternative to Care Service alongside the robust care planning and delivery of good exit plans from care will be needed to meet this ambitious target by the end of this year.

6. CAPITAL PROGRAMME

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

2015/16					TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %	Total Scheme Revised Budget (May) £000	Total Scheme Forecast Variance (May) £000
102,192	ETE	107,294	0	0.0%	520,907	0
104,854	CFA	101,803	0	0.0%	568,938	7,780
300	Corporate Services	386	0	0.0%	640	0
11,385	LGSS Managed	15,274	0	0.0%	81,395	-2,827
-	LGSS Operational	209	0	0.0%	600	0
218,731	Total Spending 2015/16	244,966	0	0.0%	1,172,480	4,953



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

6.2 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.2.1 **Economy, Transport and Environment:** a balanced budget is forecast at year end.

- There are no exceptions to report this month.

6.2.2 **Children, Families and Adults:** a balanced budget is forecast at year end.

- There are no exceptions to report this month.

6.2.3 **Corporate Services:** a balanced budget is forecast at year end.

- There are no exceptions to report this month.

6.2.4 **LGSS Managed:** a balanced budget is forecast at year end.

- There are no exceptions to report this month.

6.2.5 **LGSS Operational:** a balanced budget is forecast at year end.

- There are no exceptions to report this month.

- 6.3 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:

£m **%**

Economy, Transport and Environment (ETE): a total scheme balanced budget is forecast.

- There are no exceptions to report this month.

Children, Families and Adults (CFA): £7.8m (1%) total scheme overspend is forecast.

- **Primary Schools - Demographic Pressures** – the scope and costs of schemes have increased since the Business Plan was approved in response to changes to development timescales and school capacity. These include the following increases in 2016/17:

- Wisbech additional places - £4,791k increase.
 - Little Paxton - £2,600k increase.
 - Orchard Park - £200k increase.
 - Fordham - £175k increase.
 - Burwell - £14k increase.
- +7.8 (6%)

There is a 2015/16 impact as a result of these changes (see *section 6.5 RE: GPC approval for the additional funding*).

The 2016/17 impact will be managed through the 2016/17 Business Planning (BP) process.

Corporate Services (CS): a total scheme balanced budget is forecast.

- There are no exceptions to report this month.

LGSS Managed: -£2.8m (-3%) total scheme underspend is forecast.

- There are no exceptions to report this month.
- Previously reported exceptions that are still applicable can be found in [appendix 2](#).

LGSS Operational: a total scheme balanced budget is forecast.

- There are no exceptions to report this month.

6.4 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	38.2	4.3	0.0	1.5	44.0	44.0	0.0
Basic Need Grant	4.9	1.5	0.0	0.0	6.4	6.4	0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	5.1	5.1	0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	2.2	2.2	0.0
Specific Grants	11.5	6.0	0.0	1.0	18.5	18.5	0.0
Section 106 Contributions	35.8	3.2	-5.8	0.0	33.2	33.2	0.0
Capital Receipts	4.5	0.0	0.0	0.0	4.5	4.5	0.0
Other Contributions	29.6	0.7	0.0	-20.0	10.3	10.3	0.0
Prudential Borrowing	86.8	15.0	-7.1	5.9	100.6	100.6	0.0
Total	218.7	31.9	-12.9	-12.8	225.0	225.0	0.0

¹ Reflects the difference between the anticipated 2014/15 year end position, as incorporated within the 2015/16 Business Plan, and the actual 2014/15 year end position.

6.5 Key funding changes this month (of greater than £0.5m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	31.9	Following a review of capital programme over and underspends at the end of 2014/15, it has been noted that many of these are a result of changes to the timing of expenditure, rather than scheme over or underspends. As such, this funding is still required in 2015/16 to complete projects. Of the £31.9m funding to be carried forward, £15.0m relates to prudential borrowing. However, as this is a timing issue there is no significant impact on the Debt Charges budget as

			<p>a result.</p> <p>General Purposes Committee (GPC) is asked to approve the use of the £31.9m carry forward funding in 2015/16.</p>
Additional / Reduction in Funding (Other Contributions)	ETE	-20.0	<p>Removal of the Science Park Station scheme from the ETE capital programme, as the Government have confirmed that they will provide the funding to Network Rail for this work.</p> <p>GPC is asked to approve that the remaining £20.0m budget in relation to the Science Park Station scheme is removed from the ETE capital programme in 2015/16.</p>
Additional / Reduction in Funding (Specific Grant)	ETE	1.0	<p>Central Government has announced a further £1m of Growth Deal funding being made available in 2015/16 relating to the Wisbech Access Strategy. This funding had not been confirmed at the time the 2015/16 Business Plan was approved.</p> <p>GPC is asked to approve that the additional funding of £1m in 2015/16 is allocated in full to ETE.</p>
Additional / Reduction in Funding (DfT Grant)	ETE	1.5	<p>Since the 2015/16 Business Plan was approved, the Council has gained further funding for a second tranche of the Cycling City Ambition grant amounting to £6.028m to be spent over the next 3 years. The amount of grant available in 2015/16 is £1.480m.</p> <p>GPC is asked to approve that the 2015/16 funding of £1.480m is allocated in full to ETE. The remainder of the grant will be incorporated into the next Business Planning cycle.</p>
Additional / Reduction in Funding (Capital Maintenance)	CFA	-1.2	<p>The final Condition, Suitability and Maintenance funding for 2015/16 reduced by £1.240m, as a result in the change of formula used by the Department for Education (DfE). As such, additional Prudential Borrowing will be required to offset this shortfall (see below).</p>

Additional / Reduction in Funding (Prudential Borrowing)	CFA	1.2	<p>An additional £1.240m Prudential Borrowing is required in 2015/16 to offset the shortfall in funding from the DfE RE: Condition, Suitability and Maintenance funding (see above).</p> <p>GPC is asked to approve the increase of £1.240m to the Prudential Borrowing requirement in 2015/16.</p>
Revised Phasing (Section 106)	CFA	-5.8	<p>This reflects the following rephasing:</p> <ul style="list-style-type: none"> ○ North West Cambridge (NIAB) Primary (-£5,539k) – the scheme has been deferred to September 2018 opening due to development delays and reassessment of the timing for opening the school to take account of the opening of the University Primary School in September 2015. ○ Non-material rephasing to individual projects of less than +/-£0.5m each (-£280k). <p>GPC is asked to approve the -£5.8m rephasing of CFA's S106 funding in 2015/16.</p>

Revised Phasing (Prudential Borrowing)	CFA	-7.1	<p>This reflects the following rephasing:</p> <ul style="list-style-type: none"> Northstowe First Primary (-£2,245k) – the project has been deferred by a year due to the development not commencing as originally planned at Business Planning. Bearcroft Primary (-£4,142k) – there have been development delays around site condition since the Business Plan (BP) was approved totalling £4,589k, of which £4,142k of this relates to Prudential Borrowing. Littleport Secondary and Special (-£1,639k) – this reflects land acquisition delays affecting the start on site date. Isle of Ely Primary (+£531k) – this scheme has accelerated since Business Planning. Maple Grove Infant (+£716k) – this scheme has accelerated since Business Planning. Non-material rephrasing to individual projects of less than +/-£0.5m (-£305k). <p>GPC is asked to approve the -£7.1m rephasing of CFA's Prudential Borrowing requirement in 2015/16.</p>
Additional / Reduction in Funding (Prudential Borrowing)	CFA	3.2	<p>This reflects the following new schemes:</p> <ul style="list-style-type: none"> Hardwick Second Campus (£2,300k in 15/16 and £60k in 16/17) – following on from phase 1 to meet demand of development. Fourfields Yaxley (£500k in 15/16 and £1,000k in 16/17) – to accommodate housing development - start on site February 2016 for September 2016 opening. Grove Primary (£200k in 15/16 and £800k in 16/17) – to meet planned capacity issues - August 2016 opening. Huntingdon Primary (£200k in 15/16 and £700k in 16/17) – to meet planned housing development - August 2016 opening. <p>Children & Young People's (CYP) Committee have</p>

			<p>reviewed these new schemes and agreed for them to put forward to GPC for approval.</p> <p>GPC is asked to approve the inclusion of the additional CFA capital schemes into the 2015/16 and 2016/17 capital programme, along with the associated Prudential Borrowing requirement of £3.2m in 2015/16 and £2.6m in 2016/17.</p>
Additional / Reduction in Funding (Prudential Borrowing)	CFA	1.5	<p>This reflects an increase in costs to the following schemes:</p> <ul style="list-style-type: none"> ○ Fordham (£500k) – increased costs after detailed plans confirmed since Business Plan was approved. Scheme also accelerated by 1 year in response to pressure for places from the within catchment. ○ Burwell Primary (£486k) - costs increased after further planning work since Business Plan was approved. ○ Orchard Park Primary (£400k) – scheme’s scope more detailed since Business Plan was approved. ○ Little Paxton Primary (£100k) – scope of scheme expanded since Business Plan approved. <p>GPC is asked to approve CFA’s additional Prudential Borrowing requirement of £1.5m in 2015/16.</p>

7. GRANT ALLOCATIONS 2015/16

- 7.1 Where there has been a material change in 2015/16’s grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

Educational Services Grant (ESG)

The ESG is an unringfenced grant, which is allocated to local authorities and academies on a per-pupil basis that takes account of school type (mainstream/high needs) and status (academy/maintained). Funding will therefore reduce for local authorities if a school converts to an academy.

Based on the expected number of academy conversions during 2015/16 a figure of £4,735,117 was budgeted for the ESG during the Business Planning (BP) process.

Recent conversions and projections for the rest of the year indicate academy conversions at a slower rate than originally expected, resulting in an increased total ESG funding of c.£5,000,000 for 2015/16, an additional amount of c.£265,000.

It is proposed that this additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. However, an update to the current reported position will be provided if this projection changes.

- 7.2 The below grant is deemed to be a non-material change and is for information purposes only:

Remand Grant

This is the revenue remand framework for children for which an indicative figure of £71,932 was budgeted for within the Business Plan. However, the final allocation has recently been announced as £55,052, leaving a shortfall of £16,880.

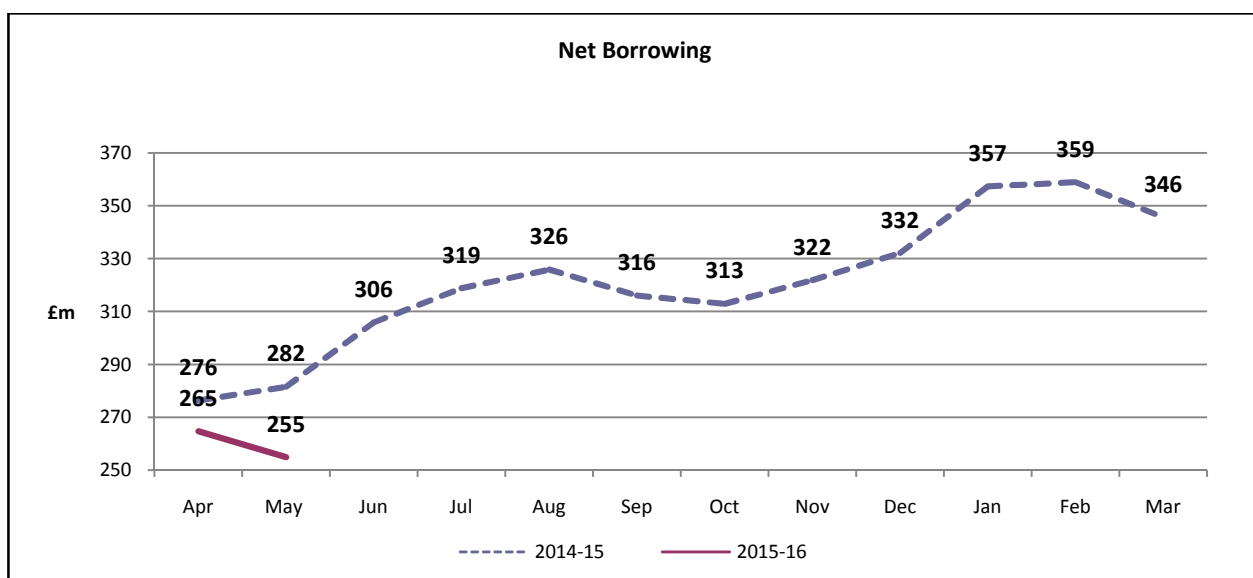
This shortfall will therefore be met from corporate reserves at year end.

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 May
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.8m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£1.6m
Invoices paid by due date (or sooner)	97.5%	99.8%

- 8.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of May were £126.2m and gross borrowing was £381.1m, giving a net borrowing position of £254.9m.



- 8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2015/16 TMSS was set in February 2015, it was anticipated that net borrowing would reach £453m at the end of this financial year. This has now fallen to £433m. Net borrowing at the beginning of this year was lower than expected and the position at the 31st March 2015 was £346m.
- 8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around the further utilisation of cash balances and undertaking shorter term borrowing, which could potentially generate savings, subject to an assessment of the interest rate risks involved.
- 8.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 8.6 The Council's cash flow profile varies considerably during the year as payrolls and payments to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 8.7 Key exceptions are identified below:

Key exceptions	Impacts and actions
Less borrowing activity than planned – original net borrowing forecast was £453m. Actual net borrowing at 31 st May	At this early stage in the year an underspend of £870k is forecast for Debt Charges. This is largely as a result of a favourable variance for interest payable which has been included on the assumption that the Council will experience significant slippage in the capital programme, as it has done in previous years. Initial

was £255m.	<p>projections for the Minimum Revenue Provision (MRP) charge also contributes to this underspend, along with lower than budgeted interest recharged internally.</p> <p>The capital programme continues to be monitored closely alongside forecasts for cash balances and interest rates and pragmatic approach to borrowing is adopted.</p>
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8.8 A schedule of the Council's reserves and provisions can be found in [appendix 3](#).

9. EXTERNAL AND CONTEXTUAL ISSUES

9.1 The outlook for 2015/16 is not any brighter than it was in 2014/15, as the Council continues to face a substantial increase in demand for its services. This, coupled with a 3.0% reduction in Government revenue funding (excluding grants to schools) in 2015/16, has resulted in a savings requirement of £29.8m in 2015/16 and £118.9m to be achieved over the next five years. This has been addressed and accounted for as part of the 2015/16 Business Planning (BP) process.

10. FURTHER INFORMATION

10.1 Members requiring further information on issues raised in this report may wish to access the individual Services' Finance and Performance Reports by following the link below:

http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/147/finance_and_performance_reports

11. ALIGNMENT WITH CORPORATE PRIORITIES

11.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

11.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

11.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

12. SIGNIFICANT IMPLICATIONS

12.1 Resource Implications

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

12.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

12.3 Equality and Diversity Implications

There are no significant implications within this category.

12.4 Engagement and Consultation Implications

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

12.5 Localism and Local Member Involvement

There are no significant implications within this category.

12.6 Public Health Implications

There are no significant implications within this category

Source Documents	Location
ETE Finance & Performance Report (May 15) CFA Finance & Performance Report (May 15) PH Finance & Performance Report (May 15) CS and LGSS Cambridge Office Finance & Performance Report (May 15) Performance Management Report & Corporate Scorecard (May 15) Capital Monitoring Report (May 15) Report on Debt Outstanding (May 15) Payment Performance Report (May 15)	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)									
	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864		2,165
Green Spaces budget from CS to ETE			11		-11				
Scrutiny Members Training budget to Members Allowances 15/16						15	-15		
City Deal budget from ETE to LGSS Managed			-717			717			
ETE Operational Savings – LEP subscription			50						-50
Green Spaces staff budget from CS to ETE			43		-43				
Travellers Support budget from CS to ETE			51		-51				
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63								-63
Current budget	244,333	0	62,747	35,460	5,567	9,877	9,849		2,052
<i>Rounding</i>	-	-	1	-	-	-	-		-

APPENDIX 2 – previously reported total scheme capital exceptions that are still applicable

Service	Description	Total Forecast Variance - Outturn £m	Total Forecast Variance - Outturn %
LGSS Managed	Effective Property Asset Management (EPAM) - Fenland – as reported in 2014/15, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the predicted total scheme underspend to £1.1m.	-1.1	(-17%)
	Carbon Reduction –the works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. As reported in 2014/15, the agreed work plan is expected to deliver a total scheme underspend of £0.7m.	-0.7	(-39%)

APPENDIX 3– Reserves and Provisions

Fund Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 May 15		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	16,001	0	16,001	16,270	
- Services					
1 CFA	0	0	0	-3,979	Includes Service Forecast Outturn (FO) position.
2 PH	952	0	952	0	
3 ETE	3,369	-51	3,318	0	Includes Service FO position.
4 CS	1,020	0	1,020	422	Includes Service FO position.
5 LGSS Operational	1,003	0	1,003	1,003	Includes Service FO position.
Subtotal	22,345	-51	22,294	13,716	
Earmarked					
- Specific Reserves					
6 Insurance	2,578	0	2,578	2,578	
Subtotal	2,578	0	2,578	2,578	
Equipment Reserves					
7 CFA	744	159	903	338	
8 ETE	893	0	893	650	
9 CS	50	0	50	50	
10 LGSS Managed	642	0	642	642	
Subtotal	2,329	159	2,488	1,680	
Other Earmarked Funds					
11 CFA	7,533	-176	7,357	1,796	
12 PH	2,081	-61	2,020	1,300	
13 ETE	7,404	0	7,404	4,251	Includes liquidated damages in respect of the Guided Busway.
14 CS	527	0	527	368	
15 LGSS Managed	198	0	198	139	
16 LGSS Operational	130	0	130	0	
17 Corporate	63	-63	0	0	
Subtotal	17,936	-300	17,636	7,854	
SUB TOTAL	45,187	-191	44,996	25,828	
Capital Reserves					
- Services					
18 CFA	6,272	2,892	9,164	1,810	
19 ETE	15,897	25,818	41,715	17,200	
20 LGSS Managed	481	260	741	592	
21 Corporate	33,547	2,721	36,268	15,667	Section 106 balances.
subtotal	56,197	31,691	87,888	35,269	
GRAND TOTAL	101,384	31,500	132,884	61,097	

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:

Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 May 15		
	£000s	£000s	£000s	£000s	
<u>Short Term Provisions</u>					
ETE	669	0	669	0	
CS	1,043	0	1,043	955	
LGSS Managed	3,316	0	3,316	1,335	
subtotal	5,028	0	5,028	2,290	
<u>Long Term Provisions</u>					
LGSS Managed	4,718	0	4,718	4,718	
subtotal	4,718	0	4,718	4,718	
GRAND TOTAL	9,746	0	9,746	7,008	