Agenda Item No. 9

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST JANUARY 2018

To:	**Audit & Accounts Committee**
Date:	**27th March 2018**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**N/A** *Key decision:* **N/A**
Purpose:	**To present financial and performance information to assess progress in delivering the Council's Business Plan.**
Recommendations:	**The committee is asked to note the following recommendations to General Purposes Committee on 27th March 2018:**

a) Analyse resources and performance information and note the significant remedial action being taken.

b) Approve an additional £171k of prudential borrowing in 2017/18 for the Shire Hall relocation project, as set out in section 6.8.

c) Note the changes to capital funding and prudential borrowing requirements as set out in section 6.8.

d) Approve an additional £359k of prudential borrowing in 2017/18, to offset the increased use of capital receipts for additional capitalisation of redundancies as set out in section 6.9.

e) Approve an additional £196k of prudential borrowing in 2017/18 for capitalisation of feasibility work originally included in the St Ives Smart Energy Grid Business Case, as set out in section 6.10.

f) Approve an additional £75k of prudential borrowing in 2018/19 for adaptations work on the Scaldgate Youth and Community Centre, as set out in section 6.11.

g) Approve an additional £495k of prudential borrowing in 2018/19 for replacement of computers and equipment as part of the Libraries People's Network refresh, as set out in section 6.12.

	Officer contact:		*Member contacts:*
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

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

2. OVERVIEW

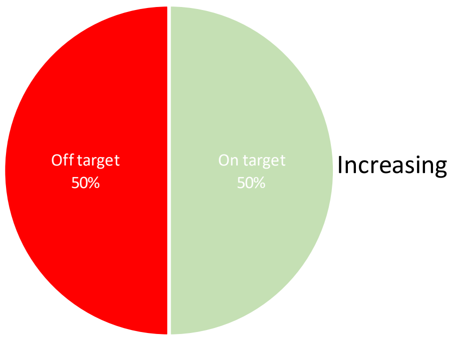
2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

Data available as at: 31 January 2018

Outcomes

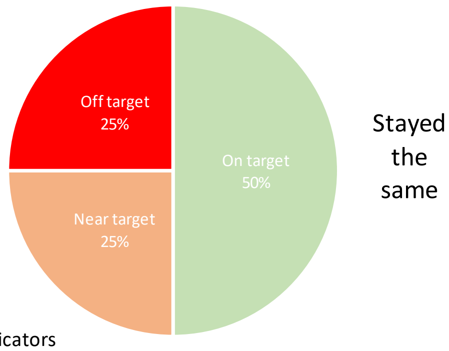
88 indicators about outcomes are monitored by service committees
They have been grouped by outcome area and their status is shown below

Older people live well independently



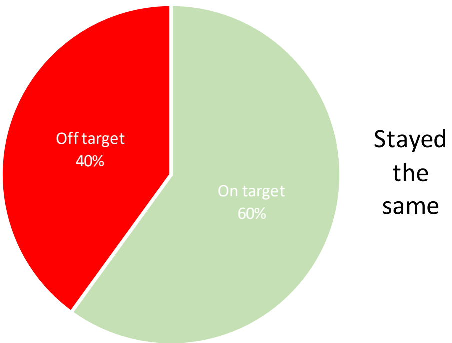
4 indicators

People with disabilities live well independently



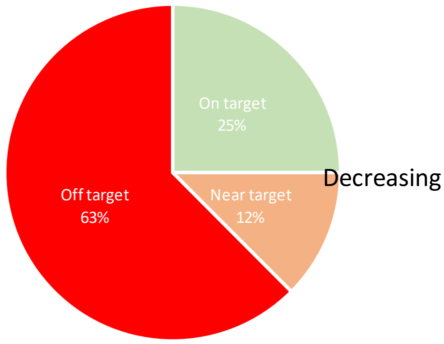
4 indicators

Adults and children are kept safe



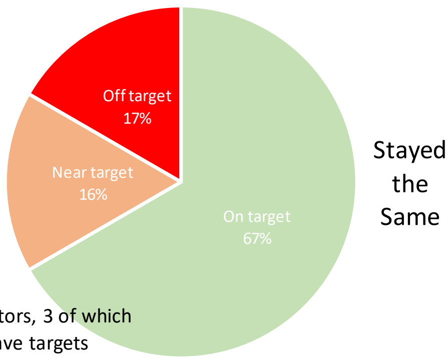
6 indicators, 1 of which do not have targets

People live in a safe environment



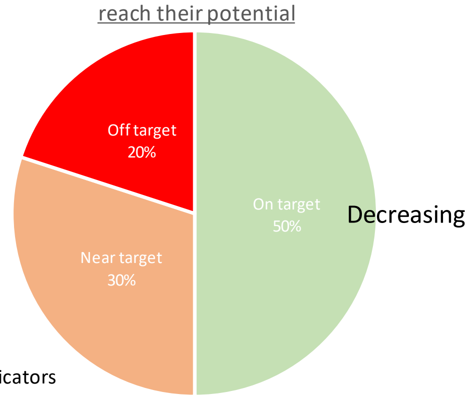
12 indicators, 4 of which do not have targets

The Cambridgeshire economy prospers to the benefit of all residents



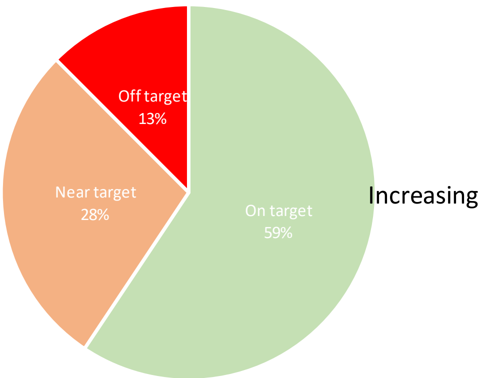
15 indicators, 3 of which do not have targets

Places that work with children help them to reach their potential



10 indicators

People lead a healthy lifestyle and stay healthy for longer



35 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
26 Early ideas ↓ 119 Business cases in development ↑ 23 Projects being implemented↔ Transformation Fund: 35 projects rated Green ↑ 4 rated Amber (reflecting some need to re-phase savings) ↔ 2 rated Red (risk of non-delivery of savings or benefits) ↓	As of the end of January 2018 we had lost 5.95 days on average per staff member to sickness during the last 12 months. This is lower than the average number of days lost per staff member at the end of 2016/17 (6.91 days).

Finance and Risk

Revenue budget forecast

+£4.1m (1.2%) variance at end of year

RED

This is a £0.225m improvement in the revenue forecast since last month.

This is a £6.4m improvement in the anticipated capital programme delivery compared to last month.

Capital programme forecast

-£40.8m underspend forecast, comprising +£6.4m more delivered on non-housing schemes than originally anticipated and -£47.2m relating to housing schemes

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	9	1

*Latest Review: January 2018

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Jan-18	Trend since Apr-17
Nursing	444	Stayed the same
Residential	858	Increasing
Community	2,327	Increasing

Adults aged 18+ open to disability services receiving long term services

	Jan-18	Trend since Apr-17
Nursing	25	Stayed the same
Residential	322	Increasing
Community	1,923	Increasing

Children open to social care

	Jan-18	Trend since Apr-17
Looked after children	702	Increasing
Child protection	502	Decreasing
Children in need*	2,022	Increasing

*Number of open cases in Children's Social Care (minus looked after children and child protection)

Public Engagement

	Jan-18	Trend since Aug-17
Contact Centre Engagement	15,774 Phone Calls	Decreasing
	5,324 Other	Increasing
Website Engagement (cambridgeshire.gov.uk)	166,567 Users	Increasing
	254,656 Sessions	Increasing

The number of service users is a key indicator of the demand for care budgets in social care, inforamtion about the contacts with the public across web and phone channels is a key indicator of both service delivery and transformation.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£4.1m (+1.2%), a decrease of £225k on the forecast pressure reported in December; there have been increases in Corporate Services and Commercial & Investment (C&I), more than offset by improvements in the forecast for Place & Economy (P&E) and Public Health. See section 3 for details.

- The Capital Programme is forecasting £6.4m more of the capital programme being delivered than originally anticipated, excluding Housing schemes which are forecasting an in-year underspend of -£47.2m. This gives an overall forecast underspend of -£40.8m. This includes forecast use of £21.0m (77%) of the capital programme variations budget. See section 6 for details.

3. REVENUE BUDGET

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

Key to abbreviations

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

Original Budget as per Business Plan £000	Service	Current Budget for 2017/18 £000	Forecast Variance (December) £000	Forecast Variance (January) £000	Forecast Variance (January) %	Overall Status	DoT
38,682	Place & Economy	42,030	143	-112	-0.3%	Green	↑
237,311	People & Communities	239,504	6,779	6,774	2.8%	Red	↑
200	Public Health	386	-170	-283	-	Green	↑
15,542	Corporate Services	4,760	239	289	6.1%	Amber	↓
6,500	LGSS Managed	11,691	168	162	1.4%	Amber	↑
2,702	Commercial & Investment	8	650	754	-	Amber	↓
22,803	CS Financing	24,227	-2,006	-2,006	-8.3%	Green	↔
323,740	**Service Net Spending**	**322,606**	**5,803**	**5,578**	**1.7%**	**Red**	↑
24,377	Funding Items	23,305	-1,520	-1,520	-6.5%	Green	↔
348,117	**Total Net Spending**	**345,911**	**4,283**	**4,058**	**1.2%**	**Red**	↑
	Memorandum items:						
7,746	LGSS Operational	9,531	29	-14	-0.1%	Green	↑
212,873	Schools	212,873					
568,736	**Total Spending 2017/18**	**568,315**					

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

2 For budget virements between Services throughout the year, please see Appendix 1.

3 The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.

4 The 'Funding Items' budget (previously been referred to as 'Financing Items') comprises the £23m Combined Authority Levy and the £384k Flood Authority Levy. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

3.1.1 Across the Council, the strategic management team is directing a proactive response through financial management and transformation activity to address the predicted deficit.

The response to the pressures arising includes:

- increasing savings achievable from contractual efficiencies, as part of the rolling procurement review capability, now established and overseen by the Commercial Board.

- bringing forward savings, efficiencies and income maximisation identified for future years where this is possible on a department-by-department basis

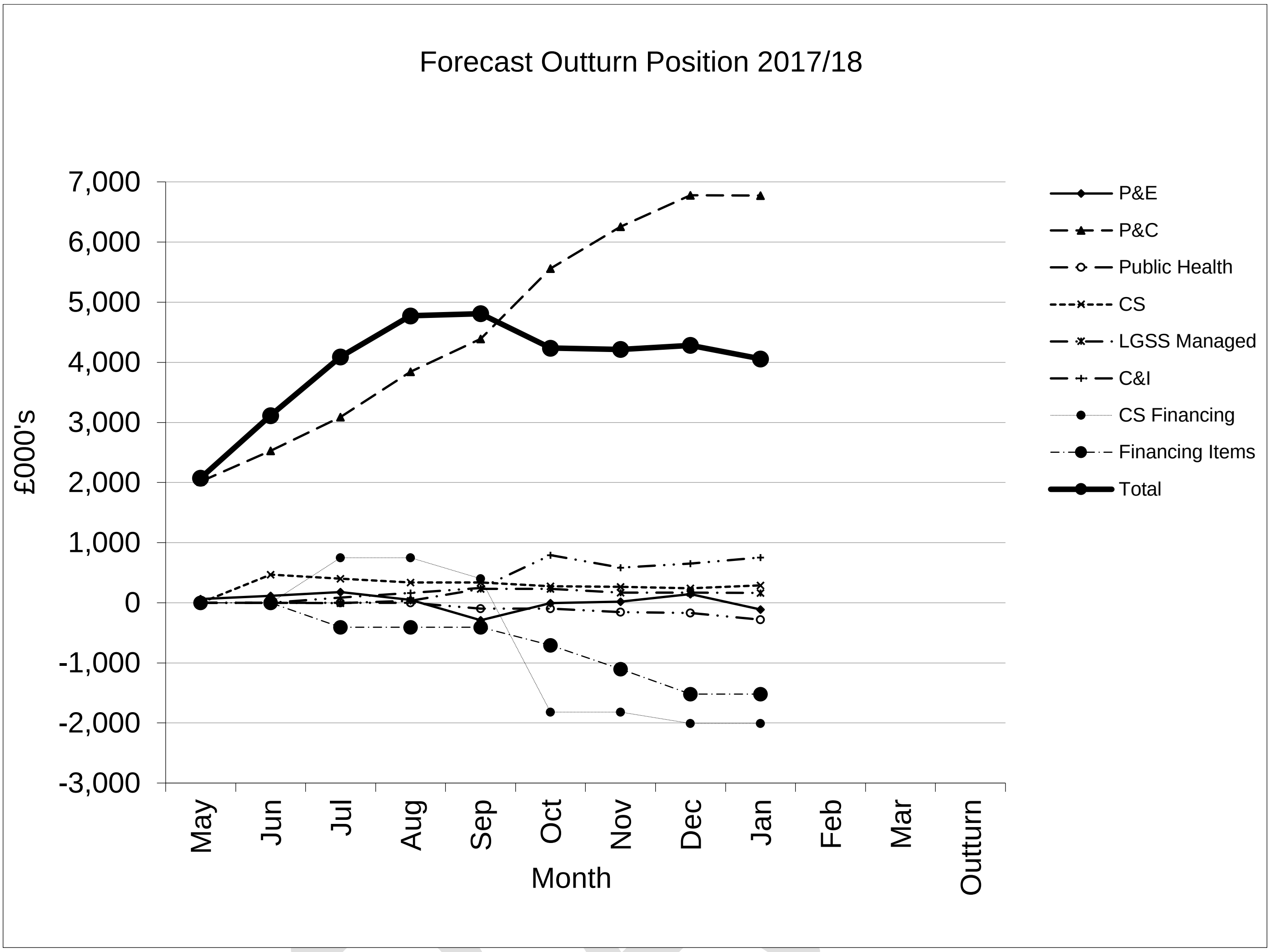
- maximising grant income and retention with appropriate application to current pressures

- review of earmarked and held funds and releasing these where no longer required

- benefitting from opportunities for reduced cost or additional income through collaboration across partners.

- at the November General Purposes Committee (GPC) meeting the Committee noted Peterborough City Council's request to the Chief Executive to explore delivery of further shared services with other local authorities to protect front line services and asked that these opportunities were also explored on behalf of Cambridgeshire County Council. This programme of work has commenced, with opportunities being taken for collaboration and expertise sharing already where these arise.

To date across these measures mitigations totalling £6.2m have been identified.



3.1.2 The Council has enhanced its financial reporting processes in recent months as the level of budgetary challenge has continued to increase. The outlook for demand services remains a risk as services face the winter months - service management teams are planning responses that nonetheless improve the financial position in that context.

The Council has significant budget flexibility to respond to these risks and uncertainties. In addition to the measures already identified and listed in section 3.1.1, SMT has identified significant one-off mitigation in the following areas which will be released in a planned way to respond to and smooth resource needs in the remainder of the financial year, while delivering an improved outturn, compared to the pressures currently reported.

Grant and funding review	There is significant potential to re-prioritise grant funded activity, especially in response to Adults Services pressures as these emerge in winter at a local level, in collaboration with the NHS. This is part of a planned approach across at least the next 2 years.
Balance sheet & financial provision review	There are opportunities to review and release funds previously held for specific risks or uncertainties that can be re-directed in the current context. This forms a regular and routine part of financial and management activity.
Commercial income	As the remit of the Commercial and Investment Committee widens, we view that there are opportunities for an improved position reported by traded and shared services in the remainder of the year.
Workforce	Vacancy and recruitment review activity will continue to forecast financial impacts and deploy existing workforce to key priorities.

3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£0.112m (-0.3%) underspend is forecast at year-end.

	£m	%
• **Highways Other** – a -£639k underspend is forecast, which is an increase of -£335k on the underspend previously reported in October. This is due to additional Highways income that has been achieved which would normally be re-invested in preventative maintenance work. However, until the spend on the Waste budget is clearer, this funding is being held to cover the pressure on the Waste budget rather than being re-invested. This budget is also expected to cover a pressure on the winter maintenance service.	-0.639	(-146%)

- For full and previously reported details see the P&E Finance & Performance Report (https://tinyurl.com/y9a74v2o).

3.2.2 **People & Communities:** +£6.774m (+2.8%) pressure is forecast at year-end.

Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in Appendix 3 to this report.

	£m	%
• **Looked After Children (LAC) Placements –** a +£3.2m pressure is forecast, which is an increase of £300k on the pressure previously reported in December. The majority of this increase is the result of delayed savings that were forecast for planned placement moves and one new high cost secure accommodation placement that has recently been commissioned. External placement numbers (excluding unaccompanied asylum seeking children (UASC) but including 16+ and supported accommodation) at the end of January are 355, which is 3 less than reported at the end of December. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children. Actions being taken to address the forecast pressure are outlined in Appendix 3.	+3.249	(+19%)
Learning Disability Partnership – a +£2.9m pressure is forecast, which is an increase of £527k on the pressure previously reported in December. Overall this is due to higher than expected demand pressures throughout the year and lower levels of savings than required. A detailed review of expected saving delivery in the last quarter has resulted in a reduction in the projected savings for the year. This reduction is due to capacity being needed to negotiate with providers around fee uplifts (reducing potential costs), the speed of reassessment work not being as high as anticipated, and delays caused by providers	+2.917	(+4%)

and the NHS in other regions not engaging sufficiently with savings work.

- **Older People's Services** – a £1.4m pressure is forecast, which is a decrease of £427k on the pressure previously reported in October. This improvement reflects a reduced number of service-users receiving care over several months compared to the trend of the first half of the year. This will be kept under review in light of any pressures during the winter period. +1.431 (+3%)

- **Children in Care** – a £557k pressure is forecast, which is an increase of £113k on the pressure previously reported in December. This increase is as a result of increases across both the under 18 & over 18 Unaccompanied Asylum Seeking Children and 14-25 LAC Team budgets mainly due to the number of clients being supported and latest income expectations from the Home Office, together with an increase in the in-house fostering forecast due to additional placements being made. +0.557 (+4%)

  Actions being taken to address the forecast pressure are outlined in Appendix 3.

- **Strategic Management – Adults –** a £4.1m underspend is forecast. A technical adjustment has been made to the reporting of an underspend relating to the assumed re-prioritisation of grant funded activity in response to Adults Services pressures as they emerge. This was previously reported against the Executive Director line, and is now reported under Strategic Management – Adults, reflecting the reducing of pressures in that area. In addition, the net underspend across these areas has increased by £554k since previously reported in October (Executive Director) and December (Strategic Management- Adults). -4.067 (-116%)

- For full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/y87goo53).

3.2.3 **Public Health:** a -£0.283m (-%) underspend 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 (https://tinyurl.com/y7xbq7u6**).**

3.2.4 **Corporate Services:** +£0.289m (+6.1%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

3.2.5 **LGSS Managed:** +£0.162m (+1.4%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

3.2.6 **CS Financing:** -£2.006m (-8.3%) 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 (https://tinyurl.com/yd96ekbe).

3.2.7 **Commercial & Investment**: +£0.754m (-%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 16th March.)

3.2.8 **LGSS Operational:** -£0.014m (-0.1%) underspend is forecast. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

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 P&C Finance & Performance Report (https://tinyurl.com/y87goo53) (section 2.5).

5. PERFORMANCE AND RISK

5.1 The work to review all indicators and report exceptions against these is still ongoing; once all Service Committees have reviewed their indicators, exceptions will be reported to GPC.

5.2 **Increasing Pressures Requiring Attention:** There were two outcomes where the overall performance decreased since last month. The first was 'People live in a safe environment' and reflected changes in four indicators. The fours indicators that changed were 'East Cambridgeshire LHI (Local Highways Initiative) Programme (15 Projects)', 'South Cambridgeshire LHI Programme (28 Projects)', 'Cambridge City LHI Programme (38 Projects)', and 'Fenland LHI Programme (13 Projects)', these indicators' RAG ratings all changed from amber to red. With 118 LHI projects resources are under significant pressure. Supplementing design and management resources from our highways services contractor has minimised this impact, though a small number of schemes are not due to be completed until April/May 2018 so the required funding will need to be carried over to the next financial year.

The second outcome with decreased performance was 'Places that work with children help them to reach their potential'. This reflected change in one indicator, '% year 12 in learning', whose RAG rating changed from green to amber. Performance in this indicator did not change (96.1%) since last month but was incorrectly labelled as green last month. The target for this indicator (96.5%) is under review and it is noted that performance in this area is better than our statistical neighbour's average and England average.

Further information on the specific indicator changes are detailed on the relevant service committee finance and performance reports.

5.4 The master file of performance indicators is available here, (https://tinyurl.com/ydze8q44) while the latest Corporate Risk Register can be found here, (https://tinyurl.com/yb2eps52).

6. CAPITAL PROGRAMME

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

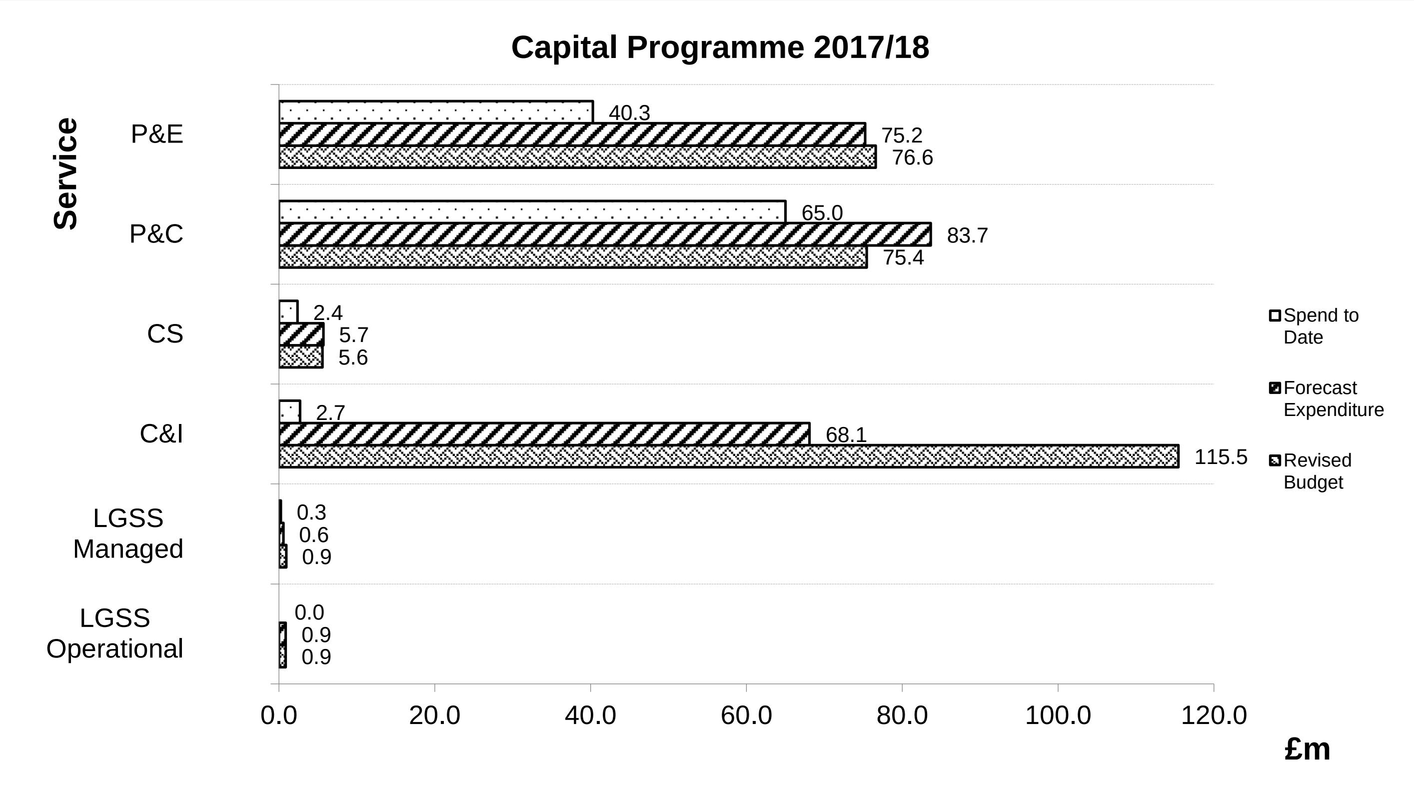
2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan £000	Service	Revised Budget for 2017/18 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) £000
67,331	P&E	76,618	-	-1,378	-1.8%	434,824	-
77,408	P&C	75,442	0	8,239	10.9%	575,941	14,251
5,489	CS & Transformation	5,612	-0	94	1.7%	11,743	423
160	LGSS Managed	949	-	-375	-39.5%	9,853	-495
115,408	C&I	115,455	-47,338	-47,338	-41.0%	234,107	-252
100	LGSS Operational	898	-	-10	-1.1%	2,005	-
-	Outturn adjustment	-	129	-	-	-	-
265,896	**Total Spending**	**274,974**	**-47,209**	**-40,768**	**-14.8%**	**1,268,473**	**13,927**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.

2. The reported P&E capital figures do not include City Deal, which has a budget for 2017/18 of £11.1m and is currently forecasting a balanced budget at year-end

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



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 re-phasing exceeds this budget.

2017/18					
Service	**Capital Programme Variations Budget £000**	**Forecast Variance - Outturn (Jan) £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Forecast Variance - Outturn (Jan) £000**
P&E	-15,514	-16,892	15,514	100.00%	-1,378
P&C	-10,305	-2,066	2,066	20.05%	8,239
CS & Transformation	-279	-185	185	66.31%	94
LGSS Managed	-643	-1,018	643	100.00%	-375
C&I Non-Housing	-720	-849	720	100.00%	-129
LGSS Operational	-20	-30	20	100.00%	-10
Outturn adjustment	-	-	1,892	-	0
Subtotal	**-27,481**	**-21,040**	**21,040**	**76.56%**	**6,441**
C&I Housing	0	0	0	0.00%	-47,209
Total Spending	**-27,481**	**-21,040**	**21,040**	**76.56%**	**-40,768**

6.3 As at the end of January 2018, People & Communities is forecasting an overall utilisation of -£2.1m of the -£10.3m capital programme variations budget originally allocated to P&C, and Corporate Services is forecasting an overall utilisation of -£0.2m of the -£0.3m capital programme variations budget originally allocated to CS. At this stage of the financial year it is forecast that P&C and CS will not require any further capital programme variations budget as these services will have delivered more of their capital programme than originally anticipated. Taken together with the re-phasing on Place and Economy, LGSS Managed Commercial and Investment and LGSS Operational schemes which have exceeded the capital programme variations budget allocated to them, this gives a current forecast of -£6.4m of the capital variations budget which will not be utilised. Therefore, overall expenditure on the 2017/18 capital programme is forecast to be accelerated by £6.4m ahead of the position originally anticipated when the capital variations budget was set.

6.4 The C&I Housing scheme budget does not have a capital programme variations budget associated with it; it is therefore shown as a separate line in the above capital programme variations table. Incorporating the in-year forecast underspend of -£47.2m on Housing schemes, this gives an overall forecast underspend position of -£40.8m.

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

6.5.1 **Place & Economy:** a -£1.4m (-2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	**%**
• **£90m Highways Maintenance schemes** – an in-year pressure of £0.3m is forecast on the £90m Highways Maintenance schemes. The allocated budget incorporated an element of underspend expected on the Transport Delivery Plan (TDP); however expenditure is progressing in line with the TDP.	+0.3	(+4%)
• **Soham Station** - an in-year underspend of -£0.3m is forecast. Network Rail's spend profile has not been as originally anticipated, therefore more of the expenditure will be carried out during 2018-19 than was originally predicted. Due to the increase in cost for the next stage of work, further discussion has been required before we could progress with the next stage of work, GRIP3. Network Rail have now provided a revised forecast of spend.	-0.3	(-60%)
• **Scheme Development for Highways Initiatives** – an in-year underspend of -£1.0m is forecast on Scheme Development for Highways Initiatives. To shortlist schemes for development, discussions have been required with the Chair and Vice Chair of the Economy and Environment Committee. As such, the Committee will not approve schemes for development until February 2018, meaning that new schemes cannot be developed until this point.	-1.0	(-99%)
• **Delivering the Transport Strategy Aims** – an in-year underspend of -£1.0m is forecast across Delivering the Transport Strategy Aims schemes, which is an increase of -£0.3m on the	-1.0	(-23%)

underspend previously reported in November. This is due to underspends on the following highways schemes:
  - B1049 The Green, Histon / Impington: An underspend of -£0.1m is forecast due to the scheme being re-phased to 2018-19.
  - C291/C292 Cambridge Victoria Ave/Maids Causeway: An underspend of -£0.1m is forecast due to the scheme being re-phased to 2018-19.
  - Unclassified Cambridge Oxford Rd / Windsor Rd Traffic calming: An underspend of -£0.1m is forecast due to the scheme being re-phased to 2018-19.

- **Ely Crossing** - an in-year underspend of - £3.8m is forecast. This is due to the extended construction programme; as a reduced quantity of construction work is anticipated during the 2017/18 financial year there is in turn a reduced anticipated spend.

  The construction target cost for the contract was £27.4m at the time of award of Stage 2. Whilst work is progressing on site, some significant risks have emerged requiring additional work, including Network Rail requirements, the diversion of statutory undertakers' plant, buildability issues arising from the complex V piers (V-shaped piers forming part of the substructure) and additional temporary works resulting from poor and variable ground conditions. These will increase the outturn cost of the scheme significantly and are currently being considered with the contractor to minimise the impact on the project and to reduce the cost impact.

  -3.8 (-15%)

  The completion date is likely to be late Summer/Autumn 2018, depending on weather. The Council is working with the contractor to identify options to mitigate against delay and minimise costs. A number of value engineering opportunities are also being explored. Once the implications have been developed more fully, they will be reported back to this committee.

- **P&E Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget until has been utilised in full. Therefore £15.5m of the £16.9m P&E underspend is balanced by use of the capital variation budget; this is an increase of £3.9m on the use of variations budget reported last month, for the reasons given above.

  +15.5 (+100%)

- For full and previously reported details see the P&E Finance & Performance Report (https://tinyurl.com/y9a74v2o).

6.5.2 **People & Communities:** +£8.2m (+11%) accelerated spend is forecast after utilising -£2.1m of the -£10.3m capital programme variations budget allocated to P&C.

	£m	**%**
• **Basic Need – Secondary** – an in-year pressure of +£0.6m is forecast, which is a decrease of £0.9m on the pressure previously reported in August. This decrease is mainly due to re-phasing of the following schemes: ○ St Bede's: The project at St Bede's to deliver additional places in Cambridge has been re-phased by £985k due to delays in the kitchen refurbishment works and a revised completion date of 26 June rather than 29 May 2018. The Chesterton element of the scheme is not starting on site until next financial year with a revised completion date of 26 June rather than 29 May 2018.	+0.6	(+2%)
• **Condition & Maintenance** – an in-year pressure of +£0.3m is forecast. This is due to higher than anticipated tender prices for kitchen ventilation works (£200k) required to meet health and safety standards and projects requiring urgent attention to ensure that the schools in question remain operational (£101k).	+0.3	(+10%)
• **P&C Capital Variation –** as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £2.1m underspend is balanced by use of the capital variations budget. This is an increase of £0.4m on the use of variations budget last reported in December.	+2.1	(+20%)

- For full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/y87goo53).

6.5.3 **Corporate Services:** +£0.094m (+2%) accelerated spend is forecast after utilising -£0.2m of the -£0.3m capital programme variations budget allocated to Corporate Services. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

6.5.4 **LGSS Managed:** a -£0.4m (-40%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	**%**
• **Cambridgeshire Public Sector Network** – an in-year underspend of -£0.5m is forecast. This is due to a delay in awarding the contract, which will now be re-phased into 2018-19.	-0.5	(-90%)

- For full and previously reported details see the CS & LGSS Finance & Performance Report.

6.5.5 **Commercial & Investment**: a -£47.3m (-41%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 16th March.)

6.5.6 **LGSS Operational:** a -£0.01m (-1%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

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

6.6.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the P&E Finance & Performance Report (https://tinyurl.com/y9a74v2o).

6.6.2 **People & Communities:** a +£14.3m (+3%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report (https://tinyurl.com/y87goo53).

6.6.3 **Corporate Services:** a +£0.4m (+4%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

6.6.4 **LGSS Managed:** a -£0.5m (-5%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report (https://tinyurl.com/yd96ekbe).

6.6.5 **Commercial & Investment**: a -£0.3m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.

(Please note that the C&I report is not yet available. The link will be activated following the publication of the C&I Committee agenda on 16th March.)

6.6.6 **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 (https://tinyurl.com/yd96ekbe).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.5	8.0	7.2	**36.1**	36.1	-
Basic Need Grant	32.7	-	-	-	**32.7**	32.7	-
Capital Maintenance Grant	4.0	-	0.4	-	**4.5**	4.5	-
Devolved Formula Capital	1.1	0.8	-0.1	-0.0	**1.8**	1.8	-
Specific Grants	23.1	0.5	-7.6	-0.1	**16.0**	16.0	-
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	0.8	**20.0**	20.0	-
Capital Receipts	83.9	-	-	-	**83.9**	4.5	-79.3
Other Contributions	15.1	0.4	-4.6	2.7	**13.6**	13.6	-
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	63.5	9.6	-10.4	3.8	**66.5**	105.1	38.6
TOTAL	**265.9**	**13.4**	**-18.7**	**14.3**	**275.0**	**234.2**	**-40.8**

[1] Reflects the difference between the anticipated 2016/17 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2017/18 Business Plan, and the actual 2016/17 year end position.

6.8 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Prudential Borrowing	C&I	+£0.2	Shire Hall Relocation- additional funding of £171k is requested in 2017/18 for the Shire Hall Relocation project. This is to cover the capitalisation of the cost of the business case and feasibility studies for the project, (as commissioned by the steering group), as detailed in the business case that was agreed as part of the Business Plan by C&I in December. The initial total cost over the lifetime of the scheme is expected to be £16.6m and this will be funded from borrowing. The annual cost of borrowing of this feasibility study's element of the scheme starts in 2018/19 at £10k and decreases each year thereafter. **General Purposes Committee is asked to approve additional prudential borrowing of £171,000 in 2017/18 for the Shire Hall relocation project. (Please note that this recommendation is carried forward from the December report which was circulated via email.)**
Addition/Reduction in Funding – Prudential Borrowing	LGSS	+£0.4	An additional £0.4m of prudential borrowing was approved by General Purposes Committee at the 28th November 2017 meeting to complete the implementation of the Agresso (ERP Gold) system to replace the existing Oracle system. **General Purposes Committee is asked to note this additional prudential borrowing.**
Addition/Reduction in Funding – Contributions	P&E	+£0.6	An additional £0.6m of contributions has been received for Combined Authority Schemes. **General Purposes Committee is asked to note this additional funding.**

6.9 In addition to the above funding budget changes for 2017/18, additional funding of £359k is requested in 2017/18 to fund the in-year pressure on the Capitalisation of Corporate Redundancies budget. Transformation costs can only be classified as capital under the government directive on flexible use of capital receipts, which permits capital receipts to be used to fund transformation work, therefore they must be funded by capital receipts rather than any other source of capital funding. This necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme, offset by an increase of £359k in the C&I borrowing requirement. The main service which is facing additional redundancies costs, following a restructure, had previously accumulated a departmental revenue reserve. This revenue reserve was previously incorporated into the general fund reserve, following Council policy, and it is therefore considered most appropriate to make use of the capital receipts flexibility for this transformation activity instead.

General Purposes Committee is asked to approve additional prudential borrowing of £359,000 in 2017/18 to offset the increased use of capital receipts for additional capitalisation of redundancies. (Please note that this recommendation is carried forward from the December report which was circulated via email; this has changed from the previous £328k additional funding reported in December with a further £31k of funding expected to be required.)

6.10 The St Ives Smart Energy Grid business case was approved by C&I in December 2017 and as such was subsequently included in the 2018/19 Business Plan, agreed by Full Council on 6th February 2018. However, the Business Case included £196k budget for 2017/18 in order to complete initial feasibility work. This work has currently been funded by revenue; therefore GPC are asked to agree the additional budget in 2017/18 required to undertake the capitalisation of this expenditure in line with the original Business Case. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £1.8m) will start in 2020/21 at £137k and decreases each year thereafter. The scheme is expected to deliver an ongoing revenue stream, starting at £117k in 2019-20, increasing eventually to £163k per annum thereafter.

Capital Programme Board have reviewed the Business Case for the St Ives Smart Energy Grid work and recommend that GPC approve the additional prudential borrowing of £196k in 2017/18 to undertake this scheme.

6.11 Request for additional 2018/19 funding:

The intention to move the Whittlesey Children's Centre, located on the New Road Primary School site, to Scaldgate Youth and Community Centre was agreed as part of the 2017 public consultation on Children's Centres, approved by Full Council on 17th October 2017. If the Children’s Centre vacates the site by 31st July, the vacant space can be adapted over the summer holidays ready to be utilised during the school expansion programme, which will eliminate the need for costly temporary mobiles. As such, the work required to adapt the nearby Scaldgate Youth and Community Centre to make it suitable for the Children's Centre needs to commence in early 2018/19 in order to be completed by 31st July 2018. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2019/20 at £6k and decreases each year thereafter.

Capital Programme Board have reviewed the Business Case for the adaptions work and recommend that GPC approve the additional prudential borrowing of £75,000 in 2018/19 to undertake this scheme.

6.12 Request for additional 2018/19 funding:

The computers in libraries used by the public, also referred to as 'The People's Network', all need to be replaced. The current computers all use Windows 7 but that is no longer supported by Microsoft, however they cannot be upgraded to the current operating system used by Microsoft, Windows 10, because the computers are out of life and no longer under warranty. This upgrade will also support planned service developments now and over the next 2/3 years that will bring Cambridgeshire in line with the Department for Digital, Culture, Media and Sport’s strategy for libraries in England.

The change to Windows 10 would require all mice, screens, key boards and computers to be replaced, as well as updating back-end servers. Currently there are 550 computers on the People's Network; 117 counter desktop computers and 216 corporate desktop computers which will all need replacing and existing machines to be disposed of. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2019/20 at £104k and decreases each year thereafter.

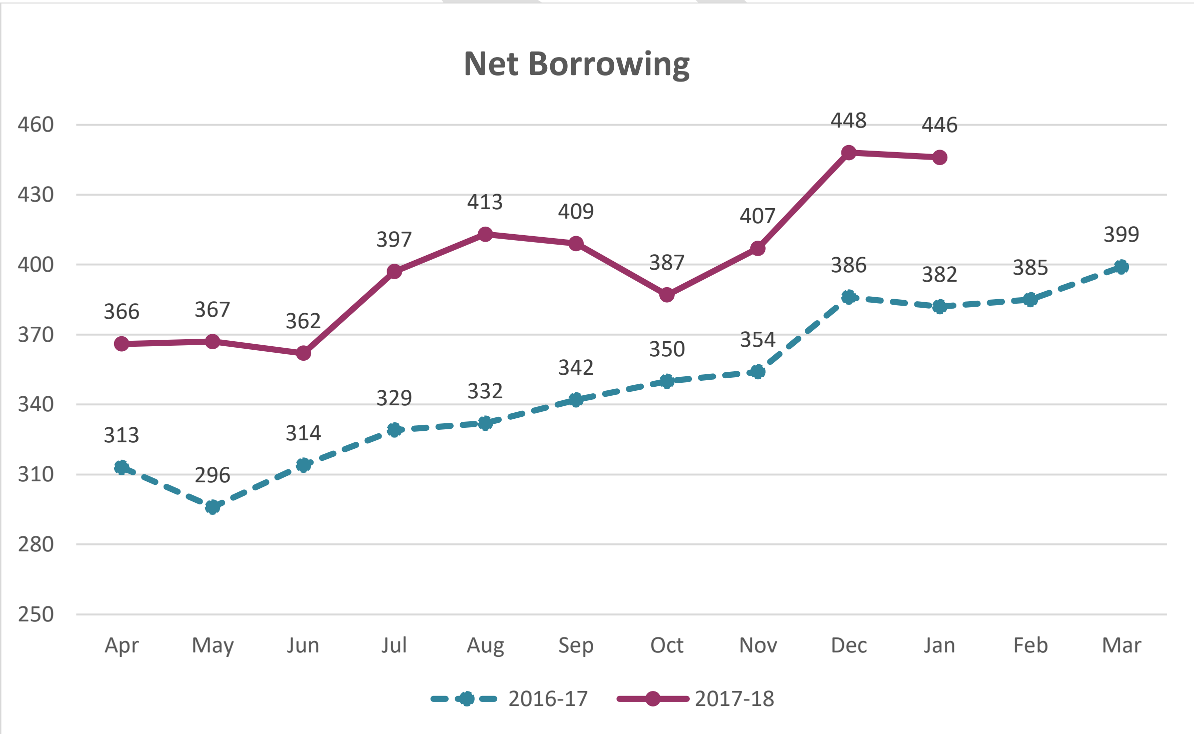
Capital Programme Board have reviewed the Business Case for the replacement of computers and equipment as part of the Libraries People’s Network refresh and recommend that GPC approve the additional prudential borrowing of £495,000 in 2018/19 to undertake this scheme.

7. BALANCE SHEET

7.1 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) 91-360 days, £m	Adult Social Care	£1.6m	£2.5m
	Sundry	£0.4m	£1.1m
Level of debt outstanding (owed to the council) 361 days +, £m	Adult Social Care	£1.9m	£2.6m
	Sundry	£0.1m	£0.3m
Invoices paid by due date (or sooner)		97.6%	99.6%

7.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of January 2018 were £25.88m (excluding 3rd party loans) and gross borrowing was £471.86m. Of this gross borrowing, it is estimated that £26.519m 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.



7.3 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 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2017 was £399m, this reduced to £366m at the end of April 2017 thus starting at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

7.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.

7.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

7.6 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.

7.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report (https://tinyurl.com/y82aarug).

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

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

8.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

8.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

9. SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 Engagement and Consultation Implications

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

9.6 Localism and Local Member Involvement

There are no significant implications within this category.

9.7 Public Health Implications

There are no significant implications within this category.

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

Source Documents	Location
P&E Finance & Performance Report (January 18) P&C Finance & Performance Report (January 18) PH Finance & Performance Report (January 18) CS and LGSS Cambridge Office Finance & Performance Report (January 18) C&I Finance & Performance Report (January 18) Performance Management Report & Corporate Scorecard (January 18) Capital Monitoring Report (January 18) Report on Debt Outstanding (January 18) Payment Performance Report (January 18)	1st Floor, Octagon, Shire Hall, Cambridge

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	237,311	200	38,682	22,803	15,542	6,500	2,702	7,746	24,377
Post BP adjustments	-292		-18		-69	521		-142	
Apprenticeship Levy	335	8	61		-456	6	5	40	
City Deal budgets not reported in CCC budget					-1,027				
Transfer Digital Strategy budget to CS - CCR	-1,286		-68		1,354				
Transfer Strengthening Communities budget to CS - CCR1			-689		689				
Property demerger from LGSS and rationalisation of property services			58			-7		-51	
Organisational structure review	-293				293				
Transfer budget for Court of Protection team to CS	-52							52	
Transfer surplus NHB funding from City Deal					-256				256
Transfer budget from reablement for In Touch maintenance	-10				10				
Allocation of inflation to Waste budget			200						-200
Drug and Alcohol Treatment service transfer to PH	-178	178							
Workforce development budget transferred to LGSS	-1,361							1,361	
Budget transfer per CCR	-43				43				
Property commissioning transfer budget to P&C	-11							11	
Dial a Ride budget to Total Transport	12		-12						
LAC demography	2,913				-2,913				
Waste demography			170		-170				
Transfer of savings LGSS to C&I							-349	349	
Welfare benefits budget to Financial Assessments and Adult Early Help	80				-142			62	
Combined Authority levy adjustment			1,327						-1,327
Budget transfer to Transformation Team					39			-39	
P&E use of earmarked reserves			287						-287
Catering and Cleaning services transfer to C&I	449						-449		
Business support transfer to applications development	-54							54	
Use of earmarked reserves for passenger transport			118						-118
Grants budget to P&C	130				-130				
Supporting Community Services budget transfers	139		76		-215				

Adult Learning & Skills transfer to P&C	180		-180						
Healthwatch transfer to P&C	382				-382				
Supporting Community Services budget transfers	358		411		-769				
Community Led Local Development Programme Funding transfer	21					-21			
Trading Services budget transfers	306						-306		
Supporting Community Services budget transfers	102				-102				
Cambs Housing Investment Company net interest receivable transfer to C&I				1,424			-1,424		
ESPO dividend budget transfer to C&I						200	-200		
Equalisation adjustment transfer from LGSS Managed to LGSS Cambridge Office						-15		15	
Budget transfer per CCR					-43			43	
Transfer Strengthening Communities budget	5		17		-22				
Transfer insurance budgets	419		1,615			-2,033			
Physical Disabilities redundancy savings to CS	-31				31				
Transfer Strengthening Communities budget	-27		-5		32				
Reduce flood budget ETE, approved by GPC			-20						20
Current budget	**239,503**	**386**	**42,030**	**24,227**	**11,338**	**5,151**	**-21**	**9,501**	**22,721**
Rounding	-2	0	0	0	0	2	0	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 31 January 2018		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	15,808	1,546	17,353	13,296	
- Services					Service reserve balances transferred to General Fund after review
1 P&C	540	-540	0	0	
2 P&E	2,229	-2,229	0	0	
3 CS	-64	64	0	0	
4 LGSS Operational	609	-29	580	51	
subtotal	19,122	-1,188	17,933	13,347	
Earmarked					
- Specific Reserves					
5 Insurance	3,269	-1,324	1,945	1,945	
subtotal	3,269	-1,324	1,945	1,945	
- Equipment Reserves					
6 P&C	133	0	133	83	
7 P&E	218	0	218	218	
8 CS	57	0	57	57	
9 C&I	726	0	726	680	
subtotal	1,134	0	1,134	1,038	
Other Earmarked Funds					
10 P&C	1,223	-707	516	404	
11 PH	2,960	0	2,960	2,457	
12 P&E	5,989	-99	5,890	4,883	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
13 CS	2,656	-97	2,559	2,181	
14 LGSS Managed	146	0	146	146	
15 C&I	442	53	495	548	
16 Transformation Fund	19,525	2,777	22,302	19,562	Savings realised through change in MRP policy
17 Innovation Fund	1,000	-72	928	928	
subtotal	33,941	1,855	35,796	31,109	
SUB TOTAL	**57,465**	**-657**	**56,809**	**47,439**	
Capital Reserves					
- Services					
18 P&C	1,827	44,455	46,282	44	
19 P&E	7,274	37,948	45,222	5,200	
20 LGSS Managed	72	-72	0	0	
21 C&I	0	3,100	3,100	0	
22 Corporate	29,782	10,887	40,668	30,344	Section 106 and Community Infrastructure Levy balances.
subtotal	38,955	96,318	135,272	35,588	
GRAND TOTAL	**96,420**	**95,661**	**192,081**	**83,026**	

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 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 31 January 2018		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	669	0	669	0	
2 P&C	200	0	200	0	
3 CS	64	0	64	64	
4 LGSS Managed	3,056	-56	3,000	3,000	
5 C&I	24	0	24	24	
subtotal	4,013	-56	3,957	3,088	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,626**	**-56**	**7,570**	**6,701**	

APPENDIX 3 - Narrative from the report to Children and Young People Committee about budget pressures

<table>
<tr><th rowspan="2">Service</th><th>Current Budget for 2017/18</th><th>Actual</th><th colspan="2">Forecast Variance Outturn</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th></tr>
<tr><td>11) Home to School Transport – Special</td><td>8,008</td><td>5,790</td><td>420</td><td>5%</td></tr>
</table>

The Home to School Transport – Special Budget is forecasting to be £420k over budget at year-end. This is due to a higher than expected number of transport applications from children attending special schools, with an increase of 8% in the number of Cambridgeshire pupils attending Special Schools in the Autumn Term of Academic Year 17/18 compared to Autumn Term 16/17.

While savings have been made through successful routes retenders, savings activities around Independent Travel Training and Personal Transport Budgets (PTB) have not been achieved.

Mitigating actions being taken include:

- A detailed review of children and young people currently travelling in high-cost single occupancy taxis to assess whether more cost-effective options are available
- A strictly time limited review of the PTB scheme looking at the current criteria, decision-making, reporting and monitoring processes and how these can be improved to deliver the planned savings.
- A working group has been established to relaunch the plan to roll out independent travel training with the first group of children and young people being able to travel independently from September 2018

Due to the length of existing contracts and the structure of the academic year it is unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
12) LAC Transport	**1,126**	**1,220**	**500**	**44%**

The LAC Transport budget is forecasting to be £500k over budget at year-end. The overall increase in Looked after Children has meant that more children are requiring Home to School Transport. Many of these children are placed out of county and/or at a significant distance away from their schools leading to high transport costs.

It has been agreed with the Head of Countywide and Looked After Children Services that activities to mitigate the pressure will include:

- Case-by-case reviews of the most expensive cohorts of Looked After Children transport to identify savings reductions, particularly targeting high-cost single occupancy taxi journeys and encouraging more children to walk shorter journeys.
- Route reviews to identify opportunities for shared vehicles, routes and providers, including across different client groups e.g. mainstream, SEND, or Adult transport, reducing any duplication and opportunities for better use of volunteer drivers.
- Further activity to ensure the Council's policies around transport provision are implemented fully across the board, with joined-up decisions across social care and transport.

Due to the length of existing contracts and the structure of the academic year it is highly unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn £'000	%
13) Youth Offending Service	**1,618**	**980**	**-107**	**-7%**

The Youth Offending Service are forecasting an under spend of £107k, an increase of £4k from December. Based on low incidents of secure remand for young offenders in recent years, the YOS remand equalisation earmarked reserve has been reduced, creating a non-recurrent underspend of £90k this year. The remaining £17k underspend is across a number of non-pay budgets, including staff training.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn £'000	%
14) Strategic Management – Children & Safeguarding	**3,575**	**4,663**	**822**	**23%**

The Children and Safeguarding Director budget is forecasting an £822k over spend. This is a decrease of -£200k since last month following a review of actual and estimated vacancy savings within the service.

The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing and unfunded posts of £180k.The Business Support service pressure of £245k is now being managed in year and managed out entirely by 2018/19. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads. All local authorities have agency social workers, many with a much higher % and therefore a budget to accommodate this need is necessary.

A further cost of £336k is due to the service not being awarded an expected grant from the DFE, anticipation of this grant had been built in as an income stream and this has now resulted in a shortfall in the required staffing budget.

The service is estimated to exceed its vacancy saving target by £400k.

<u>Actions being taken:</u>
A business support review is underway to ensure we use that resource in the most effective manner in the new structure. All the budget pressures continue to be monitored and reviewed at the workforce work stream project meetings, by Senior Management Team and at the P&C Delivery Board with any residual pressures being managed as part of the 2018/19 Business Planning round.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
15) Children in Care	**13,023**	**11,785**	**557**	**4%**

The Children in Care policy line is forecasting to be £557k over budget at year-end. This is an increase of £150k since last month due to increases across both the under 18 & over 18 Unaccompanied Asylum Seeking Children and 14-25 LAC Team budgets mainly due to the number of clients being supported and latest income expectations from the Home Office, together with an increase in the in-house fostering forecast due to additional placements being made.

The 14- 25 Team 4 is forecasting to be £179k over budget. This is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. The local authority has a duty to support this cohort of young people as care leavers. Pending young people being granted an asylum seeking status as young adults, they are not able to claim benefits or obtain housing and require support from the local authority until the Home Office has made a decision.

Currently it is forecast that the local authority has to support them for up to six months after their 18th birthday. Cambridgeshire has seen an increase in the size of this cohort in this financial year as a number of looked after children (including those newly arrived in Cambridgeshire this year) have turned 18.

The Supervised Contact team is forecasting to be £275k over budget. This is due to the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week.

<u>Actions being taken:</u>
The local authority continues to liaise closely with the Home Office to advocate that decisions for individual young people are expedited in a timely way.

In Supervised Contact we have implemented a systemic review of all supervised contact taking place across the service to ensure better use of staff time and costs. Despite this, resources remain stretched and the service are exploring other avenues to better manage the current caseloads.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	%
16) Looked After Children Placements	**17,344**	**15,790**	**3,249**	**19%**

A pressure of £3.2m is being forecast, which is an increase of £0.3m from what was reported in December. The majority of this increase is the result of delayed savings that were forecast for planned placement moves (these have been delayed from the original planned move date) and 1 new high cost secure accommodation placement that has recently been commissioned.

It is positive that the overall numbers of looked after children have increased only slowly throughout the year. This demonstrates that demand management activity is having positive impact on numbers of Looked After Children and of external placements.

Overall LAC numbers at the end of January 2018, including placements with in-house foster carers, residential homes and kinship, are 702, 1 more than December 2017. This includes 63 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of January are 355, which is 3 less than reported at the end of December. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%

Looked After Children Placements continued;

External Placements Client Group	Budgeted Packages	31 Dec 2017 Packages	31 Jan 2018 Packages	Variance from Budget
Residential Disability – Children	1	1	2	+1
Child Homes – Secure Accommodation	0	0	1	+1
Child Homes – Educational	16	18	18	+2
Child Homes – General	22	37	37	+15
Independent Fostering	263	265	260	-3
Supported Accommodation	15	28	28	+13
Supported Living 16+	25	9	9	-16
TOTAL	**342**	**358**	**355**	**+13**

'Budgeted Packages' are the expected number of placements by Mar-18, once the work associated to the saving proposals has been undertaken and has made an impact.

Actions being taken to address the forecast pressure include:

- Weekly panel that all requests for placements have to go to and review of high-cost placements on a regular basis. Access to Resources and operational managers to ensure that the plans for children remain focussed and that resources are offering the best value for money. This is chaired by the Assistant Director.
- Purchase placements reviews – scrutiny by placement officers and service/district managers to review emergency placements, changes of placements and return home from care planning to ensure that children are in the right placement for the right amount of time. This has resulted in timely and planned endings of high cost placements where appropriate.
- All new admissions to care have to be agreed at Assistant Director or Service Director level.
- Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of an all-inclusive team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.
- A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the P&C directorate to lead the Access to Resources function.
- A new Access to Resources Manager has been engaged to add specific capacity to ensure the right placement at the right cost is secured in all cases.

<u>Longer Term Actions</u>:

A business case that seeks investment to ultimately deliver reductions in overall numbers of children in care and increase the proportion of those remaining in care who are placed with in-house fostering households was approved by General Purposes Committee in December. This will include independent evaluation commencing in January 2018 to establish whether the progress of children through the care system and spending too long in care is a factor in the numbers of children in care being higher than statistical neighbours. The evaluation will report in March 2018 to enable us to take action to fundamentally change processes from that point.

The business case also enables investment in the in-house fostering service to address the placement mix; in Cambridgeshire, 60% of children placed with general foster carers are placed with IFA foster carers. This would more ordinarily be expected to be between 30 and 40%.

<table>
<tr><th rowspan="2">Service</th><th>Current Budget for 2017/18</th><th>Actual</th><th colspan="2">Forecast Variance Outturn</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>%</th></tr>
<tr><td>17) Adoption</td><td>4,406</td><td>4,298</td><td>576</td><td>13%</td></tr>
<tr><td colspan="5">The Allowances budget is forecasting to be £576k over budget at year-end.

Our contract with Coram Cambridgeshire Adoption (CCA) provides for 39 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements (£352k) to manage this additional requirement and ensure our children receive the best possible outcomes.

The Adoption/SGO allowances pressure of £224k is due to an increase in SGOs over and above our growth forecasts. We have seen an increase of 15% (28 SGOs) so far in 2017/18 against a planned full year rise of 9%. The increase in Adoption and Special Guardianship orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.

<u>Actions being taken</u>:
Ongoing dialogue continues with CCA to look at more cost effective medium term options to recruit more adoptive families to meet the needs of our children. Rigorous oversight of individual children's cases is undertaken before Inter Agency placement is agreed.

A programme of reviews of allowances will be implemented resulting in the reduction of some packages with the intention of off-setting any further growth by way of new allowances.</td></tr>
<tr><td>18) Legal Proceedings</td><td>1,540</td><td>1,724</td><td>686</td><td>45%</td></tr>
<tr><td colspan="5">The Legal Proceedings budget is forecasting to be £686k over budget at year-end. This is an increase of £85k since last month due to late billing of historical legal costs.

Numbers of care applications increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend. There are currently 96 open sets of care proceedings. Whilst the numbers of ongoing set of care proceedings have reduced by around 14% since 1 April 2017 we have consistently had around 100 cases which indicates that we are likely to exceed the previous year's number of completed legal proceedings, thus causing significant pressure on the legal budget.

Whilst we now have fewer ongoing sets of care proceedings (and fewer new applications being issued in Court) legacy cases and associated costs are still working through the system. Aside from those areas where we are working on to reduce costs i.e. advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £600k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.

<u>Actions being taken:</u>
Work is ongoing to better manage our controllable costs by use of a legal tracker which should enable us to better track the cases through the system and avoid additional costs due to delay. We have invested in two practice development posts to improve practice in the service and will also seek to work closer with LGSS Law with a view to maximising value for money.</td></tr>
</table>

<table>
<tr><th rowspan="2">Service</th><th>Current Budget for 2017/18</th><th>Actual</th><th colspan="2">Forecast Variance Outturn</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>%</th></tr>
<tr><td>19) Children's Disability Service</td><td>6,527</td><td>6,369</td><td>168</td><td>3%</td></tr>
<tr><td colspan="5">The Children's Disability Service is forecasting to be £168k over budget at year-end.

The Community Support Services budget has seen an increase both in the number of support hours, a high cost individual case (£35k) and in the number of joint funded health packages (also including some with high allocations of hours). Contributions to Adult Services (£45k) have increased and the service is also carrying a £50k pressure from 2016/17.

<u>Actions being taken:</u>
We will be reviewing the costs of current packages and in particular support levels for our young people.</td></tr>
<tr><td>20) High Needs Top Up Funding</td><td>13,573</td><td>12,738</td><td>200</td><td>1%</td></tr>
<tr><td colspan="5">Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers continue to increase and as a result the year-end forecast is £200k over budget. Placements for the 2018/19 academic year are still being finalised and as such the overall cost for the remainder of the financial year could increase further as more young people remain in education.

This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block.</td></tr>
<tr><td>21) SEN Placements</td><td>8,973</td><td>8,875</td><td>850</td><td>9%</td></tr>
<tr><td colspan="5">The SEN Placements budget continues to forecast a £850k overspend this month.

Overall there are rising numbers of children and young people who are LAC, have an EHCP and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive.

The SEN Placement budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG).

<u>Actions being taken</u>:
SEND Sufficiency work is underway to inform future commissioning strategy. This will set out what the SEND need is across Cambridgeshire, where it is and what provision we need in future, taking account of demographic growth and projected needs. The SEND Sufficiency work will be completed in January 2018. A series of workshops are being planned for Spring 2018;
Three new special schools to accommodate the rising demand over the next 10 years. One school opened in September 2017 with two more planned for 2020 and 2021. Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 courses are also being explored in the plan;
SEND Commissioning Strategy and action plan are being developed with a focus on children and young children with SEND in Cambridgeshire accessing mainstream education;
Work on coordination of reviews for ISEPs to look at returning in to county; and
A full review of all High Needs spend is required due to the ongoing pressures and proposed changes to national funding arrangements.</td></tr>
</table>

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
22) Out of School Tuition	**1,119**	**1,089**	**636**	**57%**

The Out of School Tuition budget is forecasting a pressure of £636k, which is an increase of £36k this month following a rise in the number of new packages being requested this month (January's requests have come through following breakdowns in placement that happened towards the end of the Autumn term in December).

There are several key themes emerging which are having an impact on the need for children to receive a package of education, sometimes for prolonged periods of time:

- Casework officers are not always made aware that a child's placement is at risk of breakdown until an emergency annual review is called.
- Casework officers do not have sufficient access to SEND District Team staff to prevent the breakdown of an education placement in the same way as in place for children without an EHCP.
- There are insufficient specialist placements for children whose needs cannot be met in mainstream school.
- There is often a prolonged period of time where a new school is being sought, but where schools put forward a case to refuse admission.
- In some cases of extended periods of tuition, parental preference is for tuition rather than in-school admission.

There has been an increase in the number of children with an Education Health and Care Plan (EHCP) who are awaiting a permanent school placement. The delay is due to the nature and complexity of the needs of these children. Many of these children are in Key Stage 1 and do not have a permanent placement due to a lack of provision for this cohort of children. In addition, there are a number of children and young people who have a Statement of SEN/EHCP and have been out of school for some time. A smaller cohort of Primary aged children who are permanently excluded, or those with long term medical absence from school, sometimes require external tuition packages when SEND Specialist Teaching capacity is full.

A new process has been established to ensure all allocations and packages are reviewed in a timely way and that there is oversight of moves back into full time school. The transfer of the Out of School Tuition budget to the SEND Services (from November 17) enables more opportunities to use resources differently and to have more cost effective in-house tuition. There have been discussions with the Transformation Team and following the outcomes and recommendations of several large scale provision and funding reviews, we aim to look at the extension of the existing team in order to prevent placement breakdown more effectively and provide high quality teaching to a smaller number of children who need tuition.

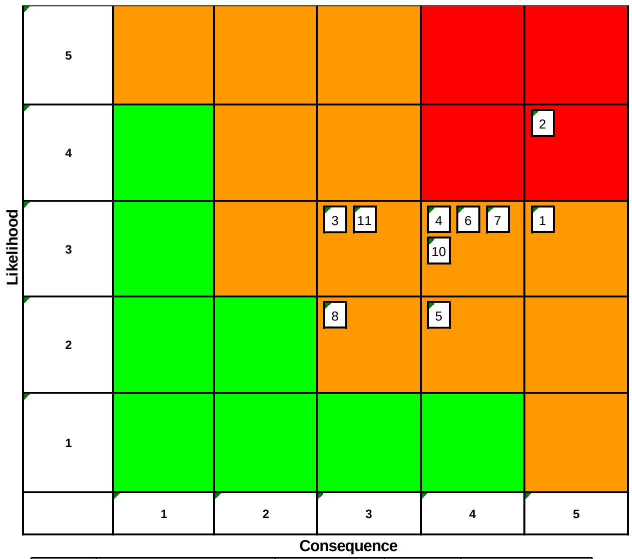
Immediate interim controls have been placed on access to this budget. Casework officers and Statutory Assessment Team Leaders must request new packages or increases to existing packages with the budget holder. This is vital in order to understand the nature of requests and bring in swift additional support from SEND District Teams. This is not a long term solution and the budget holder is working with the Transformation Team to investigate whether the pump-priming of the SEND District Teams with additional staff could either prevent the breakdown of placement (and therefore reduce the need for packages of education) or provide in-house tuition at a cheaper rate.

The current Tuition Provider Framework is up for recommissioning in March 2018. It has been agreed to extend the framework by 12 months in order to give time to look at more sustainable and in-house provision. These decisions and a business case will be formulated using the data and recommendations given through the SEMH Review, High Needs Block Review and SEND Sufficiency Review, which will close in January 2018. The Tuition Provider Contract is zero-based and requires no minimum fulfilment.

In the short term, it has been agreed to review all cases open to tuition with casework officers as a matter of urgency. This will involve rag rating cases according to confidence that tuition will be ceasing soon (e.g. next steps to a school are in place), safeguarding and financial concerns.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
23) Executive Director	**416**	**493**	**119**	**29%**
There has been a technical adjustment in reporting the ability to re-priorities grant funded activity (Improved Better Care Fund (iBCF), in response to Adults Services pressures. This is now being reported within Strategic Management – Adults. The revised forecast of £119k overspend is due to the £219k Business Support saving which will not be achieved in 17/18, being offset by £100k saving identified against uncommitted expenditure.				
24) Central Financing	**-523**	**-891**	**-215**	**-41%**
The Central Financing budget is forecasting underspend of -£215k. Nationally, local authorities are currently permitted greater flexibility in use of capital receipts (proceeds from sales of assets) to fund any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs. The Council was already making use of this flexibility – following a recent review a further £215k of eligible expenditure has been identified within People & Communities.				
25) Financing DSG	**-40,018**	**-33,348**	**-1,797**	**-4%**
Within P&C, spend of £40m is funded by the ring-fenced Dedicated Schools Grant. The DSG pressure of £1,797k is primarily made up from SEN Placements (£850k); Out of School Tuition (£636k); High Needs Top Up Funding (£200k); Early Years Specialist Support (£88k) and SEND Specialist Services (£72k). For this financial year the intention is to manage within overall available DSG resources.				

APPENDIX 4 – Corporate Risk Register Summary



Risk #	Risk	Risk Owner	Residual Risk Level	Review Date
1	01. Vulnerable children or adults are harmed	Wendi Ogle-Welbourn	15	30/04/2018
2	02. The Business Plan (including budget and services) is not delivered	Chris Malyon	20	30/04/2018
3	03. Personal data is inappropriately accessed or shared	Sue Grace	9	30/04/2018
4	04. A serious incident occurs, preventing services from operating and / or requiring a major incident response	Sue Grace	12	30/04/2018
5	05. The Council does not deliver its statutory or legislative obligations	Quentin Baker	8	30/04/2018
6	06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need	Gillian Beasley	12	30/04/2018
7	07. The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time	Graham Hughes	12	30/04/2018
8	08. The Council is a victim of major fraud or corruption	Gillian Beasley	6	30/04/2018
9	09. Our partnerships are not successful in delivering the intended outcomes	Gillian Beasley		30/04/2018
10	10. Inequalities in the county continue	Gillian Beasley	12	30/04/2018
11	11. Change and transformation of services is not successful	Chris Malyon	9	30/04/2018

This quarter, risk 2 ‘the Business Plan is not delivered’, has remained at a score of 20. Actions to address this are summarised in section 3.1 of this report, and the forecast outturn has reduced slightly comparing January to December, suggesting that mitigating actions are having a positive effect.