

Integrated Finance Monitoring Report October 2022

Appendix A

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1. Executive Summary

- 1.1 This report sets out the main overall management accounts for the Council and presents financial and other information to assess the Council's financial position and delivery of the business plan.

The Council's financial accounts are produced annually and are available on our [website](#).

The Council's total service budgets for 2022/23 are:

- Revenue: £456m net budget
- Capital: £153m (with a total programme of over £1bn)

The table below shows the key forecast information by service:

Service	Revenue Budget Variance £000	Revenue Budget Variance %	Net Capital Budget Variance £000	Net Capital Budget Variance %
People Services	1,281	0.4%	-5,689	-8.7%
Place & Sustainability	1,087	1.5%	0	0.0%
Strategy & Partnerships	2	0.0%	-2,079 ¹	-13.5%
Finance & Resources	2,427	13.6%		
Public Health	0	0.0%	-	-
Capital Financing	-2,280	-6.9%	-	-
Funding Items	225	2.1%	-	-
Net Spending Total	2,742	0.6%	-7,767	-5.1%

Notes on this table:

1. The capital variance of -£2,079k is the combined position across Strategy & Partnerships and Finance & Resources

Item	Change for 2022/23 £000
Inflation	9,991
Demand growth	9,615
Pressures	16,236
Investments	7,253

In setting this year's budget, this growth had to be met through additional taxation, savings and government funding. We also have significant budget gaps over the next few years, including at least £13m in 2023/24 after over £10m of mitigations have been found over October and November.

Detailed financial information about each service area is contained in the relevant Finance Monitoring Report. These can be found published at each scheduled committee meeting, and on the [Council's website](#).

Summary financial information in this report is presented with the assumption that any accompanying recommendations to committees will be agreed.

1.2 Key Issues

We are currently forecasting a small (0.6%) revenue overspend for 2022/23, mainly due to the effects of the expected level of public sector pay inflation for this year, which exceeds the estimates used in budgeting. This is in the context of large budget increases that were planned in for this year as noted above, alongside uncertainty due to the impacts of inflation and patterns of demand. If we remain overspent at year-end, the general reserve will provide balancing funding in line with policy, with that reserve needing to be topped back up to its minimum level.

In June, the Council allocated additional resources to meet expected inflationary pressures this year, mainly driven by energy prices and some of our large contracts that are linked to national inflation indices. It also created a reserve to meet unexpected inflationary pressures. Other than with pay inflation, we do therefore expect to mostly be able to meet the costs of inflation on our revenue budgets this financial year as things stand. It remains a significant concern, however, in looking ahead to setting our medium-term financial plan for the next five years.

Inflation is also impacting on our capital programme, alongside international supply chain disruption, making deliverability less clear. This is having an in-year impact on capital schemes as well as affecting future years. We are now seeing an underspend expected on the revenue cost of the Council's capital programme. This is partly due to some slippage but mainly reflects a lower than expected borrowing requirement as the Council's cash balances have been quite high this year.

There is uncertainty caused by changes in national government and their potentially different priorities. Funding levels for both Councils and the NHS are uncertain, and it is not clear whether the government will press on with several reforms (such as of the adult social care system).

We continue to move forward with local investments and reforms through the Just Transition Fund, particularly in the areas of Net Zero and flood mitigation.

Over recent years we have generally succeeded in managing risks within budget, alongside delivering ambitious savings plans that are necessary to close our funding gap. We are also pro-actively managing our large contracts, ensuring value for money, and maximising grant funding where possible from government. Investment by the Council, such as in free school meal provision during holidays, should provide some further support to people.

Demand for our services so far this financial year appears to be within original projections in most cases, but remains an uncertainty over the coming months. In particular, the impact of Autumn and Winter on social care budgets is difficult to predict, and the national economic picture may increase demand on Council services.

1.3 Key Issues by Service Area

1.3.1 People Services – Adults

We are seeing financial pressures across Learning Disability, Physical Disability and Mental Health, but at the current time these are being offset by forecast underspends elsewhere, and particularly in the costs of services for Older People. Following on from the pandemic we are continuing to see demand for residential care for Older People at below pre pandemic levels and it is anticipated that this trend will continue for some time to come.

Care providers are continuing to report cost pressures related to both workforce issues and the current cost of living rises. These are putting pressure on uplift budgets across all care types. The position of the care market, particularly related to workforce issues, is making some placements more difficult to source, particularly at the more complex end of provision and the financial implications of the government's social care reforms are expected to be very significant in 2023/24 and beyond. This is contingent on government reforms being progressed per the timetables originally set in 2021.

In line with the social care reform agenda the Council has been undertaking "cost of care" exercises with both homecare and care home providers. The outcomes of these exercises are a gap for many providers between what is currently paid, and the "cost of care" derived from provider data. Whilst we have some funding from government for 2022/23 to start to close this gap, and more expected in 2023/24, this will be far from enough to fund the cost increases indicated by the "cost of care" exercises which are estimated at £23.4m per annum for homecare for all Adults and care homes for Older People. Increased rates in these areas are also likely to increase the costs of other care packages not currently included in the remit of the "cost of care" work such as care homes for people aged under 65 and supported living placements.

The social care reforms are also expected to require additional social care and financial assessments staff within the Council to deal with the increased number of assessments the reforms will generate. Recruitment to these posts will be challenging against a backdrop of the current high level of vacant posts, current recruitment difficulties and a national shortage of staff experienced in these roles. Strategy and Resources Committee approved the use of up to £790k from the Adult Social Care risk reserve to support preparation for the reforms in 2022/23. Further funding is expected to be needed for this work in 2023/24 and 2024/25 above the levels of funding to be received from government.

Key activity data for Adult Services at the end of October 2022 is:

Older people aged 65+ receiving long term services	Budgeted no. of care packages 2022/23	Actual Oct 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Nursing	617	565	537	Increasing	Increasing
Residential	947	832	837	Decreasing	Increasing
Community	2,399	2,212	2,225	Increasing	Increasing

Working Age Adults receiving long term services	Budgeted no. of care packages 2022/23	Actual Oct 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Nursing	37	38	36	Stayed the same	Increasing
Residential	342	341	334	Increasing	Increasing
Community	2,626	2,720	2,644	Increasing	Increasing

1.3.2 People Services – Children's & Education

In order to address continuing difficulty in recruiting to Social Worker posts, which resulted in a significant staffing underspend last financial year, a Programme Board has been established to focus on recruitment, retention and development of the workforce offer. A children's workforce strategy framework has been produced and work is underway on both medium and long term strategies to address the issues. In the short term, a team of agency workers are supporting permanent staff with the current workload.

There are pressures emerging with Home to School Transport budgets, particularly due to growth in numbers of children with special educational needs being transported. Constrained special school capacity is also requiring longer routes. These should be mitigated over time through the Safety Valve work to manage high needs spend. More difficult to mitigate are rising contractor costs due to staff shortages and fuel costs.

Better utilisation of vacant provision within the fostering service, and continuing savings within adoption allowances have mitigated the overall position somewhat.

Key activity data for Children in Care in October 2022 is:

Children in Care	Budgeted no. of care packages 2022/23	Actual Oct 22	Actual May 22	Trend in service user numbers since May 22	Trend in average weekly unit cost since May 22 (budget expects an increase)
Children in Care placements	278	265	260	Stayed the same	Increasing
Fostering and Supervised Contact	242	218	249	Decreasing	Increasing
Adoption	461	409	424	Decreasing	Increasing

1.3.3 Place & Sustainability

The largest financial risk within P&S is within the Waste service, and work to ensure compliance with odour regulations. A large capital investment is expected, as well as revenue costs while waste is diverted. For this financial year, much of this risk is mitigated by budget provision made or reserves created last year.

We are seeing some delay in realisation of additional revenue expected from several of our renewable energy schemes. These programmes expect a significant net revenue return due to the selling of clean electricity, but delays to some capital works are pushing back the expected realisation of income. When income does commence, we expect it to be higher than in the original plan due to rising electricity prices.

Highways Maintenance Expenditure in a number of areas is low at present. This is due to a number of schemes being programmed for late in the year due to road space availability, as well as staff resource pressures in the service causing design and costing to be later than expected. The service remains confident of delivery high with road space booked up to the full budget level and the works in the contractors' programmes. The programme is slightly over-committed versus budget to allow for some degree of slippage to take place.

As noted above, there are also risks of increased costs within the P&S capital programme due to inflation, and we continue to monitor spend and the future pipeline of works to be undertaken.

1.3.4 Corporate Services

Corporate Services are forecasting an overspend due to the expected level of staff pay inflation. The nationally and locally agreed pay awards are higher than the level budgeted. As services will be fully funded for the cost of pay inflation, the pressure is retained centrally and offset in the next year's business planning.

Work is commencing within the Customer and Digital service to look at implementing the longer-term strategy of moving to predominantly cloud based services away from physical IT assets. This will have a revenue cost impact as services cease to be able to be capitalised, something that is being closely reviewed over coming months.

The Council's investments, both financial and property, are continuing to perform well and delivering an annual revenue return to us.

Centrally, there are some residual pandemic-related risk provisions left over from previous business plans, but this is at a greatly reduced level compared to the last two years. We expect some ventilation works this year to use up some of this provision.

We are now forecasting an underspend on our capital financing budgets. While this is partly due to slippage on some capital schemes, reported below, it is predominantly due to the Council's cash position being better than expected for much of this year resulting in an overall lower level of borrowing than planned. We aim to retain a minimum cash balance and only borrow when this is projected to be breached. The cash position is better than expected partly due to additional government grants received but not yet fully spent.

1.3.5 Public Health

The Public Health Directorate is funded wholly by ringfenced grants, mainly the Public Health Grant. The work of the Directorate was severely impacted by the pandemic, as capacity was re-directed to outbreak management, testing, and infection control work. The majority of the pandemic work has now come to an end and the Directorate is focussed on returning business as usual public health activity to full capacity as soon as possible and addressing issues arising from the pandemic which have impacted on the health of the County's population.

The service is forecasting a small underspend due to reduced activity on some contracts, alongside difficulty recruiting to a number of posts earlier in the year. There are several risks to PH budgets:

- i) much of the Directorate's spend is contracts with, or payments to, the NHS for specific work. The NHS re-focus on the pandemic response and vaccination reduced activity-driven costs to the PH budget throughout 2020/21 and 2021/22. The NHS continues to be under pressure and it may take some time for activity levels to return to pre pandemic levels;
- ii) the unprecedented demand for Public Health staff across the country has meant recruitment has been very difficult through the pandemic resulting in underspends on staffing budgets. This position has improved in the second part of the year.
- iii) recruitment challenges are reflected in our provider services which has affected their ability to deliver consistently.

Public Health services are key to wider preventative activity and can help reduce future costs both in social care and the health service.

The Public Health Grant increased in 2022/23 by around £800k, which was fully invested into the service.

2 Revenue Budget

2.1 This table shows summary information for the Council's revenue budgets at the end of October 2022:

Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Forecast Variance £000	Forecast Variance %
1,129	People Services	308,010	151,473	1,281	0.4%
537	Place & Sustainability	71,514	31,283	1,087	1.5%
5	Strategy & Partnerships	14,781	5,012	2	0.0%
1,688	Finance & Resources	17,835	6,338	2,427	13.6%
-212	Public Health	27,301	1,929	-255	-0.9%
0	Capital Financing	33,275	13,900	-2,280	-6.9%
0	Funding Items	10,647	11,047	225	2.1%
3,147	Net Spending Total	483,363	220,982	2,487	0.5%
212	Adjustments for Public Health ring-fence	-27,301	-20,746	255	-0.9%
3,359	Overall Total	456,062	200,235	2,742	0.6%
-	Schools	149,099	-	-	-

Notes on this table:

1. The budget and actual figures are net
2. The budget column shows the current budget. For virements between services throughout the year see appendix 3
3. The 'funding items' budget consists of the £9.7m Combined Authority Levy, the £433k Flood Authority Levy and £530k change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a positive forecast indicates an adverse variance, i.e. less income received than budgeted.
4. The Adjustments for Public Health ring-fence line shows adjustments needed to the net spending total to account for Public Health Grant income and the year-end transfer to PH reserves of any underspend. The budget line currently only shows the grant element sat within the PH directorate. A small balance is allocated to other directorates and is netted off their totals.

2.2 Key budget variances are identified by exception and commented upon in appendix 1.

Key variances are those forecast to be in excess of +/-£250k

- 2.3 This table shows a summary of the position of the Council's Dedicated Schools Grant position:

Opening Deficit Balance 2022/23 £m	Forecast In-year Deficit £m	Forecast Closing Deficit Balance 2022/23 £m
39.3	11.8	51.1

- 2.3.1 A cumulative DSG deficit of £39.3m has been carried forward into 2022/23, and this is expected to grow in year by £11.8m at this stage. Under current regulations, this is a ringfenced deficit that cannot be addressed using Council funds.
- 2.3.2 In 2020-21 the Department for Education (DfE) introduced the safety valve intervention programme in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme is being expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.
- 2.3.3 The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the DfE, to rapidly place them on a sustainable footing. If the authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability and are effective for children and young people, including reaching an in-year balance as quickly as possible, then the DfE will enter into an agreement with the authority, subject to Ministerial approval.
- 2.3.4 If an agreement is reached, local authorities are held to account for the delivery of their plans and hitting the milestones in the plans via quarterly reporting to the DfE. If adequate progress is being made, authorities will receive incremental funding to eliminate their historic deficits, generally spread over five financial years. If the conditions of the agreement are not being met, payments will be withheld. Senior Officers are continuing to meet with the DfE to discuss the current situation and plans for deficit recovery. This process remains a major financial risk in the medium-term due to the scale of the growing deficit and the uncertain extent to which we will need to contribute our own funding to eliminate it.

2.4 Savings Tracker

2.4.1 The Savings Tracker is a reporting tool for summarising delivery of planned revenue savings. Within the Tracker, the forecast delivery of savings is shown against the original saving approved in the 2022-27 Business Plan. The Tracker is completed at the end of each quarter and reported in the next IFMR going to S&R committee. It is important to note the relationship between the reported savings projections and the overall revenue financial position reported in this report. If pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

2.4.2 Currently, the Council is on track to deliver £6.8m of savings against its original plan. Blue rated savings total £0.3m, exceeding the target on those initiatives. Green rated savings total £6.0m. The Savings Tracker as at the end of quarter 2 is included as [Appendix 5](#) to this report.

2.4.3 A summary of Business Plan savings achieved in previous years as per the savings tracker is shown below for comparison:

Financial Year	Business Plan Original Savings £m	Savings Delivered £m	Total Variance £m
2016-17	43.4	35.5	7.9
2017-18	33.4	27.1	6.3
2018-19	38.3	27.8	10.5
2019-20	15.8	13.2	2.6
2020-21	15.9	8.9	7.1
2021-22	11.4	8.3	3.1
TOTAL	158.2	120.8	37.4

2.4.4 A summary of 2022-23 Business Plan savings by RAG rating is shown below:

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	1	-250	-68	Green	33	-6,043	1	Amber	2	-353	155	Red	2	-1,255	1,021	Black	8	-2,698	2,698	-10,599	3,807

3 Revenue Funding Changes

This section highlights any new in-year changes to revenue budgets or funding that have taken place or that are proposed for agreement by Committee.

3.1 School Improvement Monitoring and Brokering Grant allocations for 2022-23

The Council is due to receive the final instalment of the School Improvement Monitoring and Brokering grant for September 2022 to March 2023 after which the grant will cease for 2023-24 onwards. The final allocations are paid at 50% of the pro-rated per school level of the October 2021 allocations. The total grant allocated to Cambridgeshire County Council is £211k which is £296k less than budgeted for 2022-23.

This is now a ringfenced grant rather than unringfenced. The grant must be exclusively used to support the authority's statutory school improvement functions relating to maintained schools in Part 4 of the Education and Inspections Act 2006, and the school improvement expectations relating to maintained schools set out on page 36 of the Schools Causing Concern guidance. In delivering its school improvement functions relating to maintained schools, the authority must prioritise using the grant to actively support the successful and sustained return of all pupils to school and in addressing any adverse impacts of the pandemic on pupils' education. The 2022-23 grant allocations will be transferred with matching income budget from Funding Items to People Services so that it can be managed in line with the grant conditions.

4 Capital Programme

4.1 Capital programme financial position

Previous Forecast Variance £000	Service	2022/23 Budget £000	Actuals £000	Net Forecast Variance £000	Forecast Variance %	Total Scheme Budget £000	Total Scheme Forecast Variance £000
0	Place & Sustainability	72,037	27,950	0	0.0%	588,896	5
-2,059	People Services	65,724	19,421	-5,689	-8.7%	574,760	1,453
-1,016	Corporate Services	15,426	3,202	-2,079	-13.5%	66,979	-357
-3,074	Total	153,187	50,573	-7,767	-5.1%	1,230,635	1,101

Notes on this table:

1. The Budget column incorporates any changes in the funding available to what was originally budgeted in the Business Plan. A breakdown of the budget changes made in-year can be found in 4.4
2. The Budget column also includes an assumed level of variations, called the 'capital variations budget' which is shown in section 4.2
3. The reported Place & Sustainability capital figures do not include the Greater Cambridge Partnership, which has a budget for 2022/23 of £40m and is currently forecasting a balanced position.
4. The columns setting out budgets and forecast variances for total schemes show financial information for all schemes in a service block across all financial years.

4.2 Capital variations budgets

4.2.1 A summary of the use of the 2022-23 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If 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 rephasing exceeds this budget. The capital variations budgets have been recalculated following the CLT restructure (see also 4.5.1 below).

4.2.2 Capital variations summary

Service	Capital Variations Budget £000	Forecast Outturn Variance £000	Capital Variations Budget Used £000	Capital Variations Budget Used %	Net Forecast Outturn Variance
Place & Sustainability	-17,736	-8,438	8,438	47.6%	0
People Services	-9,114	-14,803	9,114	100.0%	-5,689
Corporate Services	-3,811	-5,890	3,811	100.0%	-2,079
Outturn adjustment	-	-	7,767	-	-
Total	-30,661	-29,130	29,130	95.0%	-7,767

4.2.3 As at the end of October, People Services and Corporate Services have exceeded the capital variations budgets allocated to them, forecasting in-year underspends of -£5.7m and -£2.1m respectively. The current overall forecast position is therefore a -£7.8m underspend; the forecast will be updated as the year progresses.

4.3 Key capital budget variances are identified by exception and commented upon in appendix 2.

Key variances are those forecast to be in excess of +/-£250k

4.4 Capital Funding Changes

4.4.1 This table sets out changes to funding for capital schemes in-year.

Funding Source	Business Plan Budget £m	Rolled Forward Funding £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	23.9	-5.0	0.2	0.2	19.3	19.5	0.2
Basic Need Grant	14.7	0.0	0.0	1.0	15.7	15.7	0.0
Capital Maintenance Grant	3.0	2.0	0.0	0.9	5.9	5.9	0.0
Devolved Formula Capital	0.8	1.2	0.0	-0.0	2.0	2.0	0.0
Specific Grants	19.7	2.4	-2.6	0.7	20.2	12.4	-7.8
S106 Contributions & Community Infrastructure Levy	28.0	0.4	-14.2	0.0	14.3	14.7	0.4
Capital Receipts	1.5	0.0	-0.1	0.0	1.3	1.7	0.3
Other Contributions	10.2	-0.4	-5.3	5.4	9.7	9.7	0.0
Revenue Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prudential Borrowing	90.6	26.8	-45.3	-7.4	64.8	63.9	-0.9
TOTAL	192.2	27.5	-67.3	0.8	153.2	145.4	-7.8

Notes on this table:

- The 'rolled forward funding' column reflects the difference between the anticipated 2021/22 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2022/23 Business Plan, and the actual 2021/22 year-end position.

4.5 Capital Funding Changes to note

4.5.1 The table below details changes for committee to note (where the change is greater than £250k).

Funding	Service	Amount £m	Reason for Change
Revised Phasing	All services	-£0.040	<p>Capital programme variations budgets</p> <p>The capital programme variations budgets have been revised for 2022/23 as a result of the changes following the restructuring of council services and also the rephasing of part of the Waterbeach Waste Treatment scheme. There is a resultant net change of -£0.040m across the directorates (People Services +£0.388m, Place & Sustainability +£0.924m and Corporate Services -£1.352m).</p>

5 Balance Sheet

5.1 Reserves

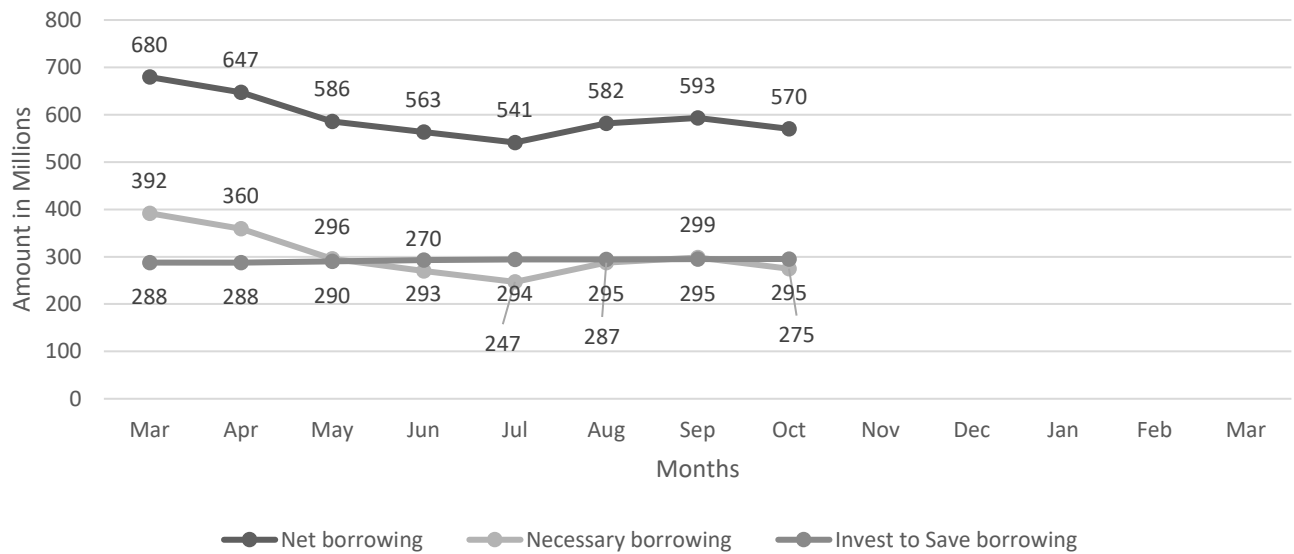
At the end of October, the Council has revenue reserves totalling £160m. Most of these reserves are earmarked for specific purposes, and the breakdown of these can be seen in appendix 4. We retain a general fund reserve as our principal un-ringfenced reserve, which is held at a target balance of 4% of gross non-school expenditure.

The medium-term financial strategy assumes a gradual reduction in the overall level of reserves as earmarked funds are spent, much of which is already planned into medium-term budgets.

5.2 Borrowing

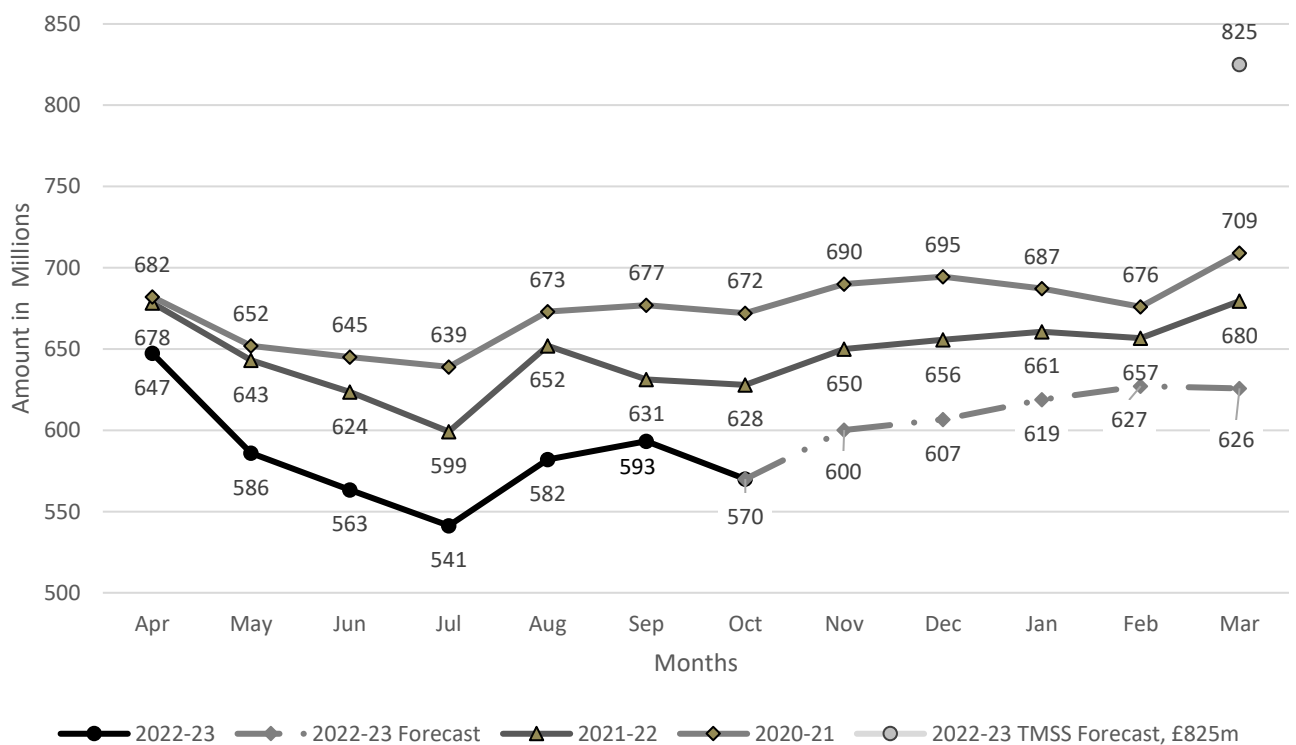
The graph overleaf shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2022/23, it is estimated that £295m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.

2022-23 Net Borrowing split



The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of October 2022, investments held totalled £188.1m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £758.1m, equating to a net borrowing position of £570.0m.

Net Borrowing



5.3 General Balance Sheet

An overview of other key balance sheet health issues is shown below:

Measure	Year End Target	Actual as at the end of Oct 2022
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	85%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£9.96m	£12.90m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£2.89m	£2.47m
% of invoices registered on ERP within 2 working days	98.0%	99.6%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	98.7%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	95.0%	83.6%

Note: following review, the outstanding debt targets have been updated with the principle established by Committee in 2018/19 of a target for adult social care and sundry debt of an 8% and 15% reduction respectively versus a baseline of March of the preceding financial year. This update was omitted earlier this year.

6 Treasury Management

- 6.1 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2021-22 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend. The 2022-23 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.
- 6.2 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2022-23 TMSS was set in February 2022, it anticipated that net borrowing would reach £825.0m by the end of this financial year. Based on the 2021-22 outturn position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £626m by the end of this financial year.
- 6.3 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding

less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing should underlying interest rates be forecast to rise in a sustained manner.

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

Appendix 1 – Revenue – commentaries on exceptions

1. People Services

- An overall pressure of £1.281m is forecast for year-end.

New commentaries

1a Strategic Management - Adults

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.8	+11%

A £0.770m pressure is forecast. This arises mainly from:

- The 2022-23 Business Plan assumed an increased contribution of £1.1m from the NHS to the Learning Disability Pooled budget as a result of joint work being undertaken to reassess the cost sharing agreement between the Council and Health. The review of packages required to agree a revised split of costs for the pool has not yet commenced, and there is an increasing risk as the year progresses that the revised contribution will not be agreed in the current financial year, creating a budgetary pressure.
- Mitigations due to the Better Care Fund contribution from Health increasing from 2021/22 to 2022/23 at a higher percentage rate than anticipated in the Business Plan. This funding increase is held centrally to contribute to demand pressures across Adult Social Care.

1b Adoption

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.3	-4%

A -£0.250m underspend is forecast. This is primarily against Special Guardianship Orders, which is the continuation of savings realised from changes made to allowances following the introduction of a new means-testing tool, in line with DfE recommendations.

1c Home to School Transport – Mainstream

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+3%

A £0.300m pressure is forecast. The change since last month is due to updated contract data following the retender process over the summer. As with all the transport budgets, driver shortages and inflation have increased contract costs. In addition, several areas in the county have a lack of local places meaning that pupils must be transported further at higher cost.

Previously reported commentaries, updated since last month:

1d Older People and Physical Disability Services

Forecast Outturn Variance £m	Forecast Outturn Variance %
-1.2	-2%

A -£1.200m underspend is forecast, which is a £0.540m increase in the underspend position previously reported last month. Older People's and Physical Disabilities Services have undergone a service redesign for the start of 2022-23 to realign the Long-Term care teams into single locality-based community care teams and a specialist care home team. As part of this redesign, a cohort of over-65 clients previously allocated to the Physical Disabilities care budget have been realigned to the Older People's care budget, which means that the Physical Disabilities care budgets relate to working-age adults only.

At this stage in the year, the service as a whole continues to forecast a net underspend of -£1.2m. Demand patterns that emerged during 2021-22 are continuing into 2022-23, and these are reflected in the individual forecasts for the service.

Ongoing analysis will be carried out to review in detail activity information and other cost drivers to validate this forecast position. This remains subject to variation as circumstances change and more data comes through the system.

Older People's North & South

It was reported throughout 2021-22 that despite high levels of activity coming into service, driven largely by Hospital Discharge systems, net demand for bed-based care remained significantly below budgeted expectations, and there was no overall growth in the number of care home placements over the course of the year. This trend is continuing into 2022-23. Based on activity so far this year, and with a high proportion of new placements being made within the Council's existing block bed capacity, we are reporting an underspend of -£2.469m.

Physical Disabilities North & South

There has been a significant increase in demand for community-based care above budgeted expectations. The increase in demand largely relates to home care, both in terms of numbers of clients in receipt of care and increasing need (i.e., average hours of care) across all clients. During 2021-22, this impact was offset by a reduction in demand in the over-65 cohort that have been realigned to the Older Peoples budget. This, in conjunction with a reduction in income due from clients contributing towards the cost of their care, is resulting in the reported forecast pressure of £1.269m.

1e Central Commissioning - Adults

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.6	-4%

A -£0.592m underspend is forecast within Central Commissioning – Adults, which an increase of -£0.248m on the underspend position previously reported last month.

Savings of -£575k have been made through the decommissioning of six local authority funded rapid discharge and transition cars as part of the wider homecare commissioning model. This offsets the pressure and delivers a net underspend on the budget. The long-term strategy is to decommission all the local authority funded cars, meeting the need for domiciliary care through other, more cost-effective means, such as:

- A sliding scale of rates with enhanced rates to support rural and hard to reach areas.
- Providers covering specific areas or zones of the county, including rural areas.
- Supporting the market in building capacity through recruitment and retention, as well as better rates of pay for care staff.

Ongoing savings are proposed from this budget in 2023/24 to account for this underspend.

Previously reported commentaries, unchanged since last month:

1f Mental Health

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.6	+4%

A £0.627m pressure continues to be forecast within Mental Health Services. The pressure reflects significant additional demand pressures within the Adult Mental Health service. This is partially offset by an expected underspend against the Section 75 Contract.

Adult Mental Health services are continuing to see significant additional demand within community-based care, particularly there has been a notable increase in the volume of new complex supported living placements made since the start of the year.

Older People's Mental Health services had previously seen a reduction in demand for community-based support. This is now returning to match budgeted expectations. Activity in bed-based care remains high, as reported last year, and this is contributing to the reported budget pressures this year.

1g Home to School Transport – Special

Forecast Outturn Variance £m	Forecast Outturn Variance %
+1.1	+6%

A £1.100m pressure is forecast. Growth in numbers of Education, Health and Care Plans (EHCPs) being agreed has led to the forecasted increase in numbers of children with Special educational needs and disability (SEND) being transported. The lack of special school places available locally has necessitated longer and less efficient transport routes. 330 SEND transport contracts have been re-procured this summer and this has occurred in a time of extremely uncertain market conditions. Average transport costs per contract have gone up by 18.5% from 2021.

1h Children in Care Transport

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+18%

A £0.300m pressure is forecast. There has been an increase in transport demand arising from an increasing shortage in local placements, requiring children to be transported further. In addition, transport requests for Children In Care pupils as part of their care package have increased due to carers feeling unable to meet the increased fuel costs.

1i SEND Financing – DSG

Forecast Outturn Variance £m	Forecast Outturn Variance %
+11.8	+121%

An £11.800m pressure is forecast within the high needs block of the Dedicated Schools Grant (DSG). Due to the continuing increase in the number of children and young people with Education, Health and Care Plans (EHCPs), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. The current in-year forecast reflects the initial latest identified shortfall between available funding and current budget requirements.

1j Financing - DSG

Forecast Outturn Variance £m	Forecast Outturn Variance %
-11.8	-11%

This line relates to the £11.800m that will be required to be drawn down from the DSG reserve to meet the in-year pressure on DSG funded services (mainly the high needs block as noted above). This reserve is currently negative (a deficit on the DSG). Within People Services, spend of £102.9m is funded from the ring-fenced Dedicated Schools Grant. The DSG balance brought forward from 2021/22 was a deficit of £39.3m.

Senior Officers continue to meet with the DfE to discuss the current situation and plans, and as such updates will be provided in due course.

2. Place and Sustainability

- An overall pressure of £1.087m is forecast for year-end.

New commentaries

2a Park & Ride

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.6	-%

An in-year pressure of £0.637m is forecast on the Park & Ride budget. There is a pressure on the Guided Bus Maintenance due to the installation of a temporary fence on the Southern Section of the Guided Busway, between the station and the Addenbrooke's spur, and implementation of the safety measures as recommended in the Mott MacDonald safety report. A Health & Safety Executive (HSE) investigation continues regarding the busway.

Post Covid, busway services have still not recovered to pre-Covid levels. This means less access charge income coming into the busway budget. The access agreement allows increases each April to the access charges to cover full maintenance costs of the busway. This would allow for some increase in April 2023. However, unless patronage increases between now and then the capacity for the operators to absorb a large increase is questionable. Even then, the access charge increase could not be used to pay for the additional expenditure on the maintenance track (cycleway/bridleway), additional safety works required by HSE as this would be regarded by the Bus operators as non-maintenance/non-busway expenditure.

Previously reported commentaries, updated since last month:

2b Lost Sales, Fees & Charges Compensation

Forecast Outturn Variance £m	Forecast Outturn Variance %
-0.7	-100%

Parking Enforcement

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.4	-%

Variance on these two budget lines is linked. Funding is held on the Lost Sales, Fees & Charges Compensation to offset the impact of Covid on parking enforcement income. The pressure on income collection is reported on the Parking Enforcement line. The amount of

funding held in offset is greater than the pressure, resulting in a net underspend of £0.335m between the two lines, which is a reduced underspend of £0.145m since last month.

2c Energy Projects Director

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.3	+99%

An in-year pressure of £0.299m is forecast on the Energy Project Director budget. This is a decrease of £0.001m on the pressure position reported last month. Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2022/23. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.

Babraham Road P&R smart energy grid has added an additional phase to its construction programme to address the number of available parking concerns during the construction programme. This has added an additional 14 weeks to the construction programme pushing back income generation and maintenance costs to start by October 2023. The North Angle Solar Farm project will be energised by June 2023 and not December 2022 as originally forecast. This is due to the private wire not being in place by December 2022 as a result of extended third party easement negotiations. This has resulted in an income and maintenance cost delay.

3. Finance & Resources

- An overall pressure of £2.427m is forecast for year-end.

New commentaries

3a Facilities Management

Forecast Outturn Variance £m	Forecast Outturn Variance %
+0.5	+8%

A +£0.470m pressure is forecast in Facilities Management. This is due to the continued cost of running the old Shire Hall site. Most of the expenditure is for business rates and progress is being made to reduce this.

Previously reported commentaries, updated since last month:

3b Central Services and Organisation-Wide Risks

Forecast Outturn Variance £m	Forecast Outturn Variance %
+1.6	+27%

A £1.620m pressure is forecast across Central Services and Organisation-Wide Risks, which is an increase of £0.120m on the pressure position previously reported last month. This budget line holds the inflation allocation for staff pay increases across the Council until a pay award is set at which point budget is allocated to services. The latest pay offer from the national employers, if it was replicated across the council, exceeds the budget provision made. We have assumed in this projection that due to the levels of vacancies across the organisation that the impact of the difference between budget (based on the staffing establishment) and actual pay inflation will be reduced.

Previously reported commentaries, unchanged since last month:

3c Contract Efficiencies & Other Income

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		0.3			+75%

A £0.305m pressure is forecast across Contract Efficiencies & Other Income.

Contract Efficiencies: This is due to ongoing difficulties with supply chains – relating to increasing inflationary cost pressures and continued impact from the pandemic – opportunities to renegotiate current contracts without a change to specification is extremely limited. A procurement three-year pipeline is being created alongside a programme of contract review by the Head of Due Diligence and Best Value; it is anticipated savings will be identified through those processes once they commence fully.

External Income: This target originally focused on the achievement of surplus income generation from advertising and sponsorship. Activities in advertising and sponsorship have also been limited not only due to available revenues from businesses wishing to advertise but also the capacity to manage our assets for advertisement/sponsorship and our more exclusive intent for relevant policies to remove or reduce junk food, fossil fuels, etc. Further opportunities for other income are being explored.

4. Capital Financing

- An overall underspend of -£2.280m is forecast for year-end.

New commentaries

4a Capital Financing

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		-2.3			-7%

A -£2.280m underspend is forecast across the Capital Financing budgets. This is primarily due to forecast underspends on interest payable, Minimum Revenue Provision (MRP) and interest receivable.

- Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a forecast £847k underspend. Whilst the cost of taking out PWLB borrowing has been significantly higher over this financial year due to rising interest rates, the Council has instead taken advantage of lower rates on shorter-term Local Authority borrowing when refinancing existing loans, as well as taking the opportunity to fix deals several months in advance to lock in lower rates. The cashflow position has been such that the Council is now forecasting to require less borrowing by the end of the financial year; as a result, some maturing loans will not need to be refinanced. The cashflow position will continue to be monitored closely over the remaining months of the year and levels of borrowing will be adjusted accordingly.
- The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the MRP). Following analysis of capital schemes completed in 2021/22 and how they were funded, the MRP payment for 2022/23 has been recalculated and the forecast year-end position is £846k lower than budgeted. This analysis takes some time following conclusion of the preceding financial year and production of statements of accounts.
- The forecast interest receivable is a £588k over achievement of income, primarily due to the effect of increased interest rates on our short-term investment income.

Appendix 2 – Capital – commentaries on exceptions

1. People Services

- Overall in-year forecast outturn variance of -£5.689m underspend.

New commentaries:

1a Waterbeach New Town Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
350	300	0	300

An in-year pressure of £0.300m is forecast on the Waterbeach New Town Primary scheme. This is due to expected accelerated spend to cover redesign fees which will be incurred this financial year.

1b Sir Harry Smith Community College

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,200	-500	0	-500

An in-year underspend of -£0.500m is forecast on the Sir Harry Smith Community College scheme. The start on site has been delayed from 24.10.22 to early November 2022 to allow additional time to value engineer the project to budget.

1c Cambourne Village College Phase 3b

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,000	-2,000	0	-2,000

An in-year underspend of -£2.000m is forecast on the Cambourne Village College Phase 3b scheme. Rephasing of £2.000m is expected as it has taken time to ensure the project can be delivered on budget. A slightly longer programme schedule is anticipated with project completion now expected in April 2024.

1d Temporary Accommodation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
750	-299	-299	0

An in-year underspend of -£0.299m is forecast on the Temporary Accommodation scheme. There has been a significant reduction in the number of new temporary solutions required across the county, realising a £0.299m underspend in 2022/23.

1e Independent Living Service: East Cambridgeshire

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,084	-523	0	-523

An in-year underspend of -£0.523m is forecast on the Independent Living Service: East Cambridgeshire scheme. This is due to rephasing in the project, caused by a delay in the purchase of land. The NHS is not able to release the site until they have received approval for their own capital project, which has been delayed

Schemes previously reported on, updated since last month:

1f Soham Primary Expansion

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
49	700	0	700

An in-year pressure of £0.641m is forecast on the Soham Primary Expansion scheme. This is a decrease of £0.059m since last month. Completion and delivery of works has been rephased one year from 2025-26 to 2026-27 but land purchase has completed ahead of expectation.

1g People Services Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-9,114	9,114	0	9,114

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, £9.114m of the overall £14.803m underspend is balanced by use of the capital variations budget.

Schemes previously reported on, unchanged since last month:

1h Northstowe 2nd Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
200	500	500	0

An in-year pressure of £0.500m is forecast on the Northstowe 2nd Primary scheme; this is also a total scheme pressure. This is due to increased scheme costs identified at MS2. The scheme delivery schedule has now also been confirmed. Revised costs were presented at August capital programme board and a revised business case is being taken through the 2023-24 Business Planning process.

1i St Philip's Primary

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
600	-550	0	-550

An in-year underspend of -£0.550m is forecast on the St Philip's Primary scheme. Rephasing is anticipated following the latest delivery programme received. Works will not now commence on site until next summer to avoid disruption to the school. Works will be to alterations and the main entrance.

1j Alconbury Weald Secondary and Special

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,500	-11,000	1,000	-12,000

An in-year underspend of -£11.000m is forecast on the Alconbury Weald Secondary and Special scheme. A new tendering approach is being taken for the procurement of this project following increases in the estimated cost for SEN works. The SEN School will now be delivered one year later in July 2024 at the same time as the secondary; a combined approach will hopefully achieve a single agreed MS4 sum and overall reduced contract period.

1k LA Early Years Provision

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,803	-1,403	0	-1,403

An in-year underspend of -£1.403m is forecast within LA Early Years Provision. Two priority schemes have been identified as requiring investment to ensure sufficiency but due to planning and design the schemes will not start construction until 2023/24.

2. Place and Sustainability

- Overall in-year forecast outturn variance is balanced.

New commentaries

2a Safety Schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,480	-997	0	-997

An in-year underspend of -£0.997m is forecast on Safety Schemes. The majority of the budget relate to two schemes, Puddock Road Ramsey and Swaffham Heath Crossroads. For both of these schemes it is expected that the majority of construction work will take place next financial year. For Swaffham Heath, discussions are currently being held with the landowner and should be clearer in December.

2b Delivering the Transport Strategy Aims: Highway schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,542	-742	0	-742

An in-year underspend of -£0.742m is forecast on Delivering the Transport Strategy Aims: Highway schemes. Although expenditure is low at present, detailed design work is currently ongoing, and it is expected that delivery will begin across several projects in quarter 4.

However, the following projects in the programme will be delayed due to,

- a mixture of legal and landownership issues: A605 Elton NMU, Merivale Way Ely,
- roadspace requirements and having to work over the Easter holidays: Maids Causeway, A603 Barton Road, Ely City 20mph, PROW improvements in Brampton
- delays caused by third parties: 20mph Quick Win projects.

2c St Ives local Improvements

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,000	-725	0	-725

An in-year underspend of -£0.725m is forecast on the St Ives local Improvements scheme. Design work is currently being undertaken and it is not expected that any construction will take place until next financial year.

2d Swaffham Prior Community Heat Scheme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
6,943	-399	0	-399

An in-year underspend of -£0.399m is forecast on the Swaffham Prior Community Heat Scheme. The split of costs for the Private Wire has been adjusted between the two projects (North Angle Solar Farm and Swaffham Prior Community Heat Project) to better reflect where the main benefits of the private wire will accrue and therefore how the costs should be apportioned. The North Angle Solar Farm as the generator of clean electricity will benefit more from energy sales as a result of the private wire.

Schemes previously reported on, updated since last month:

2e Carriageway & Footway Maintenance incl Cycle Paths

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
9,298	-500	0	-500

An in-year underspend of -£0.500m is forecast on the Carriageway & Footway Maintenance incl Cycle Paths scheme. This is an increase of £0.025m on the underspend position reported last month. Although expenditure is low at present, work is committed (£6.8m) or underway and it is expected that expenditure will be in line with the total budget. A robust and realistically resourced forward delivery programme is in place and agreed with our contractor and their suppliers which takes us up to the end of this financial year. Due to network constraints a number of high value surfacing schemes had to be delivered in quarter 4, whilst others in the drainage programme are currently going through detailed design to end of November before being priced and delivered in February / March 2023. Network constraints also mean the A505 VRS budget (£950k) will likely only be around 50% spent in year, with work starting in February and running through to May 23, so £500k is projected to carry into quarter 1 23/24.

2f B1050 Shelfords Road

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
800	-800	0	-800

An in-year underspend of £0.800m is forecast on the B1050 Shelfords Road scheme. This project is currently going through detailed design and several different options are being costed for Members to consider. The earliest delivery date due to the complexity of the project will be Summer 2023.

2g St Neots Future High St Fund

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
831	-502	0	-502

An in-year underspend of -£0.502m is forecast on the St Neots Future High St Fund scheme. This is an increase of £0.019m on the underspend position previously reported last month. The district council governance/approval process required has been accommodated and construction is now programmed to commence in May 2023 therefore no construction expenditure is expected during the current financial year, resulting in reduced forecasted figures.

2h Babraham Smart Energy Grid

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,630	-1,790	0	-1,790

An in-year underspend of -£1.790m is forecast on the Babraham Smart Energy Grid scheme. This is a change of -£2.126m from the pressure position reported last month. The construction of this project is now being delivered in three phases. This has directly impacted on the timescales for delivery, extending the programme by 14 weeks. In addition, the complexities associated with altering the programme for construction delayed the start date of the works by 16 weeks.

2i Fordham Renewable Energy Network Demonstrator

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
609	-409	0	-409

An in-year underspend of -£0.409m is forecast on Fordham Renewable Energy Network Demonstrator scheme. This is an increase of -£0.105m on the underspend position reported last month. Capacity constraints within the team meant that this project was unable to be progressed as quickly as had been intended. The forecast reflects the associated delay in expenditure on the development of this project.

2j Environment Fund - Decarbonisation Fund - School Low Carbon Heating Programme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
0	403	0	403

An in-year pressure of £0.403m is forecast on the Environment Fund - Decarbonisation Fund - School Low Carbon Heating Programme scheme. This is a decrease of £0.043m on the position previously reported last month. Last year the schools low carbon heating programme sat together with the Council's office buildings low carbon heating programme but this is now separated out. This will allow closer monitoring of the additional Council's Environment Fund contributions for low carbon heating for maintained schools to match fund any Government Public Sector Decarbonisation Scheme funding. This change was implemented post March 2022 and will therefore be seen as a variance all year.

2k Place & Sustainability Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-17,736	8,438	0	8,438

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £8.438m underspend is balanced by use of the capital variations budget. The £5.532m increase since last month is primarily due to the underspends on Safety Schemes, Delivering the Transport Strategy Aims: Highway schemes, St Ives local Improvements, Swaffham Prior Community Heat Scheme and the Babraham Smart Energy Grid scheme as reported above.

Schemes previously reported on, unchanged since last month:

2l Girton to Oakington cycling scheme

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
339	-301	0	-301

Completion of Phase 2 detailed design and the acquisition of third party land is to be undertaken during 2022/23. The remaining budget will not be adequate to complete construction, so other funding sources are being investigated. There may be additional funding which would move the project forward in 2022/23.

2m Delivering the Transport Strategy Aims- Other Cycling schemes

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,092	-501	0	-501

An in-year underspend of £0.501m is forecast on the Delivering the Transport Strategy Aims- Other Cycling schemes. The underspend relates to three schemes: B1049 A14 Histon junction, Eddington to Girton and Ditton Lane, Fen Ditton. For each of these schemes, feasibility and preliminary design work will be undertaken this financial year to establish likely construction costs. Any construction will take place in 2023/24 and the funding will be rephased for this.

2n Wisbech Town Centre Access Study

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
693	-359	-359	0

An in-year underspend of £0.359m is forecast on the Wisbech Town Centre Access Study scheme. The Forecast Spend Outturn is less than the Revised Budget for 2022/23 to take into account utility refunds yet to be received during this year.

3. Corporate Services

- Overall in-year forecast outturn variance of -£2.079m underspend.

New commentaries:

3a Community Fund

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,429	-1,722	0	-1,722

An in-year underspend of £1.722m is forecast on the Community Fund scheme. Rephasing into 2023-24 will be required; the total scheme forecast is unaffected.

Schemes previously reported on, updated since last month:

3b Condition Survey Works

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,841	-909	0	-909

An in-year underspend of £0.909m is forecast on Condition Survey Works. This is an increase of £0.309m on the underspend position since last month. The underspend is primarily due to work being delayed on the Hereward Hall heating system and also reprofiling of other smaller projects.

3c CS Capital Variation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-3,811	3,811	0	-3,811

Any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, £3.811m of the overall £5.689m underspend is balanced by use of the capital variations budget.

Schemes previously reported on, unchanged since last month:

3d Data Centre Relocation

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,530	-872	0	-872

An in-year underspend of £0.872m is forecast on the Data Centre Relocation scheme. Post Data Centre migration we can now seek further convergence of IT infrastructure and services and realise further economies; some of these opportunities also have the potential to migrate to a Cloud based model. Consequently, the shift from a 'like for like' replacement approach has extended the overall timelines for the selection and implementation of some products and services which subsequently requires a rephasing of the budget.

3e Hawthorns - Intensive Therapeutic Support Hub

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,227	-1,600	0	-1,600

An in-year underspend of £1.600m is forecast on the Hawthorns - Intensive Therapeutic Support Hub scheme. The forecast has been updated to reflect the new timescale for completion.

3f Mill Farmhouse

Revised Budget for 2022/23 £'000	Forecast Outturn Variance (Oct) £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
450	-338	0	-338

An in-year underspend of £0.338m is forecast on the Mill Farmhouse scheme. There has been a delay with the planning process. Rephasing into 2023-24 will be required; the total scheme forecast is unaffected.

Appendix 3 – Budget transfers between services in 2022/23

This table shows budget movements of at least £1k between service blocks in 2022/23

Budgets and Movements	People Services £'000	Place & Sustainability £'000	Public Health £'000	Strategy and Partnerships £'000	Finance and Resources £'000	Capital Financing £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	321,579	66,101	45	0	27,811	34,044	5,777
Post BP, pre initial budget load adjustments between CS and P&E- Energy Schemes		-336			336		
Allocation of unringfenced grant £1,143k Domestic Abuse Act Statutory Duty funding 22-23 to People & Communities as per S&R 29th March 2022	1,143						
Children's Homes Building Maintenance and Children & Safeguarding restructure transfer	-45				45		
Budget transfer for 1.75% pay award for 21-22	1,829	191			-2,020		
Transfer of Market sustainability full grant budget to P&C	-750						
Budget resetting movements as approved by S&R 27th June (May IFMR)	-3,454	2,251			1,520	-769	655
22-23 BP virements to replace expenditure budgets with reserve draw down lines	-3,606	-455	-45		-155		4,261
Allocation of unringfenced grant £10k Biodiversity Net Gain Grant carry forward to Place & Economy		10					
Allocation of unringfenced grant £100k ASC Charging Implementation Support Grant to Adults Services	100						
Transfer of IT budget P&C to CS	-13				13		
Transfer of Qtr 1 Mileage Savings	-156	-5			161		
Transfer re postage P&C to CS	-20				20		
Place Planning transfer P&C to CS	-26				26		
Sept 2022 Directorate restructure	-8,467	3,798		14,629	-9,961		
Vacancy savings transfer		-15		-367	381		

Budgets and Movements	People Services £'000	Place & Sustainability £'000	Public Health £'000	Strategy and Partnerships £'000	Finance and Resources £'000	Capital Financing £'000	Financing Items £'000
Correction of Public Health income budgets to match 2022/23 MoU	-68			68			
Transfer of Qtr 2 Mileage Savings	-130	-5		-18	153		
Transfer towards central savings target		-31		31			
CLT restructure virements	90	10		437	-493		-44
Current budget	308,008	71,514	0	14,781	17,892	33,275	10,648
Rounding	-2	0	0	0	1	0	1

Appendix 4 – Reserves and provisions

This section shows the reserves available to the Council, which are one off funds held either for general or specific purposes.

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 (or in budgeting) £000s	Balance at 31 Oct 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
General Reserves - County Fund Balance	46,475	-18,260	28,215	28,215	
General Reserves subtotal	46,475	-18,260	28,215	28,215	
1 Insurance	4,719	5	4,724	4,724	Includes reserve for Waterbeach waste facility works- revenue impact of plant closure
2 People Services & Schools	15,247	904	16,151	8,505	
3 PH	8,503	0	8,503	4,661	
4 Place & Sustainability	10,852	1,188	12,040	5,794	
5 Strategy & Partnerships	2,464	-254	2,210	2,285	Starting balance of £14m, with allocations made totalling £9.9m across medium-term
6 Finance & Resources	4,262	-642	3,620	2,280	
7 Just Transition Fund	0	13,605	13,605	10,033	
8 High Needs Block Offset Reserve	0	12,435	12,435	12,435	
9 Transformation Fund	25,012	-21,322	3,691	0	Balance for legacy Transformation projects
10 Cultivate Cambs Fund	442	350	792	442	Includes remainder of COVID-19 Support Grants. Allocated over medium-term.
11 Corporate- COVID	26,987	-4,573	22,414	21,164	
12 Specific Risks Reserve	2,140	1,429	3,569	3,569	
13 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
14 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	Applying the temporary elements of the 2022/23 finance settlement over multiple years
15 Collection Fund Volatility & Appeals Account	3,690	544	4,234	4,234	
16 Local Government Settlement phasing reserve	0	4,324	4,324	4,324	
17 Post-pandemic recovery and budgeting account	0	7,017	7,017	7,017	
18 Business change reserve	0	3,896	3,896	3,750	Carry forward of unspent ring-fenced grants
19 Grant carry forwards	14,031	-14,031	0	0	
Earmarked Funds subtotal	127,139	4,875	132,014	104,006	
SUBTOTAL	173,614	-13,385	160,229	132,220	
20 People Services	6,116	0	6,116	0	
21 Place & Sustainability	4,063	0	4,063	0	
22 Finance and Resources	13,857	691	14,548	14,057	
23 Corporate	73,787	16,680	90,467	80,777	
Capital Reserves subtotal	111,016	17,371	115,194	94,834	
GRAND TOTAL	284,630	3,986	275,423	227,054	

Fund Description	Balance at 31 March 2022 £000s	Movements in 2022-23 £000s	Balance at 31 Oct 2022 £000s	Forecast Balance at 31 March 2023 £000s	Notes
1 Place & Sustainability	0	0	0	0	
2 People Services	16	0	16	16	
3 Finance & Resources	2,093	0	2,093	2,093	
Short Term Provisions subtotal	2,109	0	2,109	2,109	
4 Finance & Resources	4,746	0	4,746	4,746	
Long Term Provisions subtotal	4,746	0	4,746	4,746	
GRAND TOTAL	6,855	0	6,855	6,855	

Appendix 5 – Savings Tracker 2022-23 Quarter 2

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.176	Adults Positive Challenge Programme - demand management	People	A&H	-154	-154	0	0.00%	↔	On track
Green	A/R.6.177	Cambridgeshire Lifeline Project	People	A&H	-10	-10	0	0.00%	↔	On track
Green	A/R.6.179	Mental Health Commissioning	People	A&H	-24	-24	0	0%	↔	Delivered
Green	A/R.6.185	Additional block beds - inflation saving	People	A&H	-390	-390	0	0%	↔	On track
Amber	C/F 21-22 Saving	Adult Social Care Transport	People	A&H	-220	-168	52	24%	↑	All routes now retendered saving achieved is lower than expected due to the inflationary pressures on transport
Amber	A/R.6.188	Micro-enterprises Support	People	A&H	-133	-30	103	77%	↔	At risk due to capacity in the market.
Green	A/R.6.190	iBCF	People	A&H	-240	-240	0	0%	↔	Delivered
Green	A/R.6.191	Extra care retendering	People	A&H	-87	-87	0	0%	↔	Delivered
Green	A/R.6.192	Shared lives	People	A&H	-50	-50	0	0%	↔	On track
Green	A/R.6.193	Expansion of Emergency Response Service	People	A&H	-210	-210	0	0%	↔	On track
Green	A/R.6.194	Interim Bed recommissioning	People	A&H	-412	-412	0	0%	↔	Delivered
Green	A/R.6.195	Increased support for carers	People	A&H	-219	-219	0	0%	↔	On track
Green	A/R.6.197	Community Equipment Service contract retender	People	A&H	-121	-121	0	0%	↔	Delivered
Green	A/R.6.198	Decommissioning of domiciliary care block provision	People	A&H	-236	-236	0	0%	↔	Delivered
Green	A/R.6.200	Expansion of Direct Payments	People	A&H	-234	-234	0	0%	↔	On track
Green	A/R.7.111	Client Contributions Policy Change	People	A&H	-562	-562	0	0%	↔	On track
Green	A/R.7.112	Community Equipment Pool	People	A&H	-155	-155	0	0%	↔	Delivered
Black	A/R.7.113	Learning Disability Partnership Pooled Budget Rebaselining	People	A&H	-1,125	0	1,125	100%	↓	At risk due to delays in commencement of detailed work with ICB
Green	A/R.6.255	Children in Care - Placement composition and reduction in numbers	People	C&YP	-600	-600	0	0%	↔	On track
Green	A/R.6.257	Special Guardianship Orders	People	C&YP	-250	-250	0	0%	↔	On track
Green	A/R.6.268	Transport - Children in Care	People	C&YP	-380	-380	0	0%	↔	On track
Green	A/R.6.269	Virtual School	People	C&YP	-50	-50	0	0%	↔	On track

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Green	A/R.6.271	Maximising use of existing grants	People	C&YP	-350	-350	0	0%	↔	On track
Green	A/R.6.213	Registrars	S&P	C,SM&I	-200	-200	0	0%	↔	On track
Green	A/R.6.214	C&P efficiencies	S&P	C,SM&I	-250	-250	0	0%	↔	On track
Green	C/F 21-22 Saving	Communities and Partnership Review	S&P	C,SM&I	-200	-200	0	0%	↔	On track
Green	B/R.6.215	Recycle asphalt, aggregates and gully waste	Place & Sustainability	H&T	-15	-15	0	0%	↔	On track
Green	B/R.6.216	Review Street Lighting Service requirements	Place & Sustainability	H&T	-10	-9	1	10%	↔	On track
Green	B/R.6.220	Highway Services Contract Efficiencies	Place & Sustainability	H&T	-110	-110	0	0%	↔	On track
Green	C/R.6.105	Members Allowances	S&P	S&R	-40	-40	0	0%	↔	On track
Black	C/R.6.106	Contract Efficiencies	F&R	S&R	-200	0	200	100%	↓	Inflationary cost pressures and continued impact from the pandemic – opportunities to renegotiate current contracts without a change to specification is extremely limited.
Black	C/F 21-22 Saving	External Income	F&R	S&R	-205	0	205	100%	↓	Due to a change in policy for advertising and sponsorship and no new options this will be harder to meet.
Black	C/R.6.107	Senior Management Staffing	S&P	S&R	-100	0	100	100%	↔	Full Council resolved to make an investment into senior management capacity
Red	C/R.7.101	BP 19/20 - Council Tax: Increasing Contributions	F&R	S&R	-650	-66	584	90%	↓	Unlikely to meet. MOU is still being deliberated by authorities. CFO group has made progress agreeing the terms and South Cambs are currently updating the MOU. Investment has not yet been spent. Recruitment will begin once MOU has been agreed and signed.
Green	B/R.7.127	Alconbury Solar Carport	Place & Sustainability	E&GI	-37	-37	0	0%	↔	On track
Green	C/R.7.105	Renewable Energy Soham - Income Generation	F&R	S&R	-13	-13	0	0%	↔	On track
Black	B/R.7.128	St Ives Smart Energy Grid - Income Generation	Place & Sustainability	E&GI	-44	0	44	100%	↔	Income and maintenance costs for the St Ives P&R Smart Energy Grid forecast for this year have been pushed back into 2023/24. This is due to the private wire connection points to the business customers requiring additional design work resulting from site/operational changes from the customers.
Black	B/R.7.129	Babraham Smart Energy Grid - Income Generation	Place & Sustainability	E&GI	-48	0	48	100%	↔	Babraham Road P&R smart energy grid has added an additional phase to its construction programme to address the number of available parking concerns during the construction programme. This has added an additional 14 weeks to

RAG	BP Ref	Title	Service	Committee	Original Saving £000	Forecast Saving £000	Variance from Plan £000	% Variance	Direction of travel	Commentary
Black										the construction programme pushing back income generation and maintenance costs to start by October 2023.
	B/R.7.132	North Angle Solar Farm, Soham - Income Generation	Place & Sustainability	E&GI	-678	0	678	100%	↔	The North Angle Solar Farm project will be energised by June 2023 and not December 2022 as originally forecast. This is due to the private wire not being in place by December 2022 as a result of extended third party easement negotiations. This has resulted in an income and maintenance cost delay.
Black	B/R.7.133	Swaffham Prior Community Heat Scheme - Income Generation	Place & Sustainability	E&GI	-298	0	298	100%	↔	<p>The customer connections to the Swaffham Prior Community Heat Project are just now starting. The aim is to start connecting the customers that are signed up to the project already over the next few months.</p> <p>As customers connect, income will come forward from the Renewable Heat Incentive and from the heat charges to customers. Some income will come forward during 2022/23 and this will grow as customers are connected over the next five years.</p>
Green	C/R.7.115	Brunswick House - Income Generation	F&R	S&R	-27	-27	0	0%	↔	On track
Green	C/R.7.117	Tesco - Income Generation	F&R	S&R	-34	-34	0	0%	↔	On track
Green	C/R.7.120	County Farms - Agricultural Rent	F&R	S&R	-45	-45	0	0%	↔	On track
Blue	C/R.7.155	Investment Income	F&R	S&R	-250	-318	-68	-27%	↔	Q1 dividend received & new forecast has exceeded the budget
Red	C/F 21-22 Saving	Cambs 2020 Operational Savings	F&R	S&R	-605	-168	437	72%	↑	This saving will not be met until the site is handed over.
Green	E/R.6.034	Reduction in demand led Public Health budgets	PH	A&H	-328	-328	0	0%	↔	Delivered

Key to RAG ratings

Total saving	Over £500k	£100-500k	Below £100k
Black	100% non-achieving	100% non-achieving	100% non-achieving
Red	Percentage variance more than 19%	-	-
Amber	Under-achieving by 14% to 19%	Percentage variance more than 19%	Percentage variance more than 19%
Green	Percentage variance less than 14%	Percentage variance less than 19%	Percentage variance less than 19%
Blue	Over-achieving	Over-achieving	Over-achieving