

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31<sup>ST</sup> JANUARY 2017**

**To:** General Purposes Committee

**Date:** 21<sup>st</sup> March 2017

**From:** Chief Finance Officer

**Electoral  
division(s):** All

**Forward Plan ref:** 2017/002 **Key decision:** Yes

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

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

- a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.
- b) Approve the allocation of £0.5m additional capital funding to CFA and note the recommendation to A&I Committee to approve the rephasing of £0.734m capital funding, both set out in Section 6.7.
- c) Approve the proposed funding mechanism to borrow up to £5m against the Broadband Investment Fund and bid for up to £2.4m European Regional Development Funds (ERDF) to support the procurement and delivery of a fourth phase of Superfast Broadband rollout, as set out in Section 6.8.
- d) Approve the allocation of £267k High Needs Strategic Planning Funding to CFA, as set out in Section 7.1.
- e) Approve virements of previously allocated funding totalling £650k that will not be used in 2016/17 back to reserves, and approve the carryforward of this earmarked reserves funding to 2017/18, as set out in Section 7.2.

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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 (December)	Forecast Year End Position (January)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	+£1.3m	+£1.7m	Amber	↓
Basket Key Performance Indicators	Number at target (%)	44% (7 of 16) <sup>1</sup>	56% (9 of 16) <sup>1</sup>	Amber	↑
Capital Programme	Variance (£m)	£0.0m	£0.0m	Green	↔
Balance Sheet Health	Net borrowing activity (£m)	£414m	£414m	Green	↔

<sup>1</sup> The 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 £1.7m, a net increase of +£0.4m on the overspend reported last month. The main movement has been in Children, Families and Adults (CFA), which is reporting an increase in its net overspend. This has been partially net out by increasing underspends in other areas. See section 3 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2016/17. There are 18 indicators in the Council's new basket, with data currently being available for 16 of these. Of these 16 indicators, 9 are on target. All three of the indicators rated Amber are now within 3% of their target values. See section 5 for details.
- The Capital Programme is forecasting a balanced budget at year end. Although all directorates except Corporate Services are all reporting in-year slippage on their capital programmes, totalling £18.4m, this is within the allowances made for capital programme variations, leading to a balanced outturn overall. See section 6 for details.
- Balance Sheet Health; the original forecast net borrowing position for 31<sup>st</sup> March 2017, as set out in the Treasury Management Strategy Statement (TMSS) is £479m. This

projection has now fallen to £414m; there has been no change since last month. See section 7 for details.

### 3. REVENUE BUDGET

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

#### Key to abbreviations

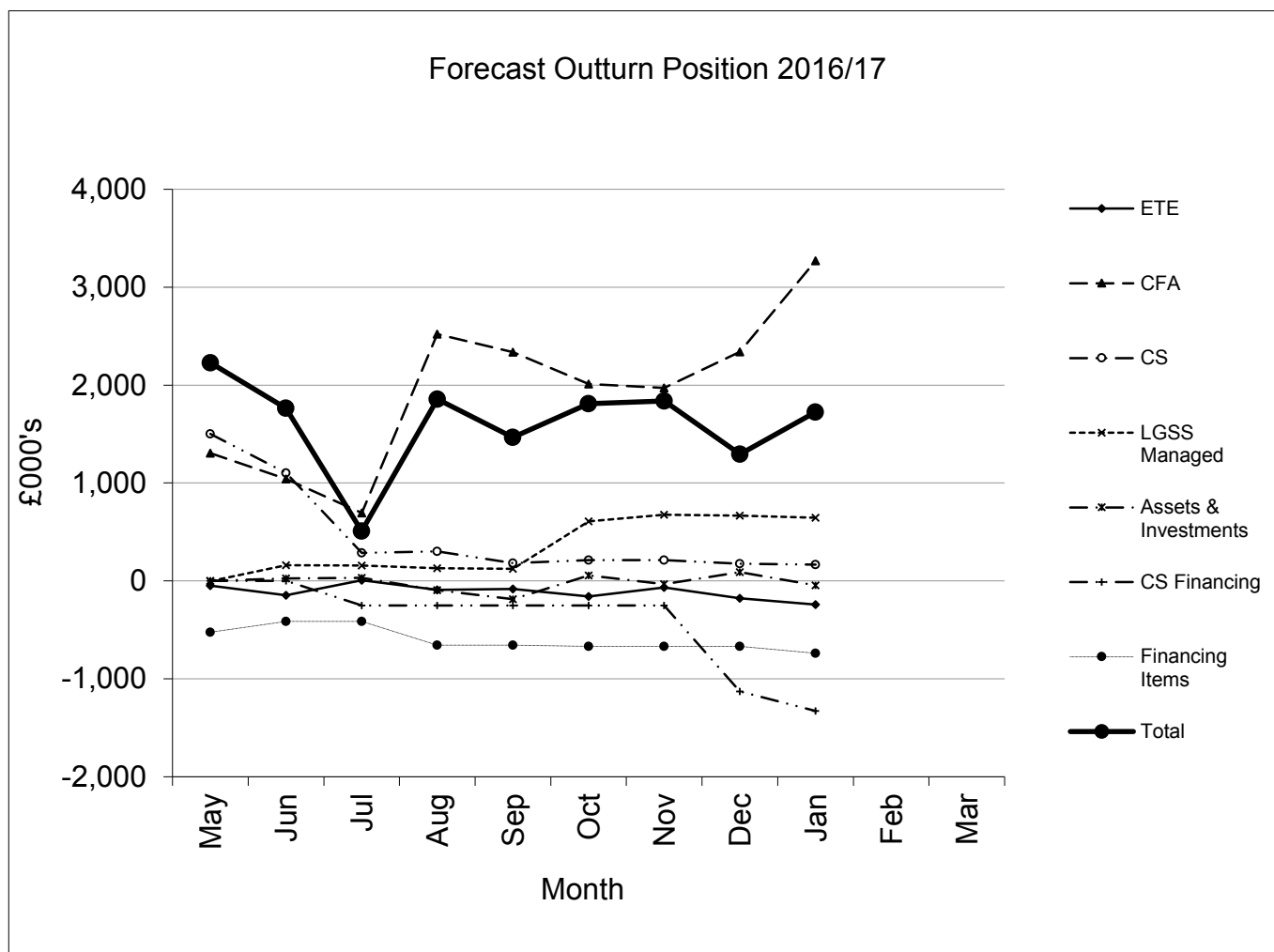
ETE – Economy, Transport and Environment  
 CFA – Children, Families and Adults  
 CS Financing – Corporate Services Financing  
 DoT – Direction of Travel (up arrow means the position has improved since last month)

Original Budget as per Business Plan £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Overall Status	DoT
59,952	ETE	61,811	-178	-243	-0.4%	Green	↑
242,563	CFA	241,645	2,340	3,271	1.4%	Red	↓
182	Public Health	182	0	0	0.0%	Green	↔
4,674	Corporate Services	5,576	176	166	3.0%	Amber	↑
6,006	LGSS Managed	6,004	666	646	10.8%	Amber	↑
2,714	Assets & Investments	4,204	88	-47	-1.1%	Green	↑
34,206	CS Financing	34,206	-1,130	-1,330	-3.9%	Green	↑
<b>350,297</b>	<b>Service Net Spending</b>	<b>353,628</b>	<b>1,962</b>	<b>2,463</b>	<b>0.7%</b>	<b>Amber</b>	<b>↓</b>
4,677	Financing Items	1,781	-668	-739	-41.5%	Green	↑
<b>354,974</b>	<b>Total Net Spending</b>	<b>355,409</b>	<b>1,294</b>	<b>1,724</b>	<b>0.5%</b>	<b>Amber</b>	<b>↓</b>
	<b>Memorandum items:</b>						
9,589	LGSS Operational	8,393	22	-132	-1.6%	Green	↑
222,808	Schools	222,808					
<b>587,371</b>	<b>Total Spending 2016/17</b>	<b>586,610</b>					

<sup>1</sup> 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.

<sup>2</sup> The forecast variance outturn does not include the £9.3m budget saving in 2016/17 following the change in Minimum Revenue Provision (MRP) policy, which was approved by Council on 16 February 2016.

<sup>3</sup> 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:** -£0.243m (-0.4%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report](#).

3.2.2 **Children, Families and Adults:** +£3.271m (+1.4%) overspend is forecast at year-end.

- **Older People's Localities** – an underspend of -£530k is forecast for year end, which is an adverse movement of +£674k on the position reported last month. This is largely due to the increased cost of new placements, with an increase in the number of nursing placements, which are the most costly. The main changes are in the following areas:

	£m	%
	-0.530	(-1%)

- Fenland Locality: movement of +£227k due to rising numbers of higher cost placements. Ended packages at care homes were fully replaced, at increased prices, by new clients, in addition to clients needing further support where previous provision at home or in settings without nursing care is no

longer sufficient. New residential and nursing placements this month cost £103 more per week on average than those placements which ended. A downwards adjustment on likely savings for the rest of this season has also been needed given this context.

- Huntingdonshire Locality: movement of +£194k as all forms of care excluding domiciliary support are showing an increased commitment this month; the number of nursing placements increased by 7 compared to the previous period. Savings expectations have been adjusted accordingly.
- City and South Locality: movement of +£174k. The number of nursing placements increased by 8 compared to the previous period, which has led to reduced savings expectations.
- **Catering and Cleaning Services** – a shortfall of +£269k on the budgeted contribution for this traded service is forecast for year-end. This is mainly caused by CCS losing the contract for provision of the schools meals service to Northamptonshire schools and the subsequent loss of 3.1million meal orders on an annual basis. This necessitated the closure of the B4 Distribution Centre (October 16), and the mothballing of the C3 Cook Freeze Centre (December 16). Following redeployment of staff where possible, the cost of the redundancies is forecast to be £149k in 2016/17. Other service level agreements have been terminated during the year with a resulting loss of income, and in some areas the take up of school meals has been below expectations. +0.269 (+67%)

Additionally there are pressures relating to staff costs, both through maintaining service provision whilst covering sickness and vacancies, and increases in salary from the implementation of the national living wage.

- **Commissioning Services** – an overspend of +£266k is forecast for year-end. The out of school tuition budget is forecast to overspend by £300k due to a number of children with a Statement of Special Educational Needs (SEN) / Education, Health and Care Plan (EHCP) out of school and in receipt of alternative education (tuition) packages. When moving a child with an EHCP, the LA must adhere to placement consultation process outlined by government. The overspend has risen as the current packages are needed to be extended for longer than committed for, due to difficulties in securing agreed school places with headteachers as well as numbers rising faster than predicted. Until the process is complete, the Council has a statutory duty to provide 25 hours per week of interim full-time education. This budget is funded from schools grant and some small underspends have reduced the net overspend to £266k. +0.266 (+6%)

- For full and previously reported details see the [CFA Finance & Performance Report](#).
- 3.2.3 **Public Health:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [PH Finance & Performance Report](#).
- 3.2.4 **Corporate Services:** +£0.166m (+3.0%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.5 **LGSS Managed:** +£0.646m (+10.8%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.6 **CS Financing:** -£1.330m (-3.9%) underspend is currently forecast for Debt Charges, which is a favourable movement of -£0.2m on the position reported last month. This reflects the fall in the forecast for net interest payable following falling interest rates across all parts of the yield curve. For full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.7 **LGSS Operational:** -£0.132m (-1.6%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 3.2.8 **Assets & Investments:** -£0.047m (-1.1%) underspend is forecast at year-end. There are no new exceptions to report this month; for full and previously reported details see the [A&I Finance & Performance Report](#).

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

#### **4. KEY ACTIVITY DATA**

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

## 5. PERFORMANCE TARGETS

5.1 As previously reported to GPC the key performance indicators are currently under review and a new set of indicators will be considered as part of the Business Plan.

Corporate priority	Indicator	Service	What is good? High (good) or low	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: 12-month rolling average	ETE	High	At-30-Sept-2016	%	78.1%	80.9% to 81.5%	Amber	↓
	Additional jobs created	ETE	High	To 30-Sep-2015	Number	+6,300 (provisional)	+ 3,500 (2015/16 target)	Green	↓
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others <sup>1</sup>	ETE	Low	At-31-May-2016	%	Gap of 6.4 percentage points  Most deprived areas (Top 10%) = 11.3% Others = 4.9%	Gap of <=6.5 percentage points  Most deprived areas (Top 10%) <=11.5%	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA (Enhanced & Preventative – E&P)	High	December 2016	%	95.4%	96.5%	Amber	↓
	Percentage of 16-18 year olds not in education, employment or training (NEET) <sup>2</sup>	CFA	Low	December 2016	%	3.7%	3.8%	Green	↔
	The proportion of pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA (Learning)	High	December 2016	%	82.4%	82.0%	Green	↑

Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	The proportion of pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA (Learning)	High	December 2016	%	72.8%	75.0%	Amber	↔
	The proportion of pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA (Learning)	High	December 2016	%	100%	100%	Green	↑
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	December 2016	%	57.0%	57%	Green	↑
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	November 2016	Number	589	429 per month (4874.5 per year)	Red	↓
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	November 2016	Number	145	114	Red	↓
	Healthy life expectancy at birth (males)	Public Health	High	2012 – 2014	Years	66.1	N/A – contextual indicator	Green (compared with England)	↓ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2012 – 2014	Years	67.6	N/A – contextual indicator	Green (compared with England)	↑ (compared with previous year)



Corporate priority	Indicator	Service	What is good? High (good) or low	Date	Unit	Actual	Target	Status (Green, Amber or Red)	Direction of travel (up is good, down is bad)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q4 2015)	Years	2.6	N/A – contextual indicator	N/A – contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA (Children's Social Care)	Low	December 2016	Rate per 10,000	48.6	40	Red	↑
	No/ % of families who have not required statutory services within six months of have a Think Family involvement.	CFA (Enhanced & Preventative)	TBC	Following the recommendations from the Think Family evaluation report and the implementation of the Children's Change Programme, the Family CAF is being replaced with a new Early Help Assessment from December 2016. In addition, the Corporate Capacity Review has led to the development of the Business Intelligence and Transformation Teams, both of which are supporting the Council in reviewing how performance is monitored / measured. Considering these changes it is not currently possible or helpful to report on the current CAF / Think Family measure as this will be redefined.					
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	Customer Service & Transformation	High	1 October – 31 December 2016	%	64.9%.	75%	Red	↑
	The average number of days lost to sickness per full-time equivalent staff member	LGSS HR	Low	January 2017	Days (12 month rolling average)	7.67	7.8	Green	↓

## Notes

1. 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.4 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.
2. From Sept 2016 - This indicator has changed from 16-19 to 16-18 and now includes unknowns, and therefore isn't comparable to previous years. Though performance remains within target, there is a high number of young people whose situation is currently unknown. Analysis of information about these young people gathered during the autumn term will give a clearer idea of our actual performance.

5.2 Key exceptions: there are no exceptions to report this month; for full and previously reported details go to the respective Service Finance & Performance Report:

- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [PH Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)
- [A&I Finance & Performance Report](#)

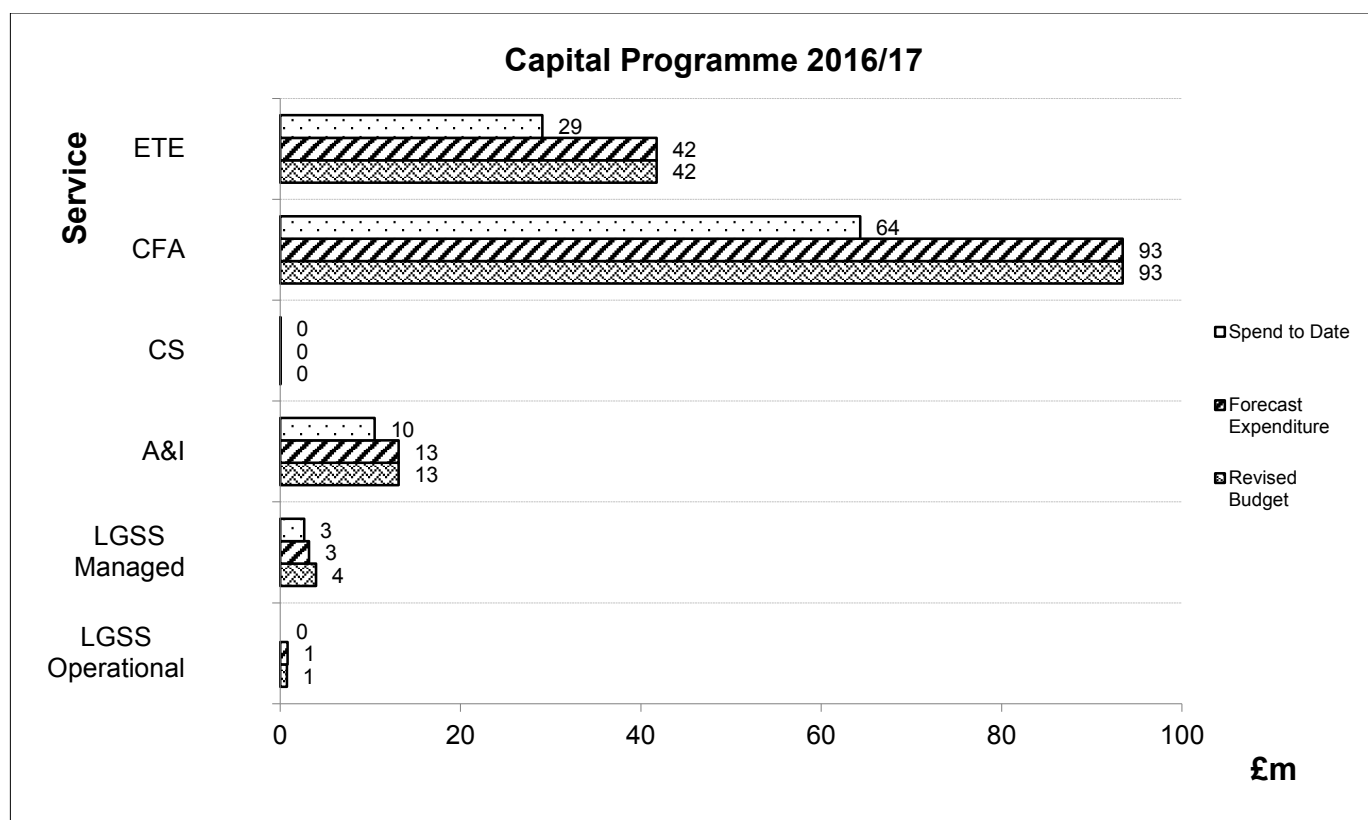
## 6. CAPITAL PROGRAMME

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

2016/17						TOTAL SCHEME	
Original 2016/17 Budget as per Business Plan £000	Service	Revised Budget for 2016/17 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Total Scheme Revised Budget (Jan) £000	Total Scheme Forecast Variance (Jan) £000
71,699	ETE	41,743	-	-	0.0%	415,691	-
97,156	CFA	93,421	0	0	0.0%	543,722	31,825
33	Corporate Services	48	-	12	25.0%	300	-
4,405	LGSS Managed	3,996	-	-782	-19.6%	15,140	-0
11,397	A&I	13,132	0	0	0.0%	241,800	-3,483
1,104	LGSS Operational	758	-	55	7.3%	1,844	-
	Outturn adjustment			715		-	-
<b>185,794</b>	<b>Total Spending</b>	<b>153,098</b>	<b>0</b>	<b>-0</b>	<b>0.0%</b>	<b>1,218,497</b>	<b>28,341</b>

### Notes:

- The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted, including the capital programme variations budget allocated to each service. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
- The reported ETE capital figures do not include City Deal, which has a budget for 2016/17 of £7.4m and is currently forecasting an in-year underspend of £2.25m.



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

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

2016/17					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (Jan)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (Jan)
	£000	£000	£000	%	£000
ETE	-10,500	-5,540	5,540	52.76%	0
CFA	-10,282	-9,911	9,911	96.39%	0
Corporate Services	-12	0	0	0.00%	12
LGSS Managed	-1,029	-1,811	1,029	100.00%	-782
A&I	-2,850	-1,058	1,058	37.11%	0
LGSS Operational	-155	-100	100	64.52%	55
Outturn adjustment	0	0	715		715
<b>Total Spending</b>	<b>-24,828</b>	<b>-18,420</b>	<b>18,353</b>	<b>73.92%</b>	<b>-0</b>

- 6.3 Slippage in the capital programme for LGSS Managed is forecast to exceed its capital programme variations budget allocation of £1m, while Corporate Services and LGSS Operational are forecasting that their capital programmes will not slip by their allocated variations budget. At this stage it is still anticipated that the total variations budget will be met across the overall capital programme, although it is not yet clear where the mitigating variances will arise. Thus a balancing line has been added to the outturn to reflect this.
- 6.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

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

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

- |  | £m   | %      |
|--|------|--------|
| <ul style="list-style-type: none"> <li>• <b>Basic Need – Secondary</b> – a -£4.0m in-year underspend is forecast, which is a movement of -£1.8m on the position reported last month. This is mainly due to movement on the outturns for the following two schemes:               <ul style="list-style-type: none"> <li>○ Littleport Secondary and Special School: -£1.9m (-6%) in-year underspend (a movement of -£1m since last month) due to revised estimates from the contractor for the cost of a six week delay, which has been caused by design changes following the appointment of a new academy sponsor for the schools. The slippage forecast has been revised to reflect this and it is estimated completion on site will now be in January 2018.</li> <li>○ Cambourne Village College: -£1.3m (-21%) in-year underspend (a movement of £0.7m since last month). The contractors have provided a revised estimate of works to be completed by the end of March 2017.</li> </ul> </li> </ul> | -4.0 | (-10%) |
| <ul style="list-style-type: none"> <li>• <b>CFA Capital Variation</b> – 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. There has been a movement of +£1.4m in the outturn for CFA capital variation since last month.</li> </ul>   | +9.9 | (+96%) |
| <ul style="list-style-type: none"> <li>• For full and previously reported details see the <a href="#">CFA Finance &amp; Performance Report</a>.</li> </ul>   |      |        |

6.4.3 **Corporate Services:** an overspend of +£0.012m (+0.0%) is forecast at year-end, due to no anticipated slippage on the capital programme so the variations budget will not be utilised. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

- 6.4.4 **LGSS Managed:** an underspend of -£0.782m (-19.6%) is forecast at year-end, as forecast slippage on the capital programme has exceeded the allocated capital programme variations budget. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.4.5 **LGSS Operational:** an overspend of +£0.055m (+7.3%) is forecast at year-end, as slippage on the capital programme is not anticipated to utilise the full capital programme variations allocation. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.4.6 **Assets & Investments:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [A&I Finance & Performance Report](#).
- 6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:
- 6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report](#).
- 6.5.2 **Children, Families and Adults:** a +£31.8m (+6%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [CFA Finance & Performance Report](#).
- 6.5.3 **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 & Performance Report](#).
- 6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.5 **LGSS Operational:** 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 & Performance Report](#).
- 6.5.6 **Assets & Investments:** -£3.5m (-1.4%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [A&I Finance & Performance Report](#).

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

<b>Funding Source</b>	<b>B'ness Plan Budget £m</b>	<b>Rolled Forward Funding<sup>1</sup> £m</b>	<b>Revised Phasing £m</b>	<b>Additional/Reduction in Funding £m</b>	<b>Revised Budget £m</b>	<b>Outturn Funding £m</b>	<b>Funding Variance £m</b>
<b>Department for Transport (DfT) Grant</b>	20.5	0.2	-1.7	1.0	<b>20.0</b>	20.0	-
<b>Basic Need Grant</b>	3.8	-	-	-	<b>3.8</b>	3.8	-0.0
<b>Capital Maintenance Grant</b>	4.6	-	-	0.1	<b>4.7</b>	4.7	-
<b>Devolved Formula Capital</b>	1.1	0.9	-	-0.0	<b>1.9</b>	1.9	-0.0
<b>Specific Grants</b>	21.1	3.6	-12.7	1.7	<b>13.8</b>	13.8	-
<b>S106 Contributions &amp; Community Infrastructure Levy</b>	30.3	1.1	-3.7	0.2	<b>27.9</b>	27.9	-
<b>Capital Receipts</b>	10.3	-	-	-6.4	<b>3.9</b>	3.9	0.0
<b>Other Contributions</b>	10.7	0.2	-8.8	1.7	<b>3.8</b>	3.8	-
<b>Revenue Contributions</b>	-	-	-	0.1	<b>0.1</b>	0.1	-
<b>Prudential Borrowing</b>	83.4	10.2	-29.3	8.9	<b>73.2</b>	73.2	-0.0
<b>TOTAL</b>	<b>185.8</b>	<b>16.3</b>	<b>-56.1</b>	<b>7.1</b>	<b>153.1</b>	<b>153.1</b>	<b>-0.0</b>

<sup>1</sup> Reflects the difference between the anticipated 2015/16 year end position, as incorporated within the 2016/17 Business Plan, and the actual 2015/16 year end position.

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

<b>Funding</b>	<b>Service</b>	<b>Amount (£m)</b>	<b>Reason for Change</b>
Additional/Reduction in Funding (Other Contributions)	CFA	+£0.5	An insurance payment is due to be received in 2016/17 towards the cost of rectifying fire damage at St Bede's School in Cambridge. This is to be treated as additional funding and will increase the budget for this scheme in 2016/17, thus removing the in-year overspend that has previously been reported on this scheme as a result of these works.

			<b>General Purposes Committee is asked to approve the allocation of the £0.5m additional funding from the insurance payment to CFA.</b>
Additional/Reduction in Funding (Prudential Borrowing)	A&I	+£0.7	<p>The following schemes were not originally anticipated to begin until 2017/18 and therefore have no budget agreed for 2016/17. However, these schemes have progressed to the planning application stage ahead of the original schedule so budget is required this financial year.</p> <ul style="list-style-type: none"> <li>• Belsar Farm, Willingham £55k</li> <li>• Soham Northern Gateway £100k</li> <li>• Clear Farm, Bassingbourn £70k</li> <li>• Wicken, Housing Allocation £30k</li> <li>• Management costs £240k</li> </ul> <p>Additionally, increased resourcing on the East Barnwell project has brought forward work to the value of £194k that was due to be funded from the housing budget from 2017/18.</p> <p>The implications on future years' budgets are being addressed through the Business Plan.</p> <p><b>General Purposes Committee is asked to note the recommendation to A&amp;I Committee to approve the in-year request for £0.734m re-phased budget for the housing schemes.</b></p>

- 6.8 Approval is also requested in advance of the first Report of 2017/18 for funding to support the procurement and delivery of a fourth phase of Superfast Broadband rollout. This will extend access to fibre broadband for Cambridgeshire businesses and provide access to high speed broadband connectivity to over 99% of homes and businesses across the County, following on from current rollout phases. Further information can be found in [Appendix 3](#).

**General Purposes Committee is asked to approve the proposed funding mechanism to borrow up to £5m against the Broadband Investment Fund and bid for up to £2.4m European Regional Development Funds (ERDF) to support the procurement and delivery of a fourth phase of Superfast Broadband rollout.**

## 7. FUNDING ALLOCATIONS

- 7.1 Where there has been a material change in 2016/17's grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, an appropriate approach for the treatment of each grant will be presented to the General Purposes Committee (GPC) for approval. GPC are therefore asked to agree the following:

## High Needs Strategic Planning Fund

The high needs funding system supports provision for pupils and students with special educational needs and disabilities from their early years to age 25. A High Needs Strategic Planning Fund has been provided to local authorities as a one-off, non-ring-fenced grant, in order to support a strategic review of services commissioned through the high needs block element of dedicated schools grant (DSG) funding. The current in-year DSG position shows there are significant pressures on the High Needs Block and the Department for Education (DfE)'s illustrative national funding formula data suggests that the proposed national formula for high needs funding would result in no additional funding for the High Needs Block for Cambridgeshire. Therefore this review is essential for managing provision within anticipated future levels of resource.

Cambridgeshire's allocation of the High Needs Strategic Planning Fund is £267,429 and it is proposed to utilise this to undertake a strategic review of existing provision and plan for future requirements of special provision. This fund will also provide capacity to support both the transition to and implementation of the recommendations of the review and as required by the DfE, to publish the outcomes of the review in a strategic plan for Cambridgeshire.

**General Purposes Committee is therefore asked to approve that this funding is allocated in full to CFA.**

## Education Services Grant (ESG)

The ESG is a non-ring-fenced 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.

In the August report General Purposes Committee (GPC) were advised that based on the revised estimate for academy conversions in 2016/17 the forecast for ESG was c.£4.29m, c.£241k more than was budgeted. A number of expected academy conversions have been further delayed by some months since that report and the revised estimate for ESG is c.£4.36m, c.£312k more than was originally budgeted.

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

- 7.2 General Purposes Committee approval is also required for any material virements of revenue budget (+/- £160k).

In May GPC approved the allocation of earmarked reserves funding to services for use on specific projects in 2016/17. The following projects will not use their allocated funding in 2016/17, so virements are required to return the budget to reserves. All projects will continue in 2017/18, so the funding is required to be carried forward to next year.



### Child Sexual Exploitation Return Interviews

£250k of earmarked reserves funding was allocated for voluntary sector support to undertake missing interviews and to provide an intensive support service for young people at greatest risk of child sexual exploitation. This is a statutory expectation that is also monitored by OFSTED and has been a gap in our provision; at present social workers are performing this function in addition to their mainstream work, which is not sustainable. Attempts have been made to commission the service externally but there has been no or little interest from providers, so the funding has not been used in 2016/17.

There is a plan in place to use the funding to set up an internal unit to conduct return interviews for Looked After Children; there are 80-90 return interviews per month, which would otherwise be conducted by an external organisation at a cost of £250 per interview. The unit will also coordinate a multi-agency approach to Missing, Exploited and Trafficked Children with partner organisations including mental health services and the police.

Potential candidates have been identified to take up the 5 posts in this internal unit from April 2017, pending GPC approval of the funding. Therefore approval is requested in advance of the first Integrated Resources & Performance Report of 2017/18 to carry forward the funding into 2017/18. For 2016/17 this funding will return to earmarked reserves. Longer term resourcing of this activity will be addressed through the Children's Change Programme and in the 2018/19 business planning process.

### Strategic Transport Feasibility Studies

£200k of earmarked reserves funding was allocated to undertake early stage feasibility studies in order to build on the Long Term Transport Strategy and identify options to address those parts of the strategic highway network where lack of capacity is restricting continued economic prosperity.

The funding has not been required in 2016/17 as originally planned because of a lack of capacity in the team that would deliver this work, so it will be returned to reserves in year. The work is still required and the team will have more capacity to deliver the work in 2017/18, therefore approval is requested in advance of the first Integrated Resources & Performance Report of 2017/18 to carry forward the funding into 2017/18.

### LED Lighting

£200k of earmarked reserves funding was allocated to the development of LED lighting for street lighting, in order to deliver greater energy efficiency as the cost of LED technology has reduced and this now presents a cost effective option.

The funding has not been used in 2016/17 because the service is still looking at options with Balfour Beatty so it will be returned to reserves. However, the funding will be required to progress the project in 2017/18, therefore approval is requested in advance of the first Integrated Resources & Performance Report of 2017/18 to carry forward the funding into 2017/18.

**General Purposes Committee is therefore asked to approve the virements of the above funding back to reserves in 2016/17.**

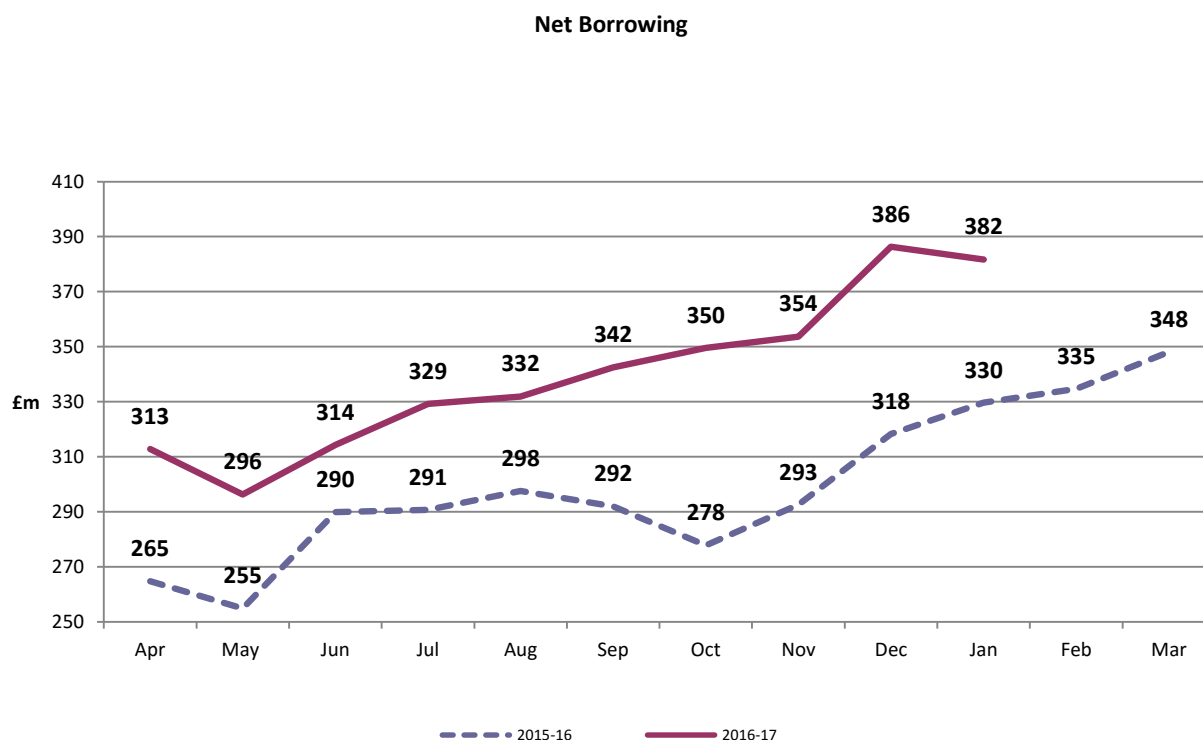
**General Purposes Committee is also asked to approve virements to carryforward the above funding, already earmarked by the committee for specific projects, to the 2017/18 budget.**

## 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 January
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.7m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.1m
Invoices paid by due date (or sooner)	97.6%	99.6%

8.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of January were £14.3m (excluding 3rd party loans) and gross borrowing was £396.0m.



- 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 2016-17 TMSS was set in February 2016, it was anticipated that net borrowing would reach £479m at the end of this financial year. Net borrowing at the beginning of this year (£348m) started at a lower base than originally set out in the TMSS (£417m). As a result the outturn projection is forecast to be substantially lower than originally expected, currently £414m.
- 8.4 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 8.5 Key exceptions are identified below:

Key exceptions	Impacts and actions
Less borrowing activity than planned –original net borrowing forecast was £479m. Actual net borrowing at 31st January was £382m.	<p>A £1.330m underspend is currently forecast for Debt Charges, an increase of £200k month on month. This reflects the fall in the forecast for net interest payable following falling interest rates across all parts of the yield curve. New loans have been raised on a short term basis (up to 3 months) to take advantage of cheaper rates of interest than originally budgeted. In addition £380k received in respect of interest on S106 for Clay Farm, which wasn't budgeted is included in the forecast.</p> <p>The impact of lower borrowing on the Debt Charges budget would normally result in a favourable forecast variance (due to lower interest payments). However the Debt Charges budget was reduced in anticipation of capital expenditure slippage during the budget setting process, so the magnitude of the variance reported is muted.</p> <p>The Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances (where possible) and undertaking short term borrowing which could potentially generate savings next year, subject to an assessment of the interest rate risks involved.</p>

- 8.6 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 8.7 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

## 9. ALIGNMENT WITH CORPORATE PRIORITIES

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

# 10. **SIGNIFICANT IMPLICATIONS**

## 10.1 **Resource Implications**

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

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

There are no significant implications within this category.

## 10.3 **Equality and Diversity Implications**

There are no significant implications within this category.

## 10.4 **Engagement and Consultation Implications**

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

## 10.5 **Localism and Local Member Involvement**

There are no significant implications within this category.

## 10.6 **Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	No Name of Legal Officer: Not applicable
<b>Are there any Equality and Diversity implications?</b>	No Name of Officer: Not applicable

<b>Have any engagement and communication implications been cleared by Communications?</b>	No Name of Officer: Not applicable
<b>Are there any Localism and Local Member involvement issues?</b>	No Name of Officer: Not applicable
<b>Have any Public Health implications been cleared by Public Health</b>	No Name of Officer: Not applicable

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

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

	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	Assets & Investments	LGSS Operational	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	242,563	182	59,952	34,206	4,674	8,720	0	9,589	3,915
Adjustment LGSS Managed and Operational						10		-10	
LGSS property virement					10			-10	
Licenses budget from LGSS Op. to CS					17	-17			
Contact Centre budget from CFA to CS	-77				77				
CPFT NHS accommodation budget from CFA to LGSS Man.	-10					10			
Reablement budget from CFA to LGSS Op.	-113							113	
Pupil forecasting/demography budget to research group	-53				53				
ETE use of service reserves			2,015						-2,015
Disaggregation of Assets and Investments budgets						-2,714	2,714		
Centralised mobile phones budget	6					-6			
Strategic Assets and Property Services budgets returned to CCC following demerger							1,531	-1,531	
Advocacy contract budget from CS to CFA	45				-45				
ETE return of service reserves not needed in 16/17			-65						65
LGSS service reserves allocation for Citrix farm								78	-78
Corporate Capacity Review transfer of budgets	-716		-66		798		-17		
Transfer of LGSS cross-cutting savings to A&I							-24	24	
Transfer from reserves to fund extra gritter routes			570						-570
ETE return of service reserves not needed in 16/17			-604						604
Corporate Capacity Review transfer of budgets			8		-8				
LGSS use of service reserves for Agresso								140	-140
<b>Current budget</b>	<b>241,645</b>	<b>182</b>	<b>61,811</b>	<b>34,206</b>	<b>5,576</b>	<b>6,004</b>	<b>4,204</b>	<b>8,393</b>	<b>1,781</b>
Rounding	0	0	1	0	0	0	0	0	0

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 January 17		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	18,921	-2,509	16,413	17,883	
- Services					
1 CFA	1,623	-1,062	561	-2,711	
2 PH	1,138	-176	962	638	
3 ETE	3,386	-1,950	1,436	0	
4 CS	1,218	0	1,218	0	
5 LGSS Operational	1,013	-218	795	343	
subtotal	27,299	-5,915	21,385	16,153	
<b><u>Earmarked</u></b>					
- Specific Reserves					
6 Insurance	2,864	0	2,864	2,864	
subtotal	2,864	0	2,864	2,864	
- Equipment Reserves					
7 CFA	782	-80	702	702	
8 ETE	218	0	218	250	
9 CS	57	0	57	57	
subtotal	1,057	-80	977	1,009	
<b><u>Other Earmarked Funds</u></b>					
10 CFA	4,097	-2,249	1,848	900	Includes liquidated damages in respect of the Guided Busway - current balance £2.4m.
11 PH	2,020	0	2,020	1,445	
12 ETE	6,631	-925	5,706	4,919	
13 CS	1,274	0	1,274	1,178	
14 LGSS Managed	149	43	192	192	
15 Assets & Investments	233	103	336	336	
16 LGSS Operational	130	0	130	130	
17 Transformation Fund	11,853	-497	11,356	20,607	Savings realised through change in MRP policy
subtotal	26,387	-3,525	22,862	29,707	
<b>SUB TOTAL</b>	<b>57,607</b>	<b>-9,520</b>	<b>48,088</b>	<b>49,733</b>	
<b><u>Capital Reserves</u></b>					
- Services					
18 CFA	2,428	11,968	14,396	425	Section 106 and Community Infrastructure Levy balances.
19 ETE	11,703	20,037	31,740	10,200	
20 LGSS Managed	422	-350	72	72	
21 Assets & Investments	230	-17	213	0	
22 Corporate	39,388	6,423	45,811	24,477	
subtotal	54,171	38,061	92,232	35,174	
<b>GRAND TOTAL</b>	<b>111,778</b>	<b>28,541</b>	<b>140,320</b>	<b>84,907</b>	

**Notes:**

1. The figures do not include City Deal reserves, which have a current balance of £37.8m and are anticipated to have a year-end balance of £30.4m.

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 2016	2016-17		Forecast Balance 31 March 2017	Notes
		Movements in 2016-17	Balance at 31 January 17		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 ETE	712	-33	679	0	
2 CS	350	0	350	100	
3 LGSS Managed	4,545	0	4,545	4,545	
4 Assets & Investments	50	0	50	50	
subtotal	5,657	-33	5,624	4,695	
<b>- Long Term Provisions</b>					
5 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
<b>GRAND TOTAL</b>	<b>9,270</b>	<b>-33</b>	<b>9,237</b>	<b>8,308</b>	



## **APPENDIX 3 – Connecting Cambridgeshire Plan to 2020**

### Background

The Connecting Cambridgeshire programme was set up in late 2011 to secure a 21<sup>st</sup> century digital infrastructure (including broadband, mobile and Wi-fi access) across Cambridgeshire to:

- Drive forward economic growth
- Help build and sustain thriving, connected communities across the county
- Facilitate streamlined public service delivery.

The programme is jointly funded by Cambridgeshire County Council and Peterborough City Council, with additional investment drawn from government, EU and private funding.

### Introduction

Although the current plans for 97% Superfast broadband coverage in Cambridgeshire represents a significant achievement, as demand for connectivity continues to increase there is ongoing pressure from businesses and communities in Cambridgeshire to continue to improve all aspects of the digital infrastructure.

Plans to continue to improve the digital connectivity infrastructure for Cambridgeshire through to 2020 have been set out in detail in a [report](#) to the Economy and Environment Committee; the Committee agreed the recommendations set out in the report on 9<sup>th</sup> March 2017.

Proposed targets include:

1. Superfast broadband coverage > 99%
2. Mobile 3G & 4G services at least equalling national targets (currently below)
3. Further 50 public access Wi-fi hotspots
4. Cambridgeshire as 5G test-bed/pilot location

These will be delivered in four work streams, three of which can be financed within the existing funding envelope. A fourth phase superfast broadband rollout will require borrowing against future income, as set out below.

### Finance/contract overview

In 2011 the Council allocated a capital sum of up to £20m to deliver the Connecting Cambridgeshire Programme and Peterborough City Council committed £3m funding. This was to complement an initial allocation of £6.75m government funding.

Over the life of the project the programme has been successful in using the Council's investment to leverage a range of additional external funding streams. This includes around £18m private investment, £12m central government funding and over £2m EU funding to date.

Programme running costs have also been partially offset by taking on consultancy and support work from other local authorities and administering the SCCP voucher scheme for the East & Midlands on behalf of BDUK.

The contract for delivery of Superfast Broadband access in Cambridgeshire and Peterborough was awarded to BT in 2013, following a competitive procurement process. Delivery of the contract so far has been in three phases, with progress summarised below:

- Phase One - completed end 2015 (from ~ 60% to 93% Superfast broadband coverage).
- Phase Two - underway. Supported by additional government and EU funding (target 95% by end 2017).
- Phase Three - currently being planned (target 97% by end 2018).

The gap funding contract with BT incorporates a “claw-back” clause which requires them to contribute a proportion of any higher than anticipated profits (generated via take-up) into a joint investment fund during the life of the contract. This has phased payments which will conclude at the end of the 10 year contract term in 2023. The clawback clause requires that the Council and BT work together to utilise the joint investment fund to provide greater coverage. Any remaining funds post-2023 are subject to UK Government clawback (at approximately 30%) but thereafter any remaining amount will revert to Cambridgeshire County Council and Peterborough City Council.

Take-up to date in Cambridgeshire has exceeded original expectations. At 41% at the end of 2016, it is amongst the highest in the country and continues to increase.

Based on take-up to date, a relatively pessimistic calculation estimates the total gainshare investment fund would total £10.5m by the contract end date in 2023. A more optimistic estimation projects a fund of £12.6m. For the purposes of this proposal the lower figure has been assumed, and includes any associated interest charges for borrowing.

£5.3m gainshare investment funding has already been pulled forward by BT at their risk, and together with contract underspends this is providing the funding for the Phase Three rollout currently being planned. This approach was approved by the E&E Committee in March 2016. This means the projected remaining gainshare fund will range from £5.2m to £6.3m at 2023.

It is proposed that Phase Four broadband rollout, targeting the remaining 2-3% premises is funded by a combination of ERDF (European Regional Development Fund - £2.4m) and borrowing up to £5m against the joint investment fund - which is otherwise not available until 2023. This provides matched funding to enable an ERDF bid to be made. Whilst rollout Phases 1-3 have been undertaken as part of the original contract procured in 2013, Phase 4 rollout will require a separate procurement to be undertaken in order to comply with state aid rules.

5G test-bed/pilot costs are unknown at present. Government has announced a very substantial funding stream to support global competitiveness in 5G. However, the process for areas to bid for inclusion will not be known until later this year. This funding allocation is proposed in the event that local match is required in order to participate. Funding for the proposed work streams to improve mobile coverage and public access Wi-fi is available within the programme budget.

A table of the budgetary requirements to meet the proposed connectivity targets, along with proposed funding sources as outlined above are as follows:

<b>Connectivity</b>	<b>Target</b>	<b>Funding</b>	<b>Funding source</b>
Fixed (Phase 4)	>99%	Up to £7.4m	Up to £5m borrowing against joint investment fund £2.4m ERDF bid
Mobile	>=National coverage	-	No capital investment – requires programme support
Public Access Wi-fi	+50 locations	£25k	Programme contingency – within original funding allocation
Future Digital (5G)	Test-bed location	£250k	Programme contingency – within original funding allocation

### Recommendation

#### ***GPC are recommended to:***

- 1) Approve the proposed funding mechanism to borrow up to £5m against the Broadband Investment Fund and bid for up to £2.4m European Regional Development Funds (ERDF) to support the procurement and delivery of a fourth phase of Superfast Broadband rollout. This will extend access to fibre broadband for Cambridgeshire businesses and provide access to high speed broadband connectivity to over 99% of homes and businesses across the County, following on from current rollout phases.