Agenda Item No.5

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

To:	**General Purposes Committee**
Date:	**18 December 2018**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**2018/016** *Key decision:* **Yes**
Purpose:	**To present financial and performance information to assess progress in delivering the Council's Business Plan.**
Recommendations:	**General Purposes Committee (GPC) is recommended to:**

a) Approve the carry forward of £0.097m capital funding from 2017/18 to 2018/19 as set out in section 5.7;

b) Approve additional prudential borrowing of £36,000 in 2018/19 for the Mere Farm Solar Farm project, as set out in section 5.8;

c) Approve additional prudential borrowing of £183,000 in 2018/19 for the Manor Farm, Girton house extension scheme, as set out in section 5.9;

d) Note a net nil technical adjustment of +/-£13.615m in relation to the Combined Authority Levy related budgets, as set out in section 6.3.

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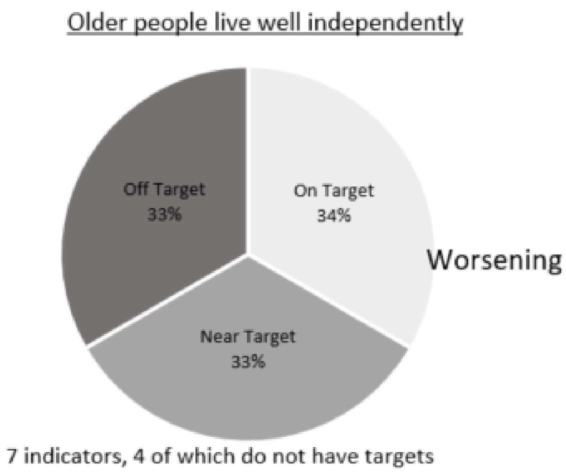
1. PURPOSE

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

2. OVERVIEW

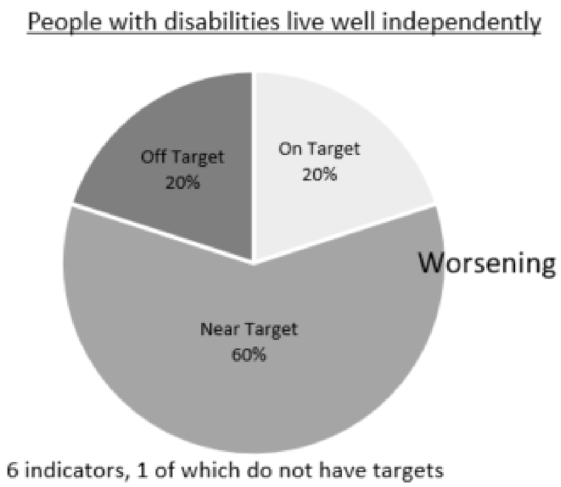
2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets. Ninety two indicators about outcomes are monitored by service committees; these have been grouped by outcome area and their status is shown below:

2.2 **Change in indicators:**



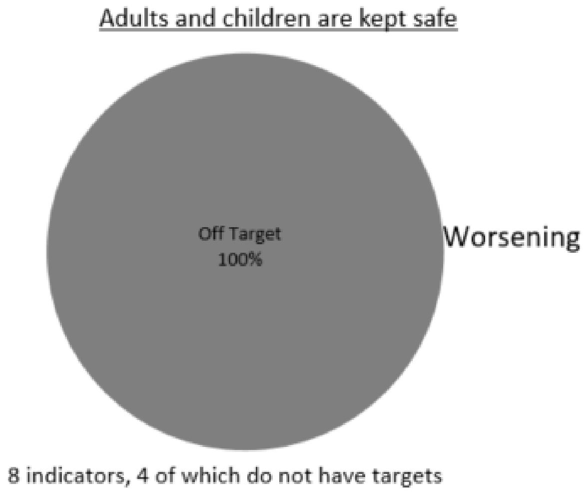
Older people live well independently – Stayed the same

Out of the 7 indicators for this outcome 3 have targets. One indicator was 'on target', one 'near target', and one 'off target'; they have all remained the same status since last month. The indicator that remained 'off target' was 'Average monthly number of bed day delays (social care attributable) per 100,000 18+ population' which increased from 137 to 143 (target = <114). The council is continuing to invest considerable amounts of staff and management time into improving performance in this area, and working with colleagues in health to ensure correct and timely discharges from hospital.



People with disabilities live well independently – Worsening

There are 6 indicators for this outcome and 5 have targets. 4 of these indicator's statuses did not change since last month, 1 'on target', 2 'near target', and one 'off target'. The indicator that was 'off target' that stayed the same was 'Proportion of adults with a primary support reason of learning disability support in paid employment (year to date)' which increased from 1.2% to 1.4% but is still significantly below the 3% target. This indicator relies on service users being assessed or reviewed in the year so is dependent on the review/assessment performance of the LD teams. Also, note that this indicator is subject to some cumulative effects as clients are reviewed within the period. The overall worsening of performance in this indicator reflects a change in the status of the indicator 'Proportion of adults receiving Direct Payments' which decreased from 24.2% to 22.8% (target = >24%).

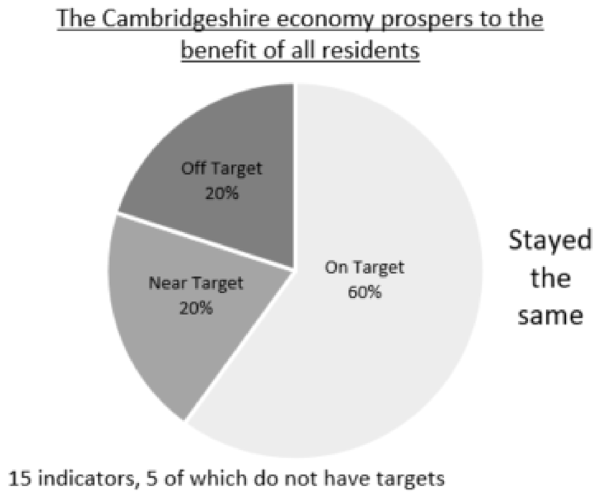


Adults and children are kept safe – Worsening

There are 8 indicators for this outcome, 4 of which have targets. Those 4 were ‘off target’ in October. 2 of those indicators have not changed status from last month; the first was, ‘Number of children with a Child Protection Plan per 10,000 population under 18’ which had improved from 38.9 to 36.8, but was still above target (<30). The second indicator was ‘The number of looked after children per 10,000 population under 18’ which was unchanged from last month, at 54.9 (target = <40). The remaining two indicators had been ‘on target’ in September but were ‘off target’ in October. These indicators were: ‘The % of children whose referral to social care occurred within 12 months of a previous referral’ which increased from 15.9% to 22.4% (target = <20%). The second was ‘The proportion of children subject to a Child Protection Plan for the second or subsequent time (within 2 years)’ which increased from 2.6% to 13.3% (target = <5%). It should be noted that this percentage reflects 8 children and can therefore have large percentage swings associated with small changes in numbers, furthermore this rate is favourable in comparison to statistical neighbours and the national average.

People live in a safe environment – Stayed the same

3 out of the 6 indicators for this outcome have targets, one was ‘on target’, one ‘near target’, and one ‘off target’. All three have not changed status from the previous month. The indicator that was ‘off target’ was ‘Killed or seriously injured (KSI) casualties - 12-month rolling total’. The most recent data available for this indicator is from April 18 so its status did not change, however there has been a downward trend in this figure since August 2017, and if this trend continues it is anticipated to be within 10% of the target at year end.



The Cambridgeshire economy prospers to the benefit of all residents – Stayed the same

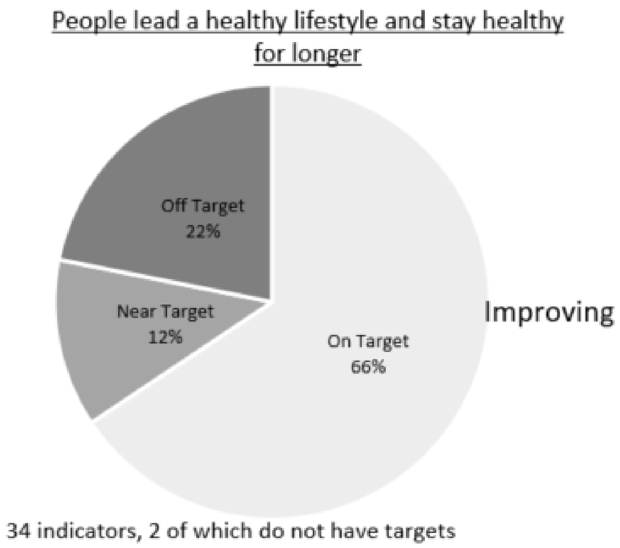
There are 15 indicators for this indicator and 10 have targets, 6 were 'on target', 2 'near target', and 2 'off target'. All 10 indicators have not changed status from the previous month. The first indicator that was 'off target' was 'The average journey time per mile during the morning peak on the most congested routes', this was last measured in August 17 and an updated figure is not available hence the rating has not changed. The second 'off target' indicator was 'Classified road condition - narrowing the gap between Fenland and other areas of the County', this is an annual figure (2017/18) and will not be updated until the next financial year so will remain 'off target'.

Places that work with children help them to reach their potential – Worsening

There are 14 indicators for this outcome and 12 have targets. The worsening in performance for this indicator was reflected in the change in the status of two indicators. The first was '% of Education, Health and Care Plan (EHCP) assessments completed within timescale' which decreased from 69.5% to 50.0% (target = >70%), which caused its status to change from 'near target' to 'off target'. The decrease in performance has been affected by a higher number of requests for EHCPs this year, compared to previous years. The rate of requests for an EHCP review have trebled since 2015. This is primarily as a result of increases in population and overall complexity of needs rising. In 2018, the statutory assessment team has experienced high staff turnover and long term sickness this year. In response to these challenges, an action plan was implemented in October which increased the number of statutory assessment casework officers and refocused business support to ensure more timescales are met. The recent review of senior management structures in Education has created a new Assistant Director for SEND and Inclusion – this will help create further strategic capacity to drive reform in high needs services. The second indicator that affected the overall worsening performance of this indicator was '% receiving place at first choice school (Secondary)' which decreased from 92.5% ('on target') to 87.8% ('near target'; target = >91%). It should be noted that this figure is still higher than that for our statistical neighbours and the national figure; which both decreased in performance over the same period.

There was one indicator that improved in performance, this was 'KS4 Attainment 8 (All children)' which increased from 47.7 ('off target') to 47.9 ('near target'; target = >50.1). All remaining 9 indicators did not change status since last month.

People lead a healthy lifestyle and stay healthy for longer – Improving



There are 34 indicators for this outcome and 32 have targets. 20 'on target', 2 'near target', and 6 'off target'. The improvement in performance in this outcome was reflected in the change of status in three indicators, that all changed from 'near target' to 'on target'. The first was, 'Percentage of infants being breastfed (fully or partially) at 6 - 8 weeks' which increased from 53% in quarter 1 (Apr-Jun 18) to 55%. The second indicator was 'Health visiting mandated check - Percentage of children who received a 6 - 8 week review by 8 weeks' which increased from 85% in Q1 to 92% in Qs and the third indicator that improved from 'near target' to 'on target' was 'Number of physical activity groups held (Extended Service)' which increased from 297 (93% of the year-to-date target) in August, to 354 (104% of the year-to-date target) in September. There was one indicator that worsened in performance this month, this was '% of Tier 3 clients recruited completing the course and achieve 10% weight loss' which decreased from 60% in August to 58% in September (target = >60%), which caused its status to change from 'on target' to 'near target'.

Key Pressures
- Residential and nursing placements for older people are increasing against the April 18 baseline. - The number of children in care has significantly increased this financial year. - The number of children on a child protection plan has increased this financial year. See following page for further details.

2.3 The master file of performance indicators and latest Corporate Risk Register are available here, (https://tinyurl.com/yd96a2vw). The Corporate Risk Register Summary is shown at Appendix 3.

Finance and Risk

Revenue budget forecast		Capital programme forecast
+£4.5m (1.3%) variance at end of year RED	This is a £0.072m decrease in the revenue forecast pressure since last month. This is a -£0.258m decrease in the forecast in-year capital expenditure compared to last month.	-£8.3m (-2.9%) variance at end of year GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	2

*Latest Review: July 2018

Transformation Programme	Transformation Fund
42 Early ideas ↓ 197 Business cases in development ↑ 23 Projects being implemented ↔	12 projects rated Green ↔ 1 rated Amber (reflecting some need to re-phase savings) ↔ 2 rated Red (risk of non-delivery of savings or benefits) ↓

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Oct-18	Apr-18	Trend since Apr-18
Nursing	453	410	Increasing
Residential	851	847	Increasing
Community	2,224	2,023	Increasing

Adults aged 18+ receiving long term services

	Oct-18	Apr-18	Trend since Apr-18
Nursing	30	26	Increasing
Residential	314	309	Increasing
Community	1,939	1,933	Increasing

Children open to social care

	Oct-18	Apr-18	Trend since Apr-18
Looked after children	756	715	Increasing
Child protection	498	483	Increasing
Children in need*	2,095	2,225	Decreasing

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

Public Engagement

	Oct-18	Apr-18	Trend since Apr-18
Contact Centre Engagement	14,265 Phone Calls	12,763	Increasing
	5,681 Other	5,316	Decreasing
Website Engagement (cambridgeshire.gov.uk)	203,341 Users	154,319	Increasing
	301,762 Sessions	229,409	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.

2.4 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£4.5m (+1.3%); a decrease of £0.1m on the forecast pressure reported in September; there have been increases in People & Communities (P&C), and Commercial & Investment (C&I), offset by an underspend in Funding Items. The LGSS Operational forecast is a £77k pressure. See section 3 for details.

- The Capital Programme is forecasting a year-end underspend of -£8.3m. This includes use of the capital programme variations budget. See section 5 for details.

3. REVENUE BUDGET

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

Key to abbreviations

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

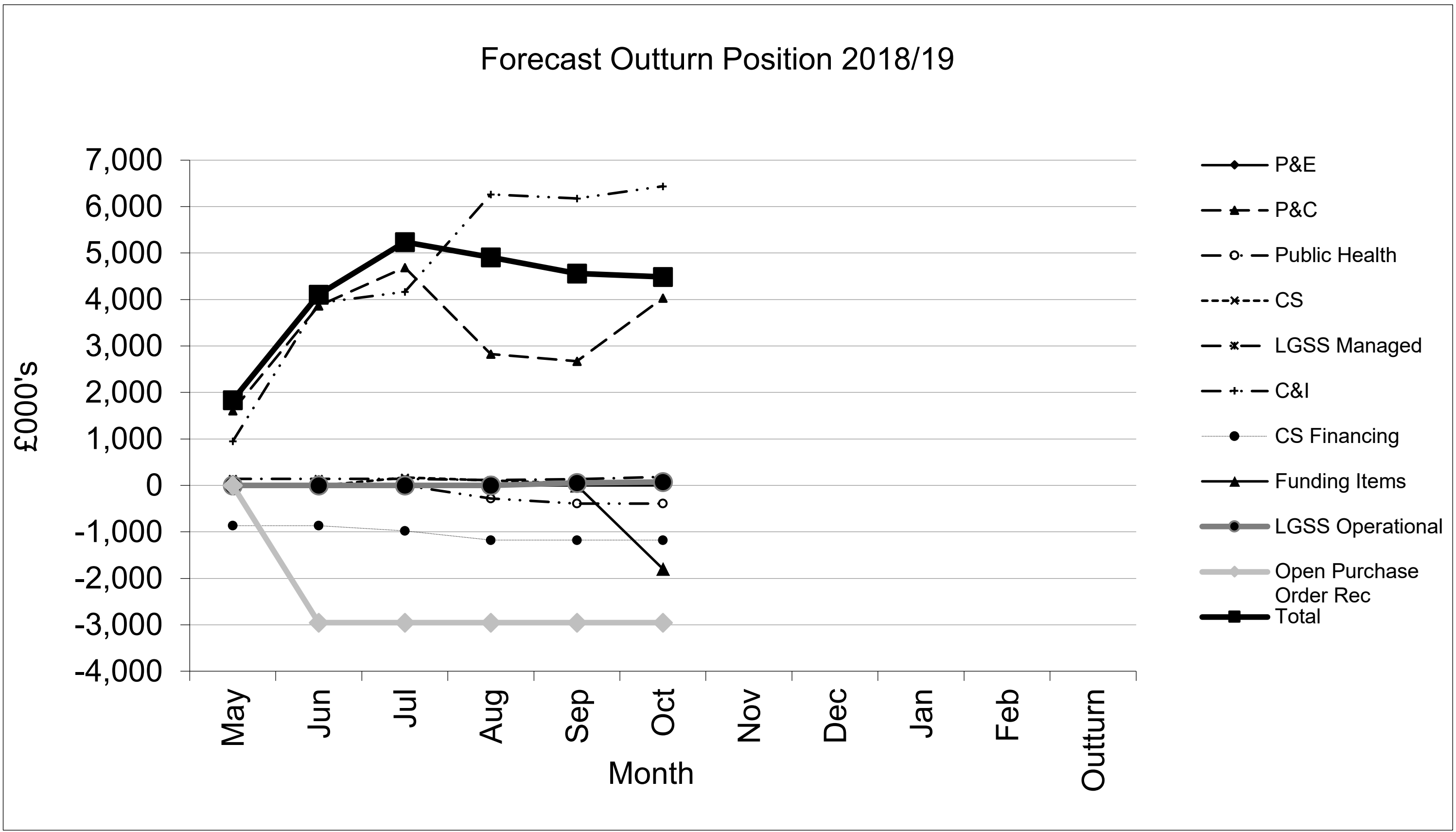
Forecast Variance (Sep) £000	Service	Current Budget for 2018/19 £000	Actual (Oct) £000	Forecast Variance (Oct) £000	Forecast Variance (Oct) %	Overall Status	DoT
0	Place & Economy	55,356	31,356	0	0.0%	Green	↑
2,671	People & Communities	243,251	154,757	4,031	1.7%	Red	↓
-391	Public Health	629	-6,365	-391	-	Green	↔
44	Corporate Services	6,883	6,474	72	1.0%	Amber	↓
136	LGSS Managed	11,186	7,115	184	1.6%	Amber	↓
6,177	Commercial & Investment	-8,797	987	6,438	-	Red	↓
-1,176	CS Financing	25,983	3,807	-1,176	-4.5%	Green	↔
7,461	**Service Net Spending**	**334,491**	**198,131**	**9,158**	**2.7%**	**Red**	↓
0	Funding Items	15,677	6,876	-1,795	-11.4%	Green	↑
-2,950	Open Purchase Order Reconciliation	0	0	-2,950	-	Green	↔
4,511	**Subtotal Net Spending**	**350,168**	**205,007**	**4,413**	**1.3%**	**Red**	↑
	Memorandum items:						
51	LGSS Operational	8,835	5,350	77	0.9%	Amber	↓
4,562	**Grand Total Net Spending**	**359,003**	**210,357**	**4,490**	**1.3%**	**Red**	↑
	Schools	198,140					
	Total Spending 2018/19	**557,143**					

1 The budget figures in this table are net.

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

3 The budget of £629k stated for Public Health consists of £391k cash limit and £238k funded from the carried forward Public Health reserve. In addition to this, Public Health has a budget of £25.4m from ring-fenced public health grant, which makes up its gross budget.

4 The 'Funding Items' budget comprises the £9.0m Combined Authority Levy, £392k Flood Authority Levy and £6.2m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** a balanced budget is forecast at year-end. Although not yet identified it is anticipated that further savings and underspends will be found within Place & Economy to fund the current projected pressures.

	£m	%
• **Waste Management** – a +£0.9m pressure is forecast. This is an increase of £0.5m on the position previously reported in May, of which £0.248m relates to a change since last month. Contract changes that deliver full year savings totalling £1.3m have been identified however delays to reaching formal agreement with the contractor that will allow contract changes to deliver a series of positive initiatives will result in a shortfall in delivered savings. It is unlikely that agreement will be reached to allow savings to commence in this year (previously reported as November) resulting in a savings shortfall of approximately £909,000 this financial year.	+0.909	(+3%)

Until agreement is reached with the contractor on the contract changes the variable nature of the Mechanical and Biological Treatment (MBT) creates uncertainty in the forecast and actual performance could improve, resulting in a reduced pressure, or worsen, resulting in an increased pressure.

	£m	%
• **Highways Development Management** – a -£0.365m underspend is forecast, which is a £0.137m increase since last month. Section 106 and section 38 fees have come in higher than expected for	-0.365	(-%)

new developments and this is expected to lead to an overachievement of income.

- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall balanced outturn. For full and previously reported details see the P&E Finance & Performance Report, (https://tinyurl.com/yax52wcu).

3.2.2 **People & Communities:** +£4.031m (+1.7%) pressure is forecast at year-end.

	£m	%
Special Educational Needs and Disability (SEND) Specialist Services The SEND service is forecasting a £7.4m pressure in 2018/19. £6.6m of this pressure is Dedicated Schools Grant (DSG) expenditure which will be managed within the overall DSG resources and carried forward as a deficit balance into 2019/20. £800k of this is a base budget pressure on the Council's bottom line. We saw a net increase of 500 Education, Health and Care Plans (EHCPs) over the course of the 2017/18 academic year (13%) and have been averaging an additional 9 EHCPs a week during September and October 2018. This increase in numbers, as well as an increase in complexity of need, has caused pressures across all elements of the SEN budget; the significant changes are outlined below:		
○ **High Needs Top- Up Funding** – a +£3.5m pressure is forecast. This is an increase of £2.0m on the position previously reported in August (and relates in full to a change since last month). As well as the overall increases in EHCP numbers creating a pressure on the Top-Up budget, the number of young people with EHCPs in Post-16 Further Education is continuing to increase significantly as a result of the provisions laid out in the 2014 Children and Families Act. This element of provision is causing the majority of the forecast overspend on the High Needs Top-Up budget	+7.313	(+15%)
○ **Funding to Special Schools and Units** – a +£2.0m pressure is forecast. This is an increase of £1.0m on the position reported last month. As the number of children and young people with an EHCP increase, along with the complexity of need, we see additional demand for places at Special Schools and High Needs Units. The extent of this is such that a significant number of spot places have been agreed and the majority of our Special Schools are now full.		
○ **SEND Specialist Services** – a +£1.1m pressure is forecast (of which £0.25m relates to DSG and £0.8m relates to base budget). This is made up of ○ Educational Psychologists – Educational Psychologists have a statutory role in signing off		

EHCPs. Increasing demand for EHCPs, along with recruitment issues meaning that costly locum staff are being used, is creating a pressure on the budget. o Access & Inclusion – there has been an increase in the number pupils without EHCPs being excluded leading to Out of School tuition being required. This has led to a pressure on the Access & Inclusion budget. o Under-recovery on income generation – increased demand across the service has reduced the capacity of staff to leading to an under-recovery on income generation. There are a range of actions being taken across SEND to mitigate these pressures. Further details can be found in **Appendix 2** of the P&C Finance & Performance Report, (https://tinyurl.com/y9p5g7tx).		
• **Home to School Transport – Special** – a +£1.5m pressure is forecast. This is an increase of £0.75m on the position previously reported in July (and relates in full to a change since last month). The increase is due to a review of expected commitments now that the majority of routes for the 2018/19 academic year have been agreed, as well as further growth in SEND pupil numbers for the new academic year. Actions being taken to address the forecast pressure are outlined in the P&C Finance & Performance Report, (https://tinyurl.com/y9p5g7tx).	+1.500	(+19%)
• **Older People's and Physical Disabilities Services** – a +£0.295m pressure is forecast across Older People's and Physical Disabilities Services. There is a forecast pressure of £0.372m on Physical Disabilities mainly due to increasing Direct Payments together with a reduction in recovery of unspent Direct Payment funding. This is offset by a small £0.078m underspend in the Older People's localities, however this underspend has been reducing steadily during the year, predominantly due to increasing pressure on care home placements (currently £0.790m overspent), with both service user numbers and average bed costs increasing on a monthly basis. Domiciliary Care is underspending which mitigates the impact, however there are large numbers of service users currently awaiting their care to be set up due to a lack of capacity within the market. Should this position change and capacity become available there would be a significant adverse impact on the forecast.	+0.295	(+1%)
• **Strategic Management - Education** – a -£0.359m underspend is forecast. Mitigations totalling £0.359m have been found across the Education Directorate. There has been a review of ongoing commitments and one-off sources of funding, and identification of higher than expected vacancy savings due to delaying the recruitment of posts pending review.	-0.359	(-10%)

• **Strategic Management – Adults** – a -£2.486m underspend is forecast. This is a £0.486m increase in the underspend position previously reported in June, of which £0.274m relates to a change since last month. A number of mitigations have been applied to this budget line to offset care cost pressures across Adult Social Care. The majority of this is the application of grants from central government, specifically elements of the Improved Better Care Fund and Adult Social Care Support grants, which are given for the purpose of meeting demand pressures on the social care system and to put in place measures to mitigate that demand.	-2.486	(-33%)
• **Central Financing** – a -£3.663m underspend is forecast. This is an increase of £0.250m on the underspend reported last month. The additional underspend is as a result of identifying a number of prior year accruals which are no longer expected to be invoiced.	-3.663	(-105%)
• **Financing DSG** – a -£6.565m required contribution from DSG is forecast, which is an increase of -£3.203m on the position reported last month. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily High Needs Top Up Funding (£3.50m), Funding to Special Schools and Units (£2.0m) and SEND Specialist Services (£0.25m) as described above, and previously reported SEN Placements (£0.52m) and Out of School Tuition (£0.29m). For this financial year the intention is to manage within overall available DSG resources.	-6.565	(-11%)

- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£4.031m. For full and previously reported details see the P&C Finance & Performance Report, (https://tinyurl.com/y9p5g7tx).

3.2.3 **Public Health:** -£0.391m (-%) 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/y78ddbx7).

3.2.4 **Corporate Services:** +£0.072m (+1.0%) 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/y9ood6wf).

3.2.5 **LGSS Managed:** +£0.184m (+1.6%) 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/y9ood6wf).

3.2.6 **CS Financing:** -£1.176m (-4.5%) 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/y9ood6wf).

3.2.7 **Commercial & Investment**: +£6.438m (-%) pressure is forecast.

	£m	%
• **Commercial Property Investments** – a +£3.45m pressure is forecast. This is an increase of £0.3m on the position previously reported in August, which relates in full to a change since last month. There has been a commercial acquisition of £38m, however the expected income for the remainder of the year has been recalculated on the assumption of no further acquisitions in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.	+3.450	(+70%)
• **Housing Investment (This Land Company**) – a +£2.040m pressure is forecast. This is an increase of £0.490m on the position previously reported in August, which relates in full to a change since last month. The overall pressure is due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Expectations of interest receivables continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender.	+2.040	(+47%)
• **Commercial Activity Financing**– a -£0.9m underspend is forecast. As a result of the pressures reported elsewhere in Commercial Activity connected to one-off delays in the mobilisation of property acquisitions and loan advances, a review is underway to identify mitigating adjustments that this area can put forward on a one-off basis to offset the position reported until further progress is made. At this stage, favourable changes are anticipated in this way as a result of: o A review of revenue expenditure under the C&I Committee's purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, however a case could be made to charge this to capital resources available in 2018-19, in substitution for the revenue reserve, which would then be available to offer up (£400k). o Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k).	-0.900	(-%)
• **Traded Services to Schools and Parents**– a +£0.5m pressure is forecast. This is an increase of £0.25m on the position previously reported in August, which relates in full to a change since last month. These services were set a stretch target as part of this year's Business Plan in the sum of £500k. This was not allocated	+0.500	(-%)

to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.

3.2.8 A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£6.438m. For full and previously reported details see the C&I Finance & Performance Report, (https://tinyurl.com/yb8aqnjq). *(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

3.2.9 **Funding Items:** -£1.795m underspend is forecast.

	£m	**%**
• This is due to forecast higher than originally budgeted Business Rates income from the City and District Councils. See section 6.2 for further details.	-1.795	(-6%)

3.2.10 **Open Purchase Order Reconciliation:** -£2.950m underspend is forecast. There are no exceptions to report this month.

3.2.11 **LGSS Operational:** +£0.077m (+0.9%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y9ood6wf).

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/y9p5g7tx) (section 2.5).

5. CAPITAL PROGRAMME

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

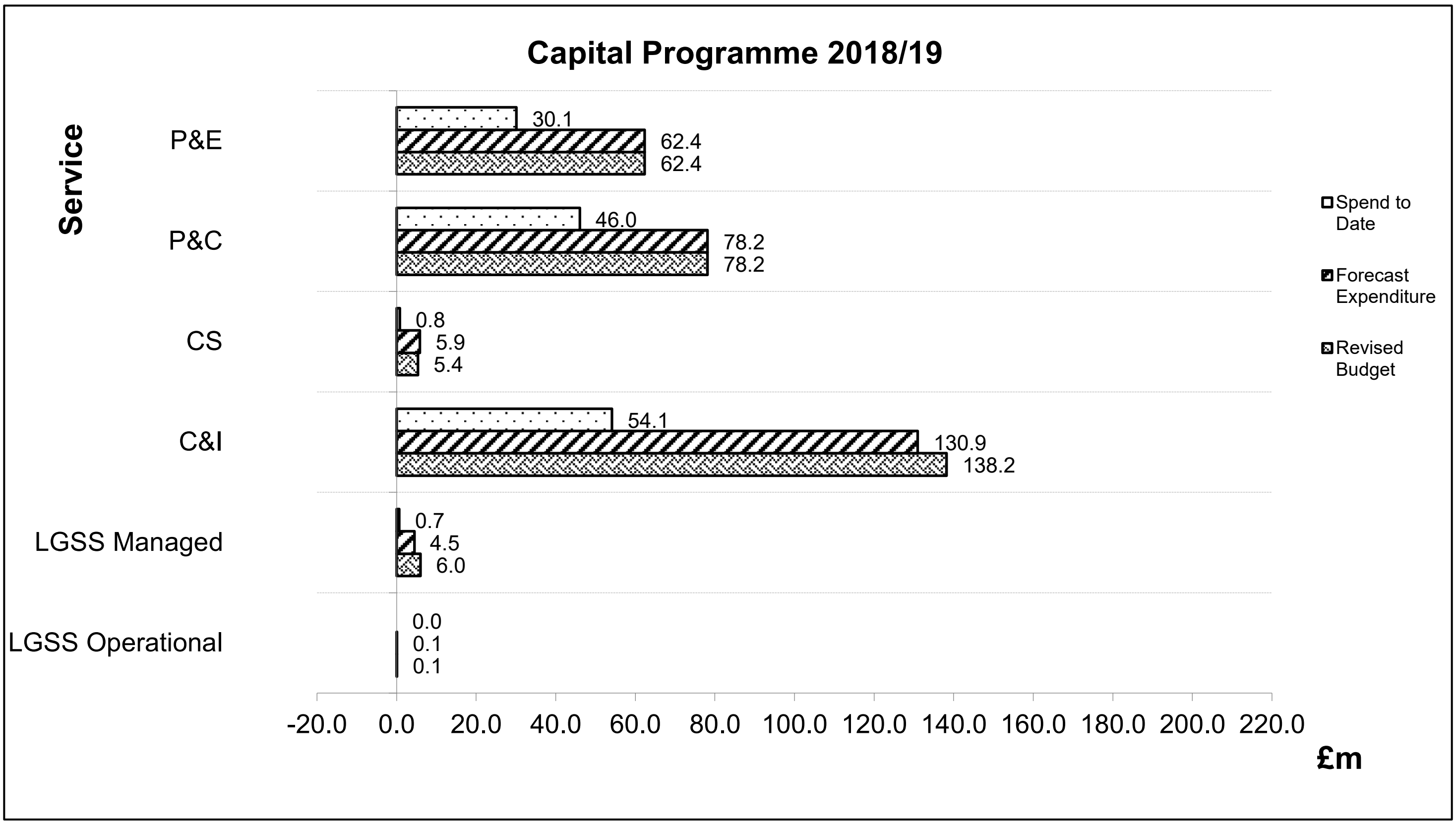
2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan £000	Forecast Variance - Outturn (Sept) £000	Service	Revised Budget for 2018/19 £000	Actual- Year to Date (Oct) £000	Forecast Variance - Outturn (Oct) £000	Forecast Variance - Outturn (Oct) %	Total Scheme Revised Budget (Oct) £000	Total Scheme Forecast Variance (Oct) £000
35,956	366	P&E	62,369	30,097	-	0.0%	445,516	-
87,820	-0	P&C	78,157	46,033	-0	0.0%	669,433	15,751
2,038	-	CS	5,369	826	516	9.6%	19,437	-
6,415	-1,131	LGSS Managed	6,013	687	-1,556	-25.9%	6,963	-172
123,274	-7,294	C&I	138,217	54,095	-7,277	-5.3%	266,164	-147
-	-	LGSS Operational	134	-	-	0.0%	2,025	-
-	-	Outturn adjustment	-	-	-	-	-	-
255,503	**-8,059**	**Total Spending**	**290,259**	**131,738**	**-8,317**	**-2.9%**	**1,409,538**	**15,432**

Notes:

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

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2018/19 of £26.1m 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.

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

2018/19					
Service	**Capital Programme Variations Budget £000**	**Forecast Variance - Outturn (Oct) £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Revised Forecast Variance - Outturn (Oct) £000**
P&E	-14,931	-4,822	4,822	32.30%	0
P&C	-10,469	-8,793	8,793	84.00%	-0
CS	-951	516	0	0.00%	516
LGSS Managed	-1,479	-3,035	1,479	100.00%	-1,556
C&I	-33,805	-41,082	33,805	100.00%	-7,277
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-	-	-	-
Total Spending	**-61,635**	**-57,216**	**48,899**	**79.34%**	**-8,317**

5.3 As at the end of October 2018, LGSS Managed and Commercial and Investment schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£1.6m and -£7.3m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.

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

5.4.1 **Place & Economy:** a balanced budget is forecast at year-end.

	£m	**%**
• **Connecting Cambridgeshire** – an in-year underspend of-£5.0m is forecast. Due to the nature of the contract with BT, the majority of the costs are back-ended and expenditure will not be incurred until 2019/20 and 2020/21. The total scheme cost is still £36.29m but the forecast against the £6m 2018/19 budget has reduced to £1m.	-5.0	(-83%)
• **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, leading to a balanced outturn overall. Therefore the net £4.8m underspend is balanced by use of the capital variations budget; this is an increase of £4.8m on the use of variations budget reported last month and relates primarily to the underspend on Connecting Cambridgeshire as reported above.	+4.8	(+32%)

- For full and previously reported details see the P&E Finance & Performance Report, (https://tinyurl.com/yax52wcu).

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

	£m	**%**
• **Basic Need – Secondary** – an in-year underspend of -£7.9m is forecast. This is an increase of £1.3m on the underspend previously reported in August 2018, of which £1.25m relates to a change since last month. This is mainly due to rephasing on the following schemes: ○ Northstowe Secondary & Special has experienced further rephasing of £1.0m since September. The overall £5.7m rephasing in 2018/19 is due to a requirement for piling foundations on the site, which will lead to an increase in total scheme cost and also extend the build time; also, enabling works are only being completed for the SEN provision and part of the Secondary school in 2018/19, which was not what was initially planned. ○ North West Fringe School has experienced £0.150m rephasing as the scheme has not yet progressed. ○ Cromwell Community College has experienced £100k rephasing in October 2018 as early highways works to the site have been delayed to form a bigger highways element to be undertaken in summer 2019.	-7.9	(-21%)

- **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 £8.8m underspend is balanced by use of the capital variations budget; this is an increase of £1.2m on the use of variations budget reported last month and primarily relates to the increased underspend on Basic Need – Secondary schemes as reported above. +8.8 (+84%)

- For full and previously reported details see the P&C Finance & Performance Report, (https://tinyurl.com/y9p5g7tx).

5.4.3 **Corporate Services:** a +£0.5m (+10%) in-year pressure is forecast at year-end.

	£m	%
• **Capitalisation of Redundancies** – an in-year pressure of +£0.3m is forecast. This is due to more redundancies than originally anticipated in the year, in particular relating to the closure of the Catering and Cleaning Service. This will be fully funded by capital receipts.	+0.3	(+31%)

- For full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y9ood6wf).

5.4.4 **LGSS Managed:** a -£1.6m (-25.9%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	%
• **Disaster Recovery facility for critical business systems** – an in-year underspend of -£0.4m is forecast. This is due to a change in the way the project is being delivered which has delayed implementation of the project.	-0.4	(-83%)

- For full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y9ood6wf).

5.4.5 **Commercial & Investment**: a -£7.3m (-5.3%) 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 C&I Finance & Performance Report, (https://tinyurl.com/yb8aqnjq). *(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

5.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y9ood6wf).

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

5.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the P&E Finance & Performance Report, (https://tinyurl.com/yax52wcu).

5.5.2 **People & Communities:** a +£15.8m (+2%) 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/y9p5g7tx).

5.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y9ood6wf).

5.5.4 **LGSS Managed:** a -£0.1m (-2%) 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/y9ood6wf).

5.5.5 **Commercial & Investment**: a -£0.1m (-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, (https://tinyurl.com/yb8aqnjq). *(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

5.5.6 **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/y9ood6wf).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding[1] £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	17.5	4.1	-0.4	2.4	**23.6**	23.6	-
Basic Need Grant	24.9	-	-	-	**24.9**	24.9	-
Capital Maintenance Grant	4.0	-	0.2	-	**4.2**	4.2	-
Devolved Formula Capital	1.0	0.7	-	-0.1	**1.6**	1.6	-
Specific Grants	6.5	4.4	-1.0	-	**9.9**	8.2	-1.8
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	**12.9**	12.6	-0.3
Capital Receipts	81.1	-	-15.9	-	**65.2**	45.6	-19.6
Other Contributions	12.1	-	-3.6	5.9	**14.3**	14.3	-
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	97.3	92.4	-70.9	14.8	**133.6**	146.9	13.3
TOTAL	**255.5**	**104.6**	**-92.2**	**22.4**	**290.3**	**281.9**	**-8.3**

[1] Reflects the difference between the anticipated 2017/18 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2018/19 Business Plan, and the actual 2017/18 year end position.

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

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	LGSS Managed	£0.097	The main roll-forward exercise was carried out at the beginning of financial year when the Capital Programme Board reviewed overspends and underspends as at the end of 2017/18, many of which were a result of changes to the timing of expenditure, rather than variations against total costs. The Improved audio-visual capabilities capital scheme funded by £98k prudential borrowing was previously approved by General Purposes Committee in 2017/18 but the unspent funds were omitted from the roll-forward request. **General Purposes Committee is asked to approve the carry forward of £0.097m of funding to 2018/19**

5.8 In addition to the above funding changes for 2018/19, additional funding of £36k is requested in 2018/19 for the Mere Farm Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property with a view to generate income from the sale of electricity. The full scheme budgets will be submitted for approval as part of the 2019-20 Business Planning process; the 2018/19 funding requires GPC approval now to fund initial planning and design work. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £23.218m) will start in 2021/22 at £1.493m, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £36,000 in 2018/19 for the Mere Farm Solar Farm project.

5.9 In addition to the above funding changes for 2018/19, additional funding of £183k is requested in 2018/19 for the Manor Farm, Girton house extension project. The project is to extend the house at Manor Farm; the tenant has agreed to pay an annual 7% improvement charge on the total cost. The Council's asset will increase in value as a result. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2019/20 at £16k and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £183,000 in 2018/19 for the Manor Farm, Girton house extension scheme.

6. FUNDING CHANGES

6.1 Where there has been a material change in 2018/19 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team (SMT) discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the GPC for approval.

6.2 Business Rates

The total 2018/19 Business Rates income from the City and District Councils is forecast to be £1.79m higher than originally budgeted in the 2018/19 Business Plan. The original budgeted Business Rates income was based on 2017/18 NNDR1 form forecasts from the City and District Councils uprated for CPI and appropriate growth rates, and then adjusted for a forecast surplus on the collection fund in 2017/18.

The 2018/19 Business Rates Payment Schedule adhered to by the City and District Councils is based on the later 2018/19 NNDR1 forecasts adjusted for the estimated surplus or deficit on the 2017/18 collection fund. The 2018/19 NNDR1 forecasts were significantly higher than the forecasts incorporated into the Business Plan, resulting in a forecast £1.79m additional income compared to the budget

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

6.3 Combined Authority levy technical adjustment

At the time of budget setting for the 2018/19 Business Plan it was anticipated that a levy would be applied by the Cambridgeshire & Peterborough Combined Authority to the Council for all highways and transport functions. Updated legislation enabling a levy did not come into place until 1st October 2018. As a result the levy expectation needs to be reduced in the 2018/19 budget as the levy agreed between the Combined Authority and the Council relates purely to local passenger transport services as outlined in the legislation. There is no net impact as the budget for expenditure on transport elements not covered by the levy was fully retained by CCC to spend on services; in 2018/19 CCC will spend on these services directly rather than via a levy.

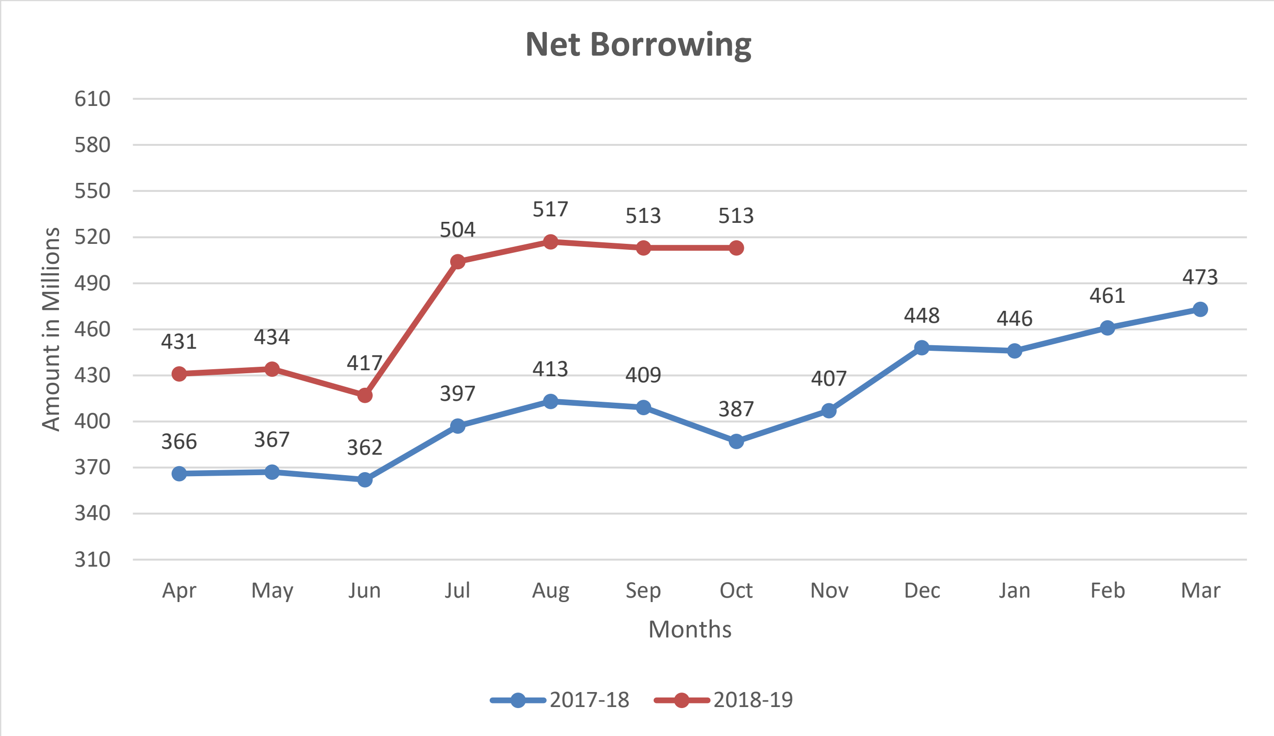
General Purposes Committee is asked to note a net nil technical adjustment of +/-£13.615m in relation to the Combined Authority Levy related budgets.

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 Oct 2018
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£4.74m
	Sundry	£1.71m	£4.18m

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 October 2018 were £45m (excluding 3rd party loans) and gross borrowing was £558m. Of this gross borrowing, it is estimated that £115m 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 forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2018-19 TMSS was set in February 2018, it was anticipated that net borrowing would reach £683m at the end of this financial year. Based upon latest projections of Balance Sheet cash-backed reserves and the Capital Programme borrowing requirements, this is now forecast to be lower at £630m. This position will be monitored as the year progresses to establish the full year final position.

7.4 From a strategic perspective, the Council is currently utilising cash backed balances and undertaking shorter term borrowing to generate net interest savings. This approach carries with it interest rate risk, and officers are monitoring options as to the timing of any potential longer term borrowing should underlying rates be forecast to rise in a sustained manner.

7.5 There is a link between the annual capital programme borrowing requirement, the net borrowing position and consequently net interest charges. However, the Debt Charges budget is formulated in the context of 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.

7.6 The Council's cash flow profile varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, Council tax etc.). 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.

7.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report (https://tinyurl.com/y84h4899).

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 (October 18) P&C Finance & Performance Report (October 18) PH Finance & Performance Report (October 18) CS and LGSS Cambridge Office Finance & Performance Report (October 18) C&I Finance & Performance Report (October 18) Performance Management Report & Corporate Scorecard (October 18) Capital Monitoring Report (October 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	239,124	629	41,428	25,983	7,207	11,126	-8,188	8,871	33,685
Post BP adjustments	208				203	58	-433	-36	
Greater Cambridge Partnership budgets not reported in CCC budget					-863				
Use of earmarked reserves for Community Transport			84						-84
Cleaning contract savings transfer					36		-36		
Organisational structure review	-70				70				
Use of earmarked reserves for Community Transport			211						-211
Funding from General Reserves for Children's services reduced grant income expectation as approved by GPC	295								-295
Funding from General Reserves for New Duties – Leaving Care as approved by GPC	390								-390
Savings forthcoming from change in LEP governance arrangements applied to corporate savings target			-43		43				
Grand Arcade shop rental income transfer from Libraries to Property Services			50				-50		
Use of Smoothing Fund Reserve for P&C	3,413								-3,413
Transfer of advocacy budget to Corporate Services	-95				95				
Transfer of LGSS Law dividend target to C&I							-90	90	
Transfer of Monitoring Officer budget to Corporate services					90			-90	
Transfer of Bookstart contribution from Children's centres to Library services	-12		12						
Technical adjustment re Combined Authority Levy			13,615						-13,615
Current budget	**243,252**	**629**	**55,357**	**25,983**	**6,881**	**11,184**	**-8,797**	**8,835**	**15,677**
Rounding	1	0	1	0	-1	-1	1	0	0

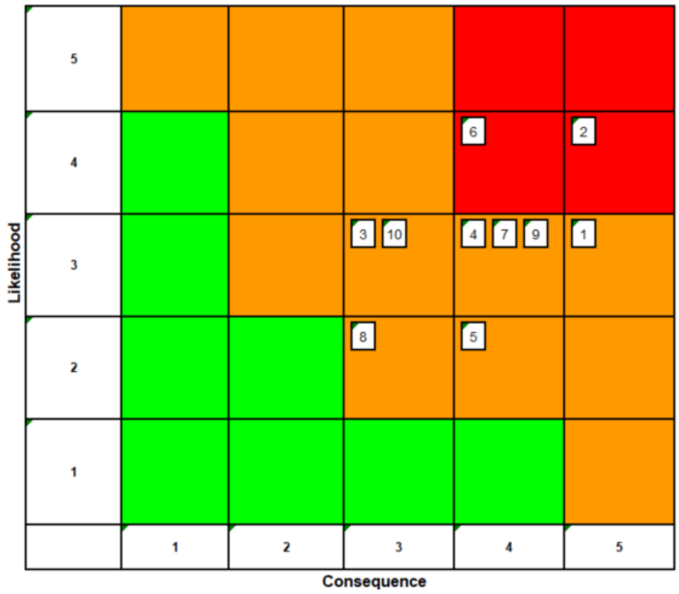
APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2018	2018-19 Movements in 2018-19	2018-19 Balance at 31 October 2018	Forecast Balance 31 March 2019	Notes
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	13,392	2,568	15,960	11,470	
- Services					Service reserve balances transferred to General Fund after review
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	0	0	0	0	
subtotal	13,392	2,568	15,960	11,470	
Earmarked					
- Specific Reserves					
5 Insurance	3,175	-404	2,771	2,771	
subtotal	3,175	-404	2,771	2,771	
- Equipment Reserves					
6 P&C	64	0	64	64	
7 P&E	30	0	30	0	
8 CS	30	-27	3	3	
9 C&I	680	-626	54	0	
subtotal	804	-653	151	67	
Other Earmarked Funds					
10 P&C	514	0	514	514	
11 PH	2,567	0	2,567	2,069	
12 P&E	5,382	-259	5,123	3,780	Includes liquidated damages in respect of the Guided Busway
13 CS	2,628	-186	2,442	2,865	
14 LGSS Managed	63	0	63	0	
15 C&I	552	106	658	658	
16 Transformation Fund	21,877	7,139	29,016	21,606	Savings realised through change in MRP policy
17 Innovate & Cultivate Fund	844	-148	696	453	
18 Smoothing Fund	0	0	0	0	This table has been presented on the basis of the £3.413m draw down approved in the August IR&PR section 6.2.
subtotal	34,427	6,652	41,080	31,945	
SUB TOTAL		**51,799**	**8,163**	**59,962**	46,253
Capital Reserves					
- Services					
18 P&C	778	0	778	778	
19 P&E	10,200	14,167	24,367	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	0	34,225	34,225	52,590	
22 Corporate	43,561	15,350	58,910	46,686	Section 106 and Community Infrastructure Levy balances.
subtotal	54,539	63,742	118,280	101,054	
GRAND TOTAL	**106,338**	**71,905**	**178,242**	**147,307**	

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 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 October 2018		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	55	0	55	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,715	0	3,715	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,328**	**0**	**7,328**	**7,273**	

APPENDIX 3 – 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	31/01/2019
2	02. The Business Plan (including budget and services) is not delivered	Chris Malyon	20	31/01/2019
3	03. Personal data is inappropriately accessed or shared	Sue Grace	9	31/01/2019
4	04. A serious incident occurs, preventing services from operating and / or requiring a major incident response	Sue Grace	12	31/01/2019
5	05. The Council does not deliver its statutory or legislative obligations	Fiona McMillan	8	31/01/2019
6	06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need	Gillian Beasley	16	31/01/2019
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	31/01/2019
8	08. The Council is a victim of major fraud or corruption	Gillian Beasley	6	31/01/2019
9	09. Inequalities in the county continue	Gillian Beasley	12	31/01/2019
10	10. Change and transformation of services is not successful	Chris Malyon	9	31/01/2019

The residual risk levels are the same as the last summary reported in June 18.