Agenda Item No. 11

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING 31ST MARCH 2019

To:	**Audit & Accounts Committee**
Date:	**28th May 2019**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**N/A** *Key decision:* **N/A**
Purpose:	**This report:**

- **Details the performance of the Council for the 2018/19 financial year.**

- **Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

Recommendations: **The committee is asked to note the following recommendations made to General Purposes Committee on 28 May 2019:**

a) Note the Council's year-end resources and performance position for 2018/19.

b) Approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2017/18 Tax Loss Payments grant (£462,063) to the corporate grants account within Funding Items. This will offset pressures across the Council, reducing the transfer from the general fund reserve at year-end, see section 6.2.

c) Approve the use of £27,532k Basic Need Grant, £3,601k Greater Cambridge Partnership funding, and £2,052k Horizons to off-set the additional funding required to repay the use in previous years of £20,901k Growth Deal and £7,654k Growing Places funding, as well as the resulting reduction of £4,630k in the prudential borrowing requirement, see section 13.7.

d) Note the use of £3,693k Section 106 contributions for applicable schemes where expenditure was incurred in prior years, and the resulting reduction of £3,693k in the prudential borrowing requirement for 2018/19, see section 13.7.

e) Note the additional capital contributions as set out in section 13.7.

f) **Approve additional prudential borrowing of £599,000 in 2019/20 for the Abbey Meadows condition works scheme, as set out in section 13.9.**

g) **Note the changes to capital funding requirements as previously recommended in the February report, set out in Appendix 3, amounting to £372k applied to Highways schemes.**

h) **Note a compensation payment in relation to the outcome of a Community Transport investigation, as set out in Appendix 4.**

	Officer contact:		***Member contacts:***
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chairma
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 for the financial year 2018/19.

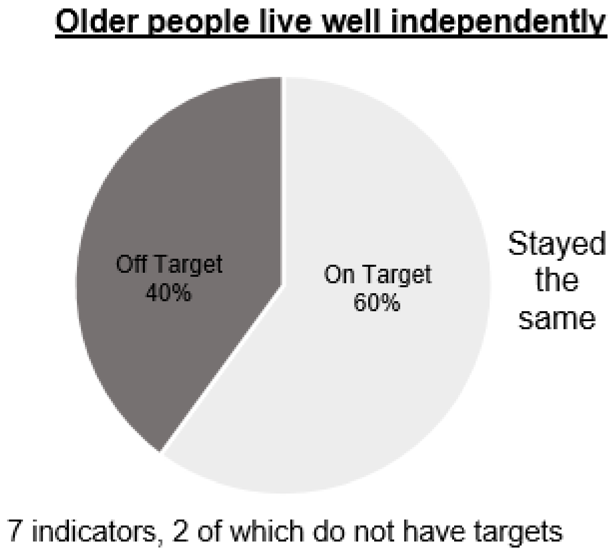
2. OVERVIEW

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

2.2 **Change in indicators:**

Data available as at: **31/03/2019**

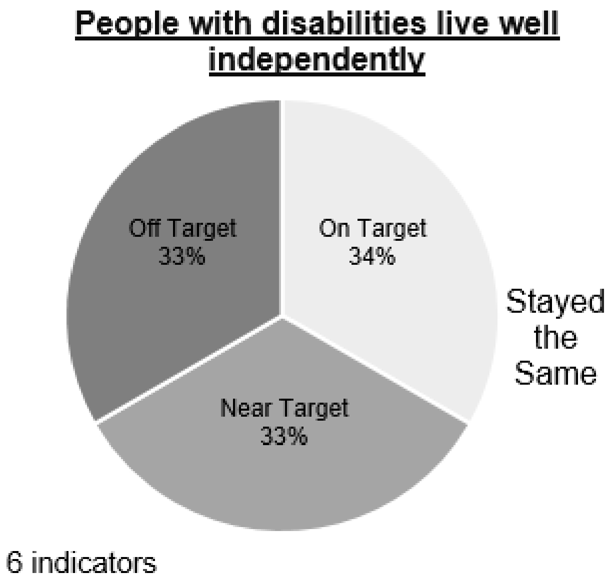
Outcomes: **95 indicators** about outcomes are monitored by service committees. These have been grouped by outcome area and their status is shown below.



Older people live well independently - Stayed the same
There are 7 indicators for this outcome, 5 of which have targets. All 5 indicators have remained the same status since last month, 3 'on target' and 2 'off target'.

Current performance shows the number of new people entering long term care last year compared favourably to the Eastern region as a whole. 9 out of 10 people who were supported by the reablement service (a short term service which supports people to recover after crisis) did not subsequently need a long-term service. This is well above the national average. It is anticipated that performance in signposting to further information or advice only, rather than long term services, will improve also as Adult Early Help and Neighbourhood Cares teams employ community and voluntary resources.

Performance in delayed transfers of care remains off-target. The Council is continuing to invest considerable amounts of staff and management time into improving processes, identifying clear performance targets and clarifying roles & responsibilities. We continue to work in collaboration with health colleagues to ensure correct and timely discharges from hospital. Delays in arranging residential, nursing and domiciliary care for patients being discharged from Addenbrooke's remain the key drivers of ASC bed-day delays.

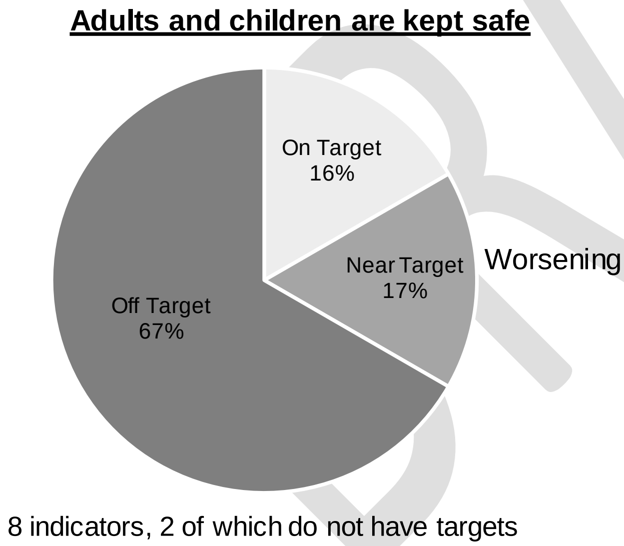


People with disabilities live well and independently – stayed the same

Current performance figures show that more than 8 out of 10 adults in contact with secondary mental health services are living independently (better than target) and 15% of this client group are in employment (also better than target).

In the last biennial carers' survey, just over a third of carers supported by the local authority said they were satisfied with their support, which is just under target. The next survey is underway now.

The proportion of learning disability service users in paid employment is low and there is an action plan to improve this. The proportion of adults receiving direct payments has been falling recently and investigation around the causes is underway.



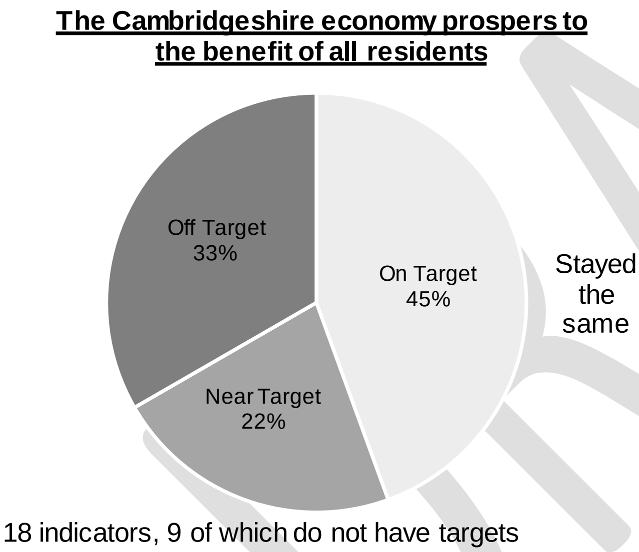
Adult and children are kept safe – worsening

Current performance figures show that in 95% of adult safeguarding enquiries outcomes were at least partially achieved (a nationally defined indicator) and more than 80% of people who have used these services say they have made them feel safer.

In children's services, re-referrals to children's social care within 12 months of a previous referral is at the current appropriate target level. Caseloads are high which is reflected in rate of children with child protection plans and the number of looked after children. Work is underway to address this.

People live in a safe environment – stayed the same
Latest performance information shows that 99.6% of all streetlights are working, and the total energy use is within 3% of target (currently 11.17 million KwH over the most recent 12 month period).

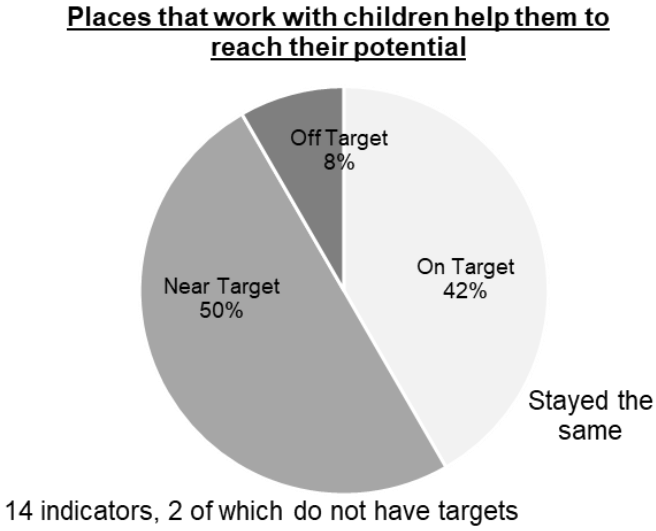
The provisional total for people killed or seriously injured on the roads to the end of December 2018 is lower than the same period of the previous year and the overall trend is downwards. However it is still above target and the Highways and Community Infrastructure Committee is monitoring a Road Safety Action Plan to reduce the number of people killed or seriously injured on the county's roads.



The Cambridgeshire economy prospers to the benefit of all residents – stayed the same
Current performance shows that 96.7% of premises in Cambridgeshire have access to at least superfast broadband, which is better than target.

Annual road condition surveys show that maintenance should be considered on 2.7% of our principal road network and 6% of our non-principal road network; both of these are better than target. More of the classified roads in Fenland require maintenance than in other parts of the county; although significant investment has recently been carried out in the Fenland area associated with the DfT Challenge Fund bid, and the effects of some of these works will not have been included in this year's survey. Inspections of the quality of workmanship of highways defects did not show any repairs as defective in the past month.

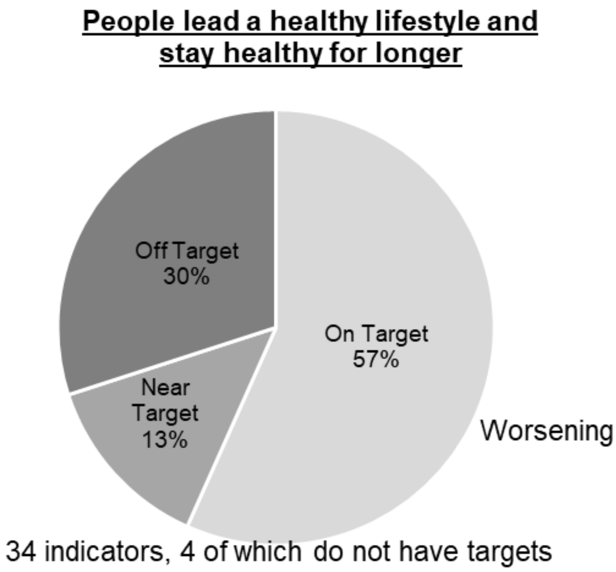
There is a national decline in bus passenger journeys and the 2018 figure for Cambridgeshire is below target. Moving forward the trend may be helped by the removal of parking charges at Park and Ride sites and through the introduction of Greater Cambridge Partnership schemes, although these are not planned until 2019/20 at the earliest.



Places that work with children help them to reach their potential – stayed the same
Current performance shows 8 out of 10 primary-aged children and 9 out of 10 secondary-aged children attend schools judged ‘good’ or ‘outstanding’ by Ofsted. All children attending nurseries are attending ‘good’ or ‘outstanding’ settings. Nearly 9 out of 10 children attending special schools are attending ‘good’ or ‘outstanding’ schools.

In 2018, 61.4% of children taking end of Key Stage 2 tests achieved reading writing and maths combined at the expected standard, this was an improvement compared to previous year but below target and national average. At Key Stage 4, the average Attainment 8 score increased slightly in comparison to the previous year. It is slightly below target but above national average.

Performance in persistent absence from school and fixed term exclusions are both better than statistical neighbour and national averages.



People lead a healthy lifestyle and stay healthy for longer - worsening
Cycle journeys in 2018 showed a growth of 71% compared to a 2004/05 baseline, which is above target.

Performance of sexual health and contraception services is good. Performance of lifestyle services including personal health trainers and weight loss services is good. Health visiting and school nursing performance is generally good.

There was an improvement in 2018 in the percentage of children with excess unhealthy weight to 17.5% of children aged 4-5. However there was a slight increase amongst children aged 10-11 to 28.4%. Both of these figures are better than the national average.

The smoking cessation programme is currently off target but performance is on an upward trajectory.

Health checks programmes are off target in terms of volume. However, GP health checks is comparable to last year and outreach health checks have increased across the county except in Fenland. Further events have been booked and a mobile service has been introduced.

Key Pressures
- 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 details.

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

Finance and Risk

Revenue budget outturn		Capital programme outturn
+£3.2m (0.9%) variance at end of year RED	This is a £0.119m decrease in the revenue pressure since last month's forecast. This is a -£19.036m decrease in the in-year capital expenditure compared to last month's forecast.	-£33.2m (-11.2%) variance at end of year GREEN

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

*Latest Review: January 2019

Transformation Programme	Transformation Fund
44 Early ideas ↔ 197 Business cases in development ↔ 23 Projects being implemented ↔	13 projects rated Green ↑ 1 rated Amber (reflecting some need to re-phase savings) ↔

Number of service users supported by key care budgets

<u>Older people aged 65+ receiving long term services</u>

	Jan-19**	Apr-18	Trend since Apr-18
Nursing	448	410	Increasing
Residential	841	847	Stayed the same
Community	2,099	2,023	Increasing

<u>Adults aged 18+ receiving long term services</u>

	Jan-19**	Apr-18	Trend since Apr-18
Nursing	30	26	Increasing
Residential	315	309	Stayed the same
Community	1,924	1,933	Stayed the Same

<u>Children open to social care</u>

	Mar-19	Apr-18	Trend since Apr-18
Looked after children	768	715	Increasing
Child protection	528	483	Increasing
Children in need*	2,203	2,225	Stayed the same

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

Public Engagement

	Mar-19	Apr-18	Trend since Apr-18
Contact Centre Engagement	15,251 Phone Calls	12,763	Increasing
	8,056 Other	5,316	Increasing
Website Engagement (cambridgeshire.gov.uk)	204,924 Users	154,319	Increasing
	295,557 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.
**A more recent update is not available as data for these services is in the process of being migrated onto the new ASC system, Mosaic.

2.4 This report summarises the overall financial position for the 2018/19 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.2.

2.5 The key issues included in the summary analysis are:

- The overall revenue budget position was a pressure of +£3.2m (+0.9%) at year end. This is a movement of -£0.1m on the forecast reported as at the end of February with the majority of services reporting small favourable movements on their February forecasts with the exception of CS Financing.

- The Capital Programme is reporting an underspend of -£33.2m compared to the position originally anticipated when the capital programme variations budget was set. This includes full utilisation of the £61.6m capital programme variations budget. See section 14 for details.

3. REVENUE BUDGET

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

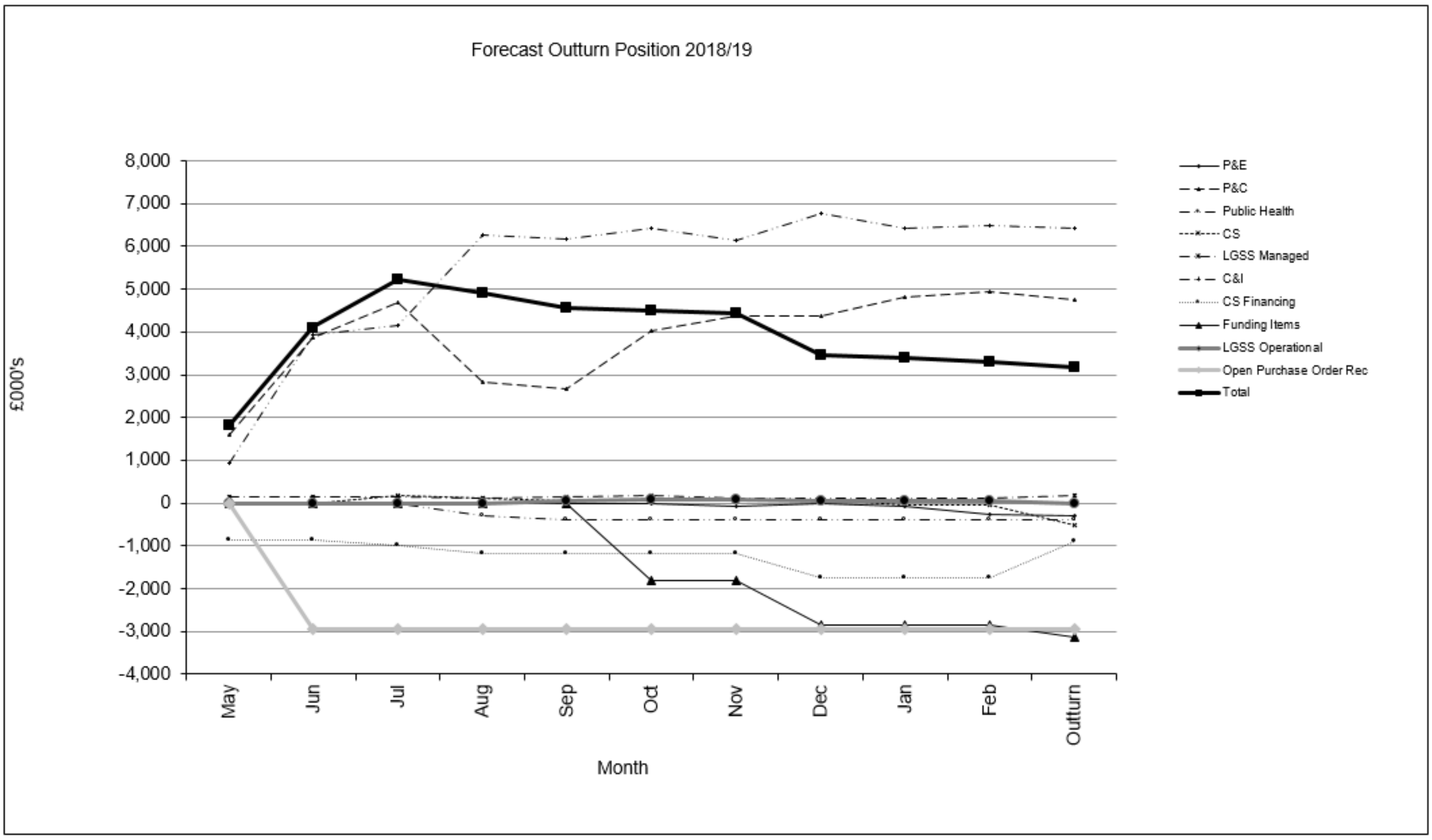
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Original Budget as per BP	**Service**	**Revised Budget**	**Application of Carry Forwards/ Additional Funding approved from General Reserves**	**Total Funds (3)+(4)**	**Actual Spending**	**Variation**		**Transfer to (+) / from (-) Reserves**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**%**	**£'000**
41,428	Place & Economy (P&E)	56,825	295	57,120	56,832	-288	-0.5%	288
239,124	People & Communities (P&C)	239,472	4,098	243,570	248,326	4,756	2.0%	-4,756
629	Public Health (PH)	629	0	629	238	-391	-%	391
7,207	Corporate Services (CS)	6,959	0	6,959	6,447	-511	-7.3%	511
11,126	LGSS Managed	8,986	0	8,986	9,151	165	1.8%	-165
-8,188	Commercial & Investment (C&I)	-8,757	0	-8,757	-2,341	6,416	-%	-6,416
25,983	CS Financing	25,983	0	25,983	25,089	-894	-3.4%	894
317,309	**Service Net Spending**	**330,097**	**4,393**	**334,490**	**343,742**	**9,253**	**2.8%**	**-9,253**
33,685	Funding Items	15,677	0	15,677	12,549	-3,127	-19.9%	3,127
0	Open Purchase Order Reconciliation	0	0	0	-2,950	-2,950	-%	2,950
350,994	**Net Spending**	**345,774**	**4,393**	**350,167**	**353,341**	**3,175**	**0.9%**	**-3,175**
	Memorandum Items:							
8,871	LGSS Operational	8,835	0	8,835	8,723	-112	-1.3%	112
359,865	**Total Net Spending 2018/19**	**354,609**	**4,393**	**359,002**				

[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] 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.

[3] Key to column 7: + signifies overspend or reduced income, - signifies underspend or increased income.

[4] For budget virements between Services throughout the year, please see Appendix 1.



3.2 Key exceptions this month are identified below:

3.2.1 **Place & Economy:** -£0.288m (-0.5%) underspend is being reported at year end

	£m	%
• **Local Infrastructure Maintenance and Improvement** – a +£0.698m pressure is being reported at year end, which relates in full to a change since last month. As a result of additional ringfenced funds generated through Highways enforcement and development control charging, it is sensible for the Council to recognise additional costs in revenue, reducing the need for capital financing. Additional income within the service has been utilised to reduce the borrowing for Highway capital schemes in 2018-19. The variance is the contribution of revenue funding towards this. See also Highways Development Management below.	+0.698	(+11%)
• **Highways Development Management**– a -£0.651m underspend is being reported at year end. This is an increase of -£0.286m on the underspend position previously reported in October, of which -£0.118m relates to a change since last month. Section 106 and section 38 fees have come in higher than expected for new developments, and this has led to an overachievement of income. This partially offsets the pressure on Local Infrastructure Maintenance and Improvement reported above.	-0.651	(-%)

- **Major Infrastructure Delivery**– a £0.372m pressure is being reported at year end, of which £0.161m relates to a change since last month. This is due to legal and maintenance work relating to the Busway defects. +0.372 (+34%)

- **Transport Strategy and Policy**– a £0.288m pressure is being reported at year end, which relates in full to a change since last month. The majority of the work in this area is charged to capital schemes, however there are a number of areas which have been charged to revenue this year:- +0.288 (+279%)
    - Model development and maintenance, including surveys.
    - Strategy development (planned and ad hoc).
    - Engagement in national / regional transport (including rail and trunk road).

- **Street Lighting**– a -£0.360m underspend is being reported at year end, of which -£0.228m relates to a change since last month. This is due to the higher number of deductions for performance failures than expected, which were made in line with the PFI contract and relate to adjustments due under the contract Payment Mechanism regarding performance. -0.360 (-4%)

- 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 -£0.288m. For full and previously reported details see the [P&E Finance & Performance Report](https://tinyurl.com/y6msymsu), (https://tinyurl.com/y6msymsu).

3.2.2 **People & Communities:** +£4.756m (+2.0%) pressure is being reported at year end.

£m **%**

- **Special Educational Needs and Disability (SEND) Specialist Services** – a +£9.873m pressure is being reported at year-end. This is an increase of £0.642m on the position previously reported in January, which relates in full to a change since last month. Of the £9.87m pressure, £8.7m of this is Dedicated Schools Grant (DSG) expenditure and will be carried forward as part of the overall DSG deficit balance into 2019/20. £1.2m is a base budget pressure on the Council's bottom line. There was a net increase of 500 Education, Health and Care Plans (EHCPs) over the course of the 2017/18 academic year (13%) and an average of 10 additional EHCPs a week throughout the 2018/19 academic year. This increase in numbers, as well as an increase in complexity of need, has caused pressures across all elements of the SEN budget. The Council is in experiencing growing demand for High Needs Services, which is impacting many other Councils across the country. This issue is under active monitoring by Schools Forum and the local authority will need to submit a recovery plan for this deficit to the Department for Education this summer. A number of management actions, including an increased investment in +9.873 (+19%)

casework officers to respond to demand are under consideration currently.

The significant changes across the different elements of the SEN budget are outlined below:

- **High Needs Top- Up Funding** – a +£4.877m pressure is being reported at year end. This is an increase of £0.420m on the position previously reported in January (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 accounted for the majority of the overspend on the High Needs Top-Up budget.

- **Out of School Tuition** – a +£1.026m pressure is being reported at year end. This is an increase of £0.235m on the position previously reported in January (and relates in full to a change since last month). The overall pressure is due to a combination of extended provision and also new tuition packages being put in place due to placement breakdowns. This is a continuation of the theme experienced this financial year, resulting in a higher number of children accessing tuition packages than the budget can accommodate.

• **Financing DSG** – a -£8.682m contribution from DSG has been applied to fund pressures on a number of High Needs budgets. This is a -£0.644m increase in the required contribution previously reported in January, which relates in full to a change since last month. The -£8.68m represents the amount drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These included High Needs Top Up Funding (£4.88m), Funding to Special Schools and Units (£2.68m), Out of School Tuition (£1.03m), SEN Placements (£0.18m), Early Years Specialist Support (£0.04m), 0-19 Organisation & Planning (£0.01m), SEND Specialist Services (-£0.09m) and Early Years Service (-£0.03m).	-8.682	(-15%)
• **Older People's Services** – a +£1.971m pressure is being reported at year end across Older People's and Physical Disabilities Services. This is a £0.697m increase in the pressure previously reported in January, of which £0.607m relates to a change since last month. The tight supply of nursing home beds is leading to growing cost pressures for the Council currently. The Commissioning directorate has a number of workstreams	+1.971	(+3%)

progressing to mitigate this impact as far as possible. Unit costs of care have increased through the year, and the mix of placements has shifted towards more expensive types of care at a higher rate than expected. The increase in costs later in the year was partly expected due to winter, and mitigated through grant funding received from central government, but this started from a position that was already over budgeted activity levels and continued through March. In addition, a number of expected mitigations for this pressure were not as high as expected, particularly the amount of cost to be reimbursed from the NHS where people are assessed as having health needs.

- **Adoption**– a +£0.634m pressure is being reported at year end. This is an increase of +£0.261m on the position previously reported in January, of which +£0.175m relates to an increase since last month. This change is due to a rise in the Adoption/ Special Guardianship Order (SGO) allowances and provision of a further nine external inter agency placements since January. In 2018/19 additional demand was forecast on our need for adoptive placements. During the year the contract with Coram Cambridgeshire Adoption (CCA) has been renegotiated based on an equal share of the extra costs needed to cover those additional placements. The increase in Adoption placements 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. +0.634 (+12%)

- 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 +£4.756m. For full and previously reported details see the P&C Finance & Performance Report, (https://tinyurl.com/y4rql7aa).

3.2.3 **Public Health:** a -£0.391m (-%) underspend is being reported 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/y4p86wuw).

3.2.4 **Corporate Services:** -£0.511m (-7.3%) underspend is being reported at year end.

	£m	%
Central allocations- a -£0.322m underspend is being reported at year end, which relates in full to a change since last month. Within the Corporate Savings & Funding category, the demography fund (£322k) was held centrally rather than allocated to a specific service (although the £3.4m smoothing fund had been allocated earlier in year to demand-led pressures). Instead, the remaining central allocation had effectively been held to offset risk of under delivery against the corporately managed savings for workforce, shared services and contract management. At year-end, workforce savings had exceeded target, however there was under delivery against contract management (£64k) and sharing with	-0.322	(-100%)

Peterborough City Council (£139k), which the demography fund underspend has offset.

- 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 -£511k. For full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y4gbsrvk).

3.2.5 **LGSS Managed:** +£0.165m (+1.8%) pressure is being reported 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/y4gbsrvk).

3.2.6 **CS Financing:** a -£0.894m (-3.4%) underspend is being reported at year end.

	£m	**%**
• **Debt Charges and Interest**- a -£0.894m overall underspend is being reported at year end. This is a decrease of £0.844m on the underspend position previously reported in December and relates in full to a change since last month. The change is almost entirely due to the capitalisation of interest recharge which has been calculated significantly lower than was originally budgeted. The Council has a policy of capitalising the costs of borrowing for schemes, which is allowable up until the point a project completes. The recharge between capital projects and the Financing Costs budget can therefore only be completed at year end once the final funding position of all capital schemes has been established, and once it has been identified which schemes have completed and which are ongoing as at 31st March 2019. There are several reasons why the final calculation is significantly under budget; the most substantial factor has been the reduction of the average cost of borrowing to the Council over the last year (this has reduced the costs of borrowing to the Council, but has also reduced the value of the recharge). However, there have also been changes to funding sources for projects (we have undertaken less borrowing than originally expected), and some schemes have also completed faster than anticipated in the original estimation and therefore it has only been possible to recharge the interest costs for a proportion of the year.	-0.894	(-3%)

- For full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y4gbsrvk).

3.2.7 **Commercial & Investment:** a +£6.416m (-%) pressure is being reported at year end. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report, (https://tinyurl.com/y62ddoey).

3.2.8 **Funding Items:** a -£3.127m underspend is being reported at year end. The underspend position has increased by -£0.263m since last month. This is primarily due to the inclusion of the additional Business Rates Relief Reconciliation of Authorities' 2017-18 Tax Loss Payments grant of -£0.462m as set out in section 6.2.

3.2.9 **Open Purchase Order Reconciliation:** -£2.950m underspend is being reported at year end. There are no exceptions to report this month.

3.2.10 **LGSS Operational:** -£0.112m (-1.3%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details see the CS & LGSS Finance & Performance Report, (https://tinyurl.com/y4gbsrvk).

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

4. SAVINGS TRACKER

4.1 The "Savings Tracker" report – a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2018-19 Business Planning process. For 2018/19, the Council has delivered £27.8m of savings against its original plan. Blue rated savings totalled £2.3m, exceeding the target on those initiatives. Green rated savings totalled £18.5m. The year-end Savings Tracker is included as **Appendix 5** to this report.

It is also important to note the relationship with the reported positon within this report. As pressures arose in-year, further mitigation and/or additional savings were required to deliver a balanced positon.

4.2 A summary of Business Plan savings by RAG rating is shown below:

BLUE			GREEN			AMBER			RED			BLACK				
Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Total Original Savings	Total Variance
	£000	£000		£000	£000		£000	£000		£000	£000		£000	£000	£000	£000
1	-1,500	-818	54	-18,506	17	4	-924	335	7	-15,817	9,366	8	-1,570	1,570	-38,317	10,470

The stretched targets for existing savings and additional savings identified within the funnel supported delivery of a further £5,786k in addition to the amounts shown above. For several proposals, due to delays or difficulties in recruiting, the delivery of savings in some cases may re-phased into 2019/20.

5 KEY ACTIVITY DATA

5.1 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/y4rql7aa) (section 2.5).

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 <u>Business Rates Relief Reconciliation of Authorities' 2017/18 Tax Loss Payments Grant</u>

The Council has received an additional £462k in 2018/19 from the Ministry for Housing, Communities and Local Government (MHCLG) for Business Rates Relief; Reconciliation of Authorities' 2017/18 Tax Loss Payments. Local Authorities received interim section 31 grant payments during the year based on 2017/18 NNDR1 forecasts which recompensed authorities for their individual reduction in non-domestic rating income in 2017/18. Following receipt of NNDR3 returns for 2017/18 and a reconciliation process, MHCLG has issued a new grant determination to reimburse local authorities who had previously under forecasted the amount of business rates relief given in 2017/18. As a result Cambridgeshire County Council's additional allocation for 2018/19 is £462,063.

It is proposed that this additional income is held in the corporate grants section of Funding items, and transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval.

General Purposes Committee is asked to approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2017/18 Tax Loss Payments grant (£462,063) to the corporate grants account within Funding Items. This will offset pressures across the Council, reducing the transfer from the general fund reserve at year-end.

7. SCHOOLS

7.1 Funding for schools is received from the Department for Education (DfE) via the Dedicated Schools Grant (DSG). As well as funding individual school budgets, the DSG also funds a range of central support services for schools.

7.2 Total schools balances as at 31st March 2019 are as follows:

	31st March 2018 £m (original published balances)	31st March 2018 £m (amended for in-year academy conversions)	31st March 2019 £m	Change £m
Nursery Schools	0.6	0.6	0.9	+0.3
Primary Schools	9.9	9.7	11.1	+1.4
Special Schools	0.6	0.6	0.5	-0.1
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0.0
Sub Total	**11.2**	**11.0**	**12.6**	**+1.6**
Other Revenue Balances (e.g. Community Focussed)	1.1	1.1	1.1	0.0
TOTAL	**12.3**	**12.1**	**13.7**	**1.6**

It must be noted that further to the DSG, schools budgets include funding from the Education & Skills Funding Agency (ESFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Schools that converted to Academy status prior to 31 March are no longer reported by the Local Authority and therefore are not included within the figures.

The change in individual school balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years funding amounts.
- Some schools have chosen to apply balances in 2018/19 to maintain current staffing levels and class structures.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.
- A number of ESFA additional funding allocations were made to schools in the final quarter of 2018/19 (including Devolved Formula Capital & Free School Meals)

7.3 Analysis will be undertaken to look at the individual changes in balances, and appropriate challenge given to both schools in a deficit position, and schools with excessive balances. Further analysis will be carried out throughout the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

7.4 If a school is classed as not meeting the minimum floor targets for attainment, any balance in excess of 5% (secondary) or 8% (primary/special/nursery) is considered excessive and will be subject to local authority learning directorate officers determining how some of the excess could be best used to raise attainment levels.

7.5 A fuller report on financial health of individual schools, including surplus and deficit balances and a school-by-school breakdown was submitted to Schools Forum earlier in May and is available for review at: https://tinyurl.com/SchoolFinHealth19 **.**

The balances can be further analysed in the tables below:

Sector	Schools with Reported Deficit Balances as at 31st March 2019
Nursery	0
Primary	3
Secondary	0
Special	1
Total Schools	**4**

Value of revenue deficits at 31st March 2019:

Deficit	Nursery	Primary	Special	Total
£100k+	0	0	0	**0**
£60k - £100k	0	0	0	**0**
£20k - £60k	0	1	1	**2**
£10k - £20k	0	0	0	**0**
£1k - £10k	0	2	0	**2**

Value of surplus revenue balances held by schools at 31st March 2019:

Surplus	Nursery	Primary	Special	Total
£0k - £10k	0	5	0	**5**
£10k - £20k	0	6	0	**6**
£20k - £60k	0	36	0	**36**
£60k - £100k	1	35	1	**37**
£100k - £150k	2	22	0	**24**
£150k - £200k	0	12	1	**13**
£200k - £300k	3	7	0	**10**
£300k - £400k	0	2	1	**3**
£400k+	1	0	0	**1**

Please note: the figures in 8.2 and 8.5 are based on the year end returns from schools. However, following further validation of the Consistent Financial Reporting (CFR) returns the final information on Schools balances published by the Department for Education may differ slightly.

8. GENERAL RESERVE BALANCES

8.1 Balances on the general reserve as at 31st March 2019 are £12.8m as set out below:

General Reserve Balance	2018/19 Final Outturn £m
Balance as at 31st March 2018	13.393
Changes Arising:-	
Planned Business Plan adjustments	3.253
Children's Services and New Duties -Leaving Care additional funding approved at July 2018 GPC	-0.685
Additional pensions contributions net underachievement	-0.436
Surplus Corporate Grants	3.563
Open Purchase Order Reconciliation	2.950
Commercial & Investment	-6.416
People & Communities	-4.756
Debt Charges	0.894
Corporate Services	0.511
Public Health[1]	0.391
Place & Economy	0.288
LGSS Managed	-0.165
Balance as at 31st March 2019	**12.785**

[1] The Public Health transfer to the General Reserve relates to unringfenced funding; this was the -£391k underspend on the County Council core budget allocated to the Public Health Directorate in 2018/19 to supplement the national ringfenced grant.

8.2 As a minimum it is proposed that the General Reserve should be no less than 3% of the gross expenditure of the Council (excluding schools expenditure and Combined Authority Levy). At year end, the General Reserve was 2.2% of budgeted 2019-20 gross non-school expenditure. This deficit has been addressed as part of Business Planning, whereby £4.7m are added to reserves on 1 April 2019, restoring them to the 3% level.

9. REVIEW OF OTHER RESERVES

9.1 The Council reviews the level of its overall reserves at outturn each year, in addition to assessing the adequacy of reserves as part of the BP process. Reserves have long provided vital flexibility in the Council's financial management and no changes are proposed in the operation of these reserves going forward. Details of the Council's earmarked reserves are set out in Appendix 2.

10. TREASURY MANAGEMENT ACTIVITY

10.1 This section summarises the expenditure and income for debt financing, which is held as a central budget within Corporate Services, and complies with the reporting requirements in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

	Budget £m	Outturn £m	Variance £m
Interest payable	16.591	15.856	(0.735)
Interest receivable	0.031	(0.670)	(0.701)
Capitalisation of Interest Costs	(2.417)	(1.710)	0.707
Technical & Other	0.429	0.522	0.093
MRP	11.350	11.093	(0.257)
Total	**25.984**	**25.091**	**(0.893)**

10.2 Interest payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. Short term loans at lower rates of interest were raised instead to meet liquidity needs. Minimum Revenue Provision (MRP) and Capitalisation of Interest Costs were less than budgeted as a consequence of reprofiling and alternative funding of capital expenditure.

10.3 The change in the authority's loan debt over the year was as follows:

	1st April 2018 £m	31st March 2019 £m	Difference
Long Term Debt	362.860	442.257	**79.397**
Short Term Debt	135.000	156.000	**21.000**
	497.860	**598.257**	**100.397**
Less: Investments	26.424	29.601	**3.177**
Less: 3rd Party Loans & Share Capital	32.330	95.392	**63.062**
Net Debt	**439.106**	**473.264**	**34.158**

10.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 4.0%. The average rate paid on short term debt was 1.0%. The overall average rate on total borrowing was 3.2%.

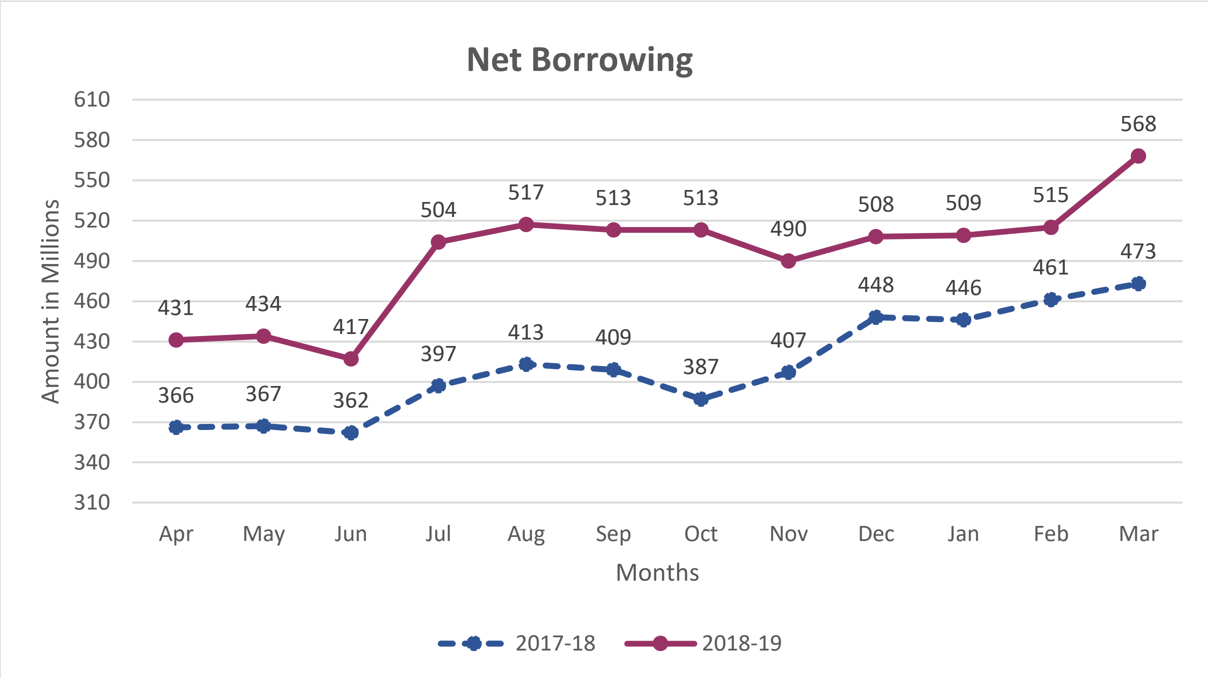
10.5 Each year the Council must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2018/19 compares with approved limits as follows:

	Approved	**Actual**
Financing Costs		
% of Net Revenue Stream	8.3%	7.6%
Authorised Limit for Debt	£1,014.6m	£598.3m
Operational Boundary for Debt	£984.6m	£598.3m
Interest Rates Exposure (as % of total net debt)		
Fixed Rate	150%	72%
Variable Rate	65%	28%
Debt Maturity Range (as % of total debt) *		
Under 1 year	0 to 80%	28%
1 – 2 years	0 to 50%	17%
2 – 5 years	0 to 50%	12%
5 – 10 years	0 to 50%	10%
Over 10 years	0 to 100%	33%

* The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity, regardless of likelihood of this option being exercised.

11. BALANCE SHEET

11.1 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 March 2019 were £30m (excluding 3rd party loans) and gross borrowing was £598m, equating to a net borrowing position of £568m. Of the gross borrowing, it is estimated that £165m 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.



11.2 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 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 later projections of Balance Sheet cash-backed reserves and the Capital Programme borrowing requirements, this forecast was revised lower to £620m. The final outturn position was lower; net borrowing of £568m largely due to slippage in delivery of the capital programme.

11.3 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.

11.4 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.

11.5 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.

11.6 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report, (https://tinyurl.com/y4azemdw).

11.7 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.

12. DEBT MANAGEMENT

12.1 An overview of debt management outcomes is shown below:

Measure		**Year End Target**	**Actual as at the end of March 2019**
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£4.91m
	Sundry	£1.71m	£3.41m

12.2 Bad Debt Provision

As a result of the levels of debt at year end, assessed for security, the Council has increased the provision it carries on its balance sheet for bad debt by £0.37m.

12.3 Summary Final Position:

Overall debt outstanding has decreased since February. Overdue debt (total less current) has decreased by £13m from £29m to £16m.

91 days + KPI debt balances have decreased by £1.28m since February. The target of £5.08m was not achieved, with the final balance being £8.32m.

The Head of Revenues & Benefits, who is newly responsible for Debt Management activity within LGSS, is reporting to the June 2019 Audit and Accounts Committee on plans for improvement in this area. A number of actions are underway under the new head of service to improve the position:

- Confirming staff into permanent positions (after extensive staff turnover and use of agency); the whole debt management team is now staffed by employees.
- Providing additional management supervision and support; staff have been released from ERP project work (which has now stabilised) and from wider LGSS revenues & benefits functions.

- Appointment of external debt recovery agents for targeted work.
- Appropriate use of legal escalations.
- Preventative measures for Adult Social Care debt including direct debits and deputyship orders.
- Further progress on allocating income received from customers but not applied to individual invoices.
- Overhauled budget holder level debt reporting.

12.4 Adults Social Care

Adult Social Care (ASC) and Older People– 91 days + debt has decreased by £0.99m since February. Final balances are £4.91m against a target of £3.37m.

12.5 Sundry

Overall sundry 91 days + debt has decreased by £286k since February. This consists of debt decreases of £248k in Children's Services, £37k in Corporate Services and £1k in Place & Economy. This has resulted in the final sundry 91 days + debt balance being £3.41m against a target of £1.71m.

13. CAPITAL PROGRAMME

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

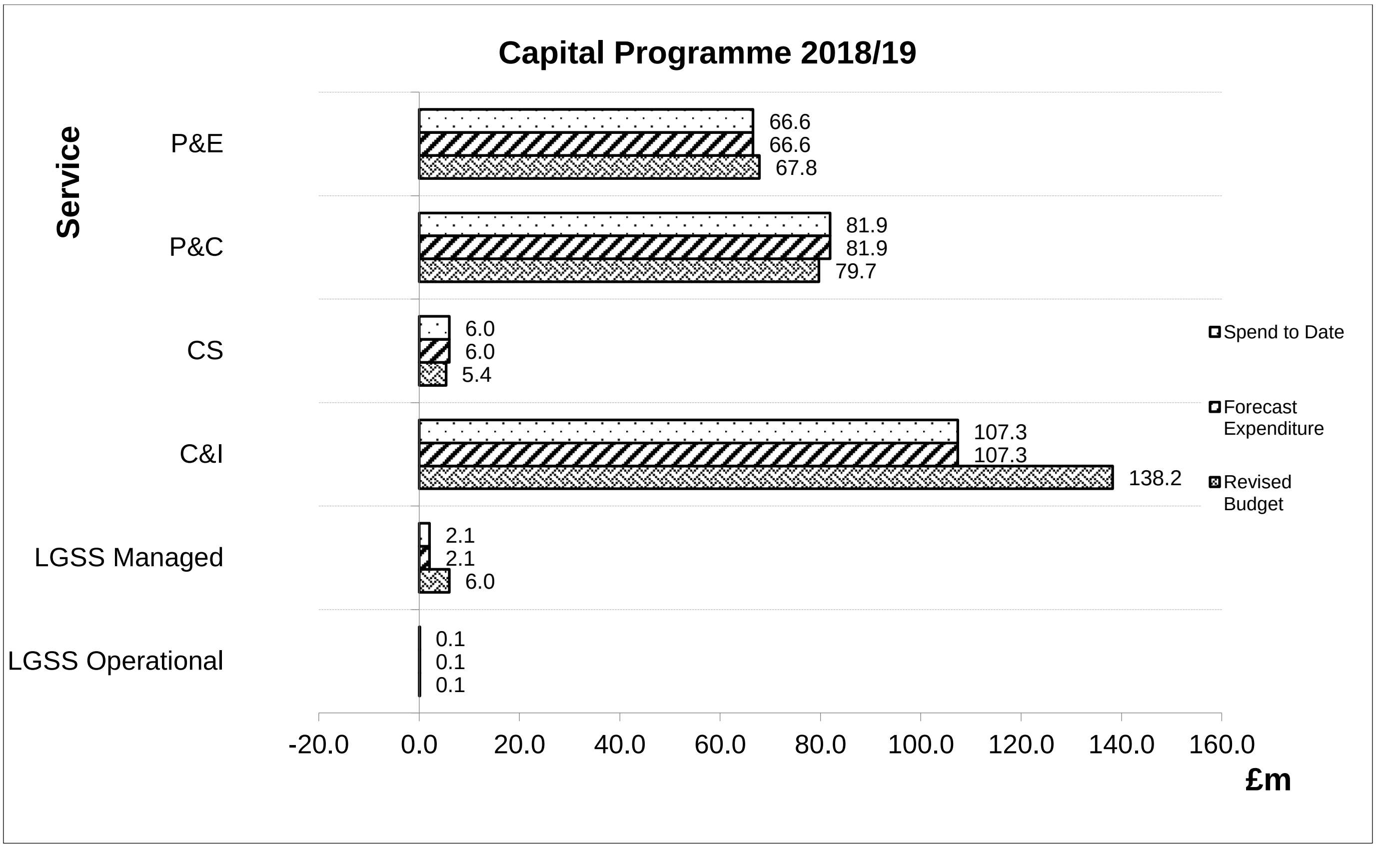
2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan £000	Forecast Variance - Outturn (Feb) £000	Service	Revised Budget for 2018/19 £000	Actual- Year to Date (Outturn) £000	Actual Variance - Outturn 2018/19 £000	Actual Variance - Outturn 2018/19 %	Total Scheme Revised Budget (Outturn 1819) £000	Total Scheme Forecast Variance (Outturn 1819) £000
35,956	-	P&E	67,842	66,567	-1,275	-1.9%	444,571	-
87,820	3,937	P&C	79,718	81,891	2,173	2.7%	670,994	15,451
2,038	1,183	CS	5,365	6,017	652	12.2%	19,541	-
6,415	-1,556	LGSS Managed	6,013	2,088	-3,925	-65.3%	6,963	-184
123,274	-17,769	C&I	138,217	107,350	-30,867	-22.3%	266,164	319
-	-	LGSS Operational	134	134	0	0.2%	2,025	-
-	-	Outturn adjustment	-	-	-	-	-	-
255,503	**-14,206**	**Total Spending**	**297,289**	**264,048**	**-33,242**	**-11.2%**	**1,410,258**	**15,585**

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 13.2.

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 reporting an underspend of -£8.2m 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.

13.2 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduced the programme budget for 2018/19. This was allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage.

A summary of the use of capital programme variations budgets by services is shown below.

2018/19					
Service	Capital Programme Variations Budget £000	Actual Variance - Outturn 2018/19 £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Actual Variance Against Revised Budget - Outturn 2018/19 £000
P&E	-14,931	-16,206	14,931	100.00%	-1,275
P&C	-10,469	-8,296	8,296	79.24%	2,173
CS	-951	-299	299	31.44%	652
LGSS Managed	-1,479	-5,404	1,479	100.00%	-3,925
C&I	-33,805	-64,672	33,805	100.00%	-30,867
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-	-	-	-
Total Spending	**-61,635**	**-94,877**	**58,810**	**95.42%**	**-33,242**

13.3 As at year-end, People & Communities (P&C) has utilised -£8.3m of the -£10.5m capital programme variations budget originally allocated to P&C, and Corporate Services (CS) has utilised -£0.3m of the -£0.9m capital programme variations budget originally allocated to CS. Taken together with the rephasing on Place & Economy (P&E), LGSS Managed, Commercial & Investment (C&I) which have exceeded the capital programme variations budget allocated to them, this fully utilises the total -£61.6m capital variations budget and exceeds the total by -£33.2m. Therefore, overall expenditure on the 2018/19 capital programme is underspent by -£33.2m compared to the position originally anticipated when the capital variations budget was set.

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

13.4.1 **Place & Economy:** a -£1.3m (-2%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full.

	£m	%
• **£90m Highways Maintenance schemes** - an in-year pressure of +£1.5m is being reported at year end. This is a decrease of -£0.5m on pressure reported last month. This is due to the reclassification of two schemes which were transferred to be funded by the £6.653m Additional Highways Maintenance funding, thereby reducing the pressure on this policy line; the schemes were Sutton Rd, Leverington (£250k) and Soham, Great North Fen (£142k).	+1.5	(+50%)
• **Major Scheme Development & Delivery**- a -£0.3m underspend is being reported at year-end, which	-0.3	(-61%)

relates in full to a change since last month. This relates to work on the Northstowe bus link; this work will be carried out in 2019/20. The scheme is in the early design stage; further funding availability is being sought before the scheme proceeds further.

• **Ely Crossing**- a -£0.5m underspend is being reported at year-end, which is a decrease of +£1.1m on the underspend reported last month. The overall underspend this financial year is largely due to ongoing land compensation claims.	-0.5	(-4%)
• **Guided Busway**- a -£0.5m underspend is being reported for year-end, which relates in full to a change since last month. The overall underspend this financial year is due to land compensation payments in relation to the busway being lower than anticipated.	-0.5	(-96%)
• **Delivering the Transport Strategy Aims** – an in-year underspend of -£1.5m is being reported at year end. This is an increase of -£0.4m on the underspend position reported last month. This is primarily due to rephasing on the following schemes: o Highways Schemes: an in-year underspend of -£1.1m is being reported at year-end, which is an increase of -£0.4m since last month. This is due to further underspends arising on: - B1049 Cottenham, Twentypence Road where construction was removed at short notice at request of the parish (0.183m). - Cambridge, Oxford Rd / Windsor Rd Traffic calming (£0.293m) – this is still at consultation stage, and to be carried forward to 2019/20. - C291/C292 Cambridge Victoria Ave/Maids Causeway - Pedestrian & cycle improvements – delays in design and now at consultation, to be carried forward to 2019/20.	-1.5	(-46%)
• **Challenge Fund-** a -£0.7m underspend is being reported for year-end, which relates in full to a change since last month. This is due to two schemes being rephrased into 2019/20; Stuntney and Mile End schemes are now being delivered in early 19/20, although initially it was expected that they would be completed in March.	-0.7	(-15%)
• **Connecting Cambridgeshire**- a -£5.6m underspend is being reported at year-end. This is an increase of	-5.6	(-94%)

-£0.6m on the underspend previously in October and relates in full to a change since last month. 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.

• **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 up to the point when rephasing exceeds this budget. Therefore £14.9m of the net underspend is balanced by full utilisation of the capital variations budget; this is an increase of £2.0m on the use of variations budget reported last month and relates primarily to the increased underspends on Major Scheme Development & Delivery, Delivering the Transport Strategy Aims, Challenge Fund, Guided Busway and Connecting Cambridgeshire, and the decreased pressure on £90m Highways Maintenance schemes, partially offset by the decreased in-year underspend on Ely Crossing as reported above.	+14.9	(+100%)

- For full and previously reported details see the P&E Finance & Performance Report, (https://tinyurl.com/y6msymsu).

13.4.2 **People & Communities:** +£2.2m (+3%) accelerated spend is being reported at year-end after utilising -£8.3m of the -£10.5m capital programme variations budget allocated to P&C.

	£m	**%**
• **Basic Need – Primary –** an in-year underspend of -£3.3m is being reported at year-end. This is an increase of -£1.4m on the underspend reported last month. This is mainly due to rephasing on the following schemes: ○ Chatteris additional primary places has been rephased by £0.4m (an increase of £0.2m since last month), due to the delay in the start of works, this will have no impact on the completion date of summer 2020. ○ Gamlingay Primary School has been rephased by £0.3m in 2018/19. The project works have been completed; the contractors' final account for the construction works has yet to be finalised and agreed.	-3.3	(-10%)

- **Basic Need – Secondary –** an in-year underspend of -£5.0m is forecast. This is a decrease of £1.1m on the underspend reported last month. This is mainly due to rephasing on the following schemes:
    - Northstowe Secondary & Special has experienced reduced rephasing of £0.6m from £3.7m to £3.1m since last month. The overall £3.1m 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; however a further £0.6m of the initial rephasing has been regained due to full works being able to commence on site and progressing well due to unseasonably good weather.
    - Cambourne Village College has experienced reduced rephasing of £0.9m from £1.6m to £0.7m since last month. The overall rephasing is due to the works not starting on site until February 2019 for a September 2019 completion; great crested newts were found on site so works have been delayed.

  -5.0 (-14%)

- **Basic Need – Early Years:** an in-year underspend of -£1.5m is being reported at year end, which relates in full to a change since last month. This is due to works not commencing on a number of early years schemes. These will commence in 2019-20.

  -1.5 (-99%)

- **Adaptations:** +£0.9m accelerated spend is being reported at year end, of which £0.7m relates to a change since last month. This is mainly relates to the following schemes:
    - Morley Memorial Primary Scheme is experiencing accelerated spend of £215k as works are progressing slightly ahead of the original planned timescales and final accounts will be settled in 2018/19.
    - Sawtry Academy Project has experienced £711k accelerated spend in 2018-19 as the project has commenced ahead of the anticipated schedule.

  +0.9 (+39%)

- **Condition & Maintenance:** a +£2.6m pressure is being reported at year end. This is an increase of £1.1m on the position previously reported in December, of which £1.0m relates to a change since last month. This is due to a number of unplanned emergency projects requiring urgent attention to

  +2.6 (+106%)

ensure the schools concerned remained operational and to maintain the schools' condition.

- **Schools Managed Capital:** a -£1.0m underspend is being reported at year end, which relates in full to a change since last month. The revised budget for Devolved Formula Capital (DFC) has increased by £1,225k due to government confirming additional funding for 2018/19 allocations. DFC is a three year rolling balance for which schools control the timing and amount of spend, and includes £717k carry forward from 2017/18. The 2018/19 position relates to schools funded capital of £987k which has matching funding to offset the impact. Devolved Formula Capital has a carry forward into 2019/20 of £1,983k. -1.0 (-34%)

- **Temporary Accommodation:** -£0.2m underspend is being reported at year-end. This is a decrease of £0.3m on the underspend position previously reported in December, of which £0.2m relates to a change since last month. The overall underspend is due to the level of temporary mobile accommodation being lower than initially anticipated when the Business Plan was approved. -0.2 (-15%)

- **Capitalisation of Interest Costs:** -£0.4m underspend is being reported at year-end. The capitalisation of interest calculation was carried out with analysis completed at an individual scheme level once the overall 2018/19 capital expenditure was complete, and monthly interest rates for the financial year were known. Following the final expenditure and interest figures the calculated value for P&C came in at £428k lower than the original estimated budget. -0.4 (-28%)

- For full and previously reported details see the P&C Finance & Performance Report, (https://tinyurl.com/y4rql7aa).

13.4.3 **Corporate Services:** a +£0.7m (+12%) in-year pressure is being reported at year end.

	£m	**%**
Citizen First, Digital First – an in-year underspend of -£0.5m is being reported at year end, which relates in full to a change since last month. This is due to expenditure on IT hardware and software which has been delayed and is expected to take place in 2019/20.	-0.5	(-43%)

- For full and previously reported details see [CS & LGSS Finance & Performance Report](https://tinyurl.com/y4gbsrvk), (https://tinyurl.com/y4gbsrvk).

13.4.4 **LGSS Managed:** a -£3.9m (-65%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full.

	£m	%
Cambridgeshire Public Sector Network Replacement– an in-year underspend of -£3.8m is being reported at year end. This is an increase of -£1.3m on the position previously reported in September, and relates in full to a change since last month. This is due to a revised timescale for this project; the previous contract was extended, so the process to move buildings across to the new network has started on a revised timescale.	-3.8	(-70%)
• **Libraries IT Network Refresh**– an in-year underspend of -£0.4m is being reported at year end. This relates in full to a change since last month. This is due to a delay in expenditure on IT hardware which is now expected to take place in 2019/20. Overall the total scheme is now anticipated to underspend by £0.125m due to the size of the project being smaller than initially expected.	-0.4	(-90%)

- For full and previously reported details see [CS & LGSS Finance & Performance Report](https://tinyurl.com/y4gbsrvk), (https://tinyurl.com/y4gbsrvk).

13.4.5 **Commercial & Investment:** a -£30.9m (-22%) in-year underspend is being reported at year end after capital programme variations budget has been utilised in full.

	£m	%
• **Housing Schemes** – an in-year underspend of -£19.7m is being reported at year end. This is an increase of -£10.0m on the underspend previously reported in December, and relates in full to a change since last month. The forecast expenditure on Housing Schemes reflected expected loans to be made to This Land, as well as equity payments associated with the completed sales. There was an expectation that within the loans to be issued during 2018-19, expenditure would be incurred with respect to: o Construction loan on sites sold to This Land (£8m); o Equity in This Land (£2m). This expenditure will now be incurred in 2019-20.	-19.7	(-23%)
• **Shire Hall Campus** – an underspend of -£2.2m is being reported at year end. This is an increase of -£1.8m on the underspend position reported last month. The 2018-19 budget included the purchase of land at Alconbury Weald, which is now expected to take place in 2019-20. It also included a proportion of the budget for risk in the scheme, which is not required in 2018-19 but will be required in future years when the building work is underway.	-2.2	(-88%)

- **Building Maintenance** – an underspend of -£0.7m is being reported at year end, of which -£0.67m relates to a change since last month. A number of essential building maintenance schemes across the portfolio were not completed in 2018-19, and it is expected that these schemes will be completed in 2019-20. -0.7 (-50%)

- For full and previously reported details see the C&I Finance & Performance Report, (https://tinyurl.com/y62ddoey).

13.4.6 **LGSS Operational:** a balanced outturn is being reported 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/y4gbsrvk).

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

13.5.1 **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/y6msymsu).

13.5.2 **People & Communities:** a +£15.5m (+2.3%) 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/y4rql7aa).

13.5.3 **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/y4gbsrvk).

13.5.4 **LGSS Managed:** a -£0.2m (-3%) 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/y4gbsrvk).

13.5.5 **Commercial & Investment**: a +£0.3m (+0%) total scheme pressure 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/y62ddoey).

13.5.6 **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/y4gbsrvk).

13.6 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	17.5	4.1	-0.4	9.1	**30.3**	30.8	0.6
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	-	1.2	**2.9**	1.0	-2.0
Specific Grants	6.5	4.4	-1.0	-	**9.9**	13.5	3.6
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	**12.9**	16.3	3.5
Capital Receipts	81.1	-	-15.9	0.2	**65.5**	45.6	-19.8
Other Contributions	12.1	-	-3.6	6.7	**15.1**	11.5	-3.6
Revenue Contributions	-	-	-	-	**-**	5.3	5.3
Prudential Borrowing	97.3	92.4	-72.9	14.8	**131.6**	110.8	-20.8
TOTAL	**255.5**	**104.6**	**-94.2**	**31.5**	**297.3**	**264.0**	**-33.2**

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.

13.7 Key funding changes (of greater than £0.25m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Specific Grants and Other Contributions)	All	+£4.6	Funds received for Basic Need Grant (£27.5m), Greater Cambridge Partnership (£3.6m), and Horizons (£2.1m) that have not been needed in 2018/19 in cash flow terms for the specific schemes they relate to have been used in place of borrowing to fund other schemes across the capital programme. This will reduce the MRP charge that will be payable for 2019/20. When these funds are needed in the future for the specific schemes that they relate to, the Council will borrow to repay them. Funds previously received for the Growth Deal (£20.9m) and Growing Places fund (£7.7m) that have already been used in place of borrowing are now required to fund expenditure in 2018/19; this expenditure will therefore be funded by the use of the Basic Need, Greater Cambridge Partnership and Horizons funding as described above. This results in a net funding swap for 2018/19 of £4.6m. **General Purposes Committee is asked to approve the use of £27,532k Basic Need Grant, £3,601k Greater Cambridge Partnership funding, and £2,052k Horizons to off-set the additional funding required to repay the use in previous years of £20,901k Growth Deal and £7,654k Growing Places funding, as well as the resulting reduction of £4,630k in the prudential borrowing requirement.**
Additional / Reduction in Funding (Section 106 contributions)	All	+£3.7	Section 106 contributions applicable to projects which have already completed in prior years (£3.7m) due to a timing issue between expenditure and receipt of funding have therefore been allocated to fund other projects in 2018/19. This has the effect of reducing prudential borrowing in 2018/19 (the completed projects would have been funded by £3.7m prudential borrowing (repayable) in prior years). **General Purposes Committee is asked to note the use of £3,693k Section 106 contributions for applicable schemes where expenditure was incurred in prior years, and the resulting reduction of £3,693k in the prudential borrowing requirement for 2018/19.**

Additional / Reduction in Funding (Prudential Borrowing)	CS	+£0.5	Two third party loans have been issued in 2018/19, funded by prudential borrowing; £0.35m to Estover Playing Field Community Interest Company and £0.15m to Wisbech Town Council. These have been approved by Committee ahead of being advanced. The C&I committee received an annual report on third party loans in April 2019.
Additional / Reduction in Funding (Other Contributions)	P&E	+£0.3	The Strategy & Scheme Development scheme funding has been increased by £286k revenue contributions. This relates to works charged to revenue this year, including: o Model development and maintenance, including surveys. o Strategy development (planned and ad hoc). o Engagement in national / regional transport (including rail and trunk road). **General Purposes Committee is asked to note this additional funding from revenue contributions.**

13.8 For previously reported key funding changes see the respective Service Finance & Performance Report (appendix 6):

P&E Finance & Performance Report
P&C Finance & Performance Report
CS & LGSS Finance & Performance Report
C&I Finance & Performance Report

13.9 Request for additional 2019/20 funding

Additional funding of £599k is requested for 2019/20 for the Abbey Meadows Primary School condition works scheme. This scheme is to undertake building condition and maintenance work as part of due diligence with the school converting to Academy status on 1st April 2019. As part of the incoming Trust and Council's due diligence work, a condition survey was commissioned to assess the overall condition of the Abbey Meadows school site, including all buildings and external areas. The condition survey highlighted numerous areas requiring works, all of which, if not undertaken, could have the potential to close, or partially close the school within the next 12-18 months. These include mechanical and electrical works, windows, doors and internal/external ancillary works (making good defects caused by historic/current condition faults). The total cost of the works has been assessed to the value of £599k. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2021/22 at £43.6k and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £599,000 in 2019/20 for the Abbey Meadows condition works scheme.

14. EXTERNAL AND CONTEXTUAL ISSUES

14.1 As predicted, the financial challenges facing the Council have increased during 2018/19. CCC has continued to face substantial increases in demand for its services, both as a result of population growth and changing demographics, particularly in relation to the ageing population and those with complex care needs. The number of Looked After Children remains high although progress has been made on unit costs. There have been rising costs in Older People's nursing; this area is emerging as a significant pressure after a number of years where demand and price have been managed very effectively following reform of commissioning & social work in Cambridgeshire. Serious pressures have grown and continued on Special Education Needs and High Needs block, leading to the carried forward deficit reported in section 3.2.2. These pressures, coupled with a 3.5% reduction in Government funding led to a savings requirement of £82m from 2018/19 to 2022/23.

14.2 Indicative of the scale of the challenge the Council has faced this year, it has failed to achieve a "break-even" outturn for the third year in succession and ended the year needing to draw down £3.2m from its non-earmarked reserves. Details of the pressures that have led to this position can be found in previous Finance & Performance Reports.

14.3 The financial outlook for 2019/20 remains extremely constrained. The continued reduction in Government grants is increasing reliance on locally generated forms of revenue such as Council tax and fees & charges. In particular, the Revenue Support Grant, worth more than £50m a year as recently as 2015-16, will no longer be received by the Council from 2019-20. The Council will see an overall increase in funding (excluding schools grants) of 10.9% to 2023-24, primarily due to increases in Council tax. Nevertheless, inflationary pressures, population growth and increased demand for services are expected to result in additional budget pressures of 21.6% of gross budget over the same period, resulting in a savings requirement of £61m over the next five years. However, following the 2016/17 change in the way the Council bears the cost of borrowing through its Minimum Revenue Position policy, it has been able to establish a Transformation Fund which will be further utilised during 2019/20. The Transformation Programme is integrated into the Business Planning process with a programme of investments and savings reflecting the transformational changes planned for 2019/20 and beyond. This continues to make resources available for Services to invest in strategies and to overhaul their services in a way that will deliver long-term savings.

14.4 The Council will focus on transforming rather than cutting services in this approach and will continue to seek to shape proposals so that the most vulnerable are the least affected. For further information see the Council's Medium Term Financial Strategy.

15. ALIGNMENT WITH CORPORATE PRIORITIES

15.1 A good quality of life for everyone

There are no significant implications for this priority.

15.2 Thriving places for people to live

There are no significant implications for this priority.

15.3 The best start for Cambridgeshire’s children

There are no significant implications for this priority.

16. SIGNIFICANT IMPLICATIONS

16.1 Resource Implications

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

16.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

16.3 Statutory, Risk and Legal Implications

There are no significant implications within this category.

16.4 Equality and Diversity Implications

There are no significant implications within this category.

16.5 Engagement and Consultation Implications

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

16.6 Localism and Local Member Involvement

There are no significant implications within this category.

16.7 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 (Outturn 18/19) P&C Finance & Performance Report (Outturn 18/19) PH Finance & Performance Report (Outturn 18/19) CS and LGSS Cambridge Office Finance & Performance Report (Outturn 18/19 C&I Finance & Performance Report (Outturn 18/19) Performance Management Report & Corporate Scorecard (Outturn 18/19) Capital Monitoring Report (Outturn 18/19) Report on Debt Outstanding (March 19)	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 £'000	Public Health £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	LGSS Managed £'000	C&I £'000	LGSS Op £'000	Financing Items £'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
Children's Commissioning contribution towards Shared Services savings target	-14				14				
Transfer from Multi-Agency Safeguarding Hub to Contact Centre	-62				62				
Transfer Insurance budgets	394		1,764			-2,199	41		
Current budget	**243,570**	**629**	**57,121**	**25,983**	**6,957**	**8,985**	**-8,756**	**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 March 2019	Notes
		£000s	£000s	£000s	
General Reserves					
- County Fund Balance		13,392	-607	12,785	
- Services					Service reserve balances transferred to General Fund after review
1	P&C	0	0	0	
2	P&E	0	0	0	
3	CS	0	0	0	
4	LGSS Operational	0	112	112	
	subtotal	13,392	-495	12,897	
Earmarked					
- Specific Reserves					
5	Insurance	3,175	885	4,060	
	subtotal	3,175	885	4,060	
- Equipment Reserves					
6	P&C	64	-56	8	
7	P&E	30	-30	0	
8	CS	30	-27	3	
9	C&I	680	-624	56	
	subtotal	804	-737	67	
Other Earmarked Funds					
10	P&C	464	-128	336	
11	PH	2,567	319	2,886	
12	P&E	5,382	900	6,282	Includes liquidated damages in respect of the Guided Busway
13	CS	2,677	462	3,139	
14	LGSS Managed	63	0	63	
15	C&I	552	62	614	
16	Transformation Fund	21,877	2,627	24,504	Savings realised through change in MRP policy.
17	Innovate & Cultivate Fund	844	717	1,561	Includes £1m transfer from Transformation Fund approved by GPC 22nd Jan 2019.
18	Smoothing Fund	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	34,426	4,959	39,385	
SUB TOTAL		**51,798**	**4,611**	**56,409**	
Capital Reserves					
- Services					
18	P&C	12,109	17,466	29,575	
19	P&E	10,200	-4,131	6,069	
20	LGSS Managed	0	0	0	
21	C&I	0	20,415	20,415	
22	Corporate	43,561	11,133	54,694	Section 106 and Community Infrastructure Levy balances.
	subtotal	65,870	44,883	110,753	
GRAND TOTAL		**117,668**	**49,494**	**167,162**	

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		Notes
			Movements in 2018-19	Balance at 31 March 2019	
		£000s	£000s	£000s	
- Short Term Provisions					
1	P&E	55	-55	0	
2	P&C	200	162	362	
3	CS	0	0	0	
4	LGSS Managed	3,460	-1,367	2,093	
5	C&I	0	0	0	
	subtotal	3,715	-1,261	2,455	
- Long Term Provisions					
6	LGSS Managed	3,613	0	3,613	
	subtotal	3,613	0	3,613	
GRAND TOTAL		**7,328**	**-1,261**	**6,068**	

APPENDIX 3 – RECOMMENDATIONS FROM PREVIOUS REPORTS

The February Integrated Resources and Performance Report included a number of recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Resources and Performance Report to be presented at a meeting of GPC was the January report, on 26th March 2019.

GPC is asked to approve the recommendations in the February report, which were circulated to the Committee by email.

February Integrated Resources and Performance Report

One recommendation concerning capital funding found in section 5.7:

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Other Contributions	P&E	+£0.372	The Challenge Fund schemes funding has been increased by £372k from the overachievement of income in the Highways Development Management service. The Challenge Fund programme of work is nearing completion with two schemes remaining. The fund was awarded to the County Council following a successful bid in 2017, to tackle drought damaged roads in the Fen area. The discovery of hazardous material within the road foundations at a number of sites in the delivery programme has resulted in a forecast pressure of £372k. Due to the nature of the waste it cannot be recycled and put back into the carriageway foundations. Instead it has to be removed from site and carefully disposed of, which carries significant cost. In order to complete the remaining two schemes the pressure will be taken from the overachievement of income by Highways Development Management, which will allow the Challenge Fund programme to be completed as per the original bid. **General Purposes Committee is asked to note the +£372k additional funding towards Challenge Fund schemes in P&E.**

APPENDIX 4 - Community transport investigation – compensation payment

Cambridgeshire County Council seeks to be a transparent and responsible council.

Our aim is always to do the best for local people and to spend public money appropriately. If we make mistakes, we apologise, we learn from them and we try to put things right.

The Chief Executive, in consultation with the Leader of the Council set up the independent audit into the council's dealings with community transport providers FACT/HACT and ESACT as a result of a long running campaign by local taxi drivers and in particular Dave Humphrey, the Taxi Driver Association Chairman.

The association believed taxi drivers and private hire companies were being unfairly disadvantaged in bidding for transport contracts from the council – a view confirmed when the results of the independent PKF Littlejohn LLP report was heard by the Council's Audit and Accounts Committee last July.

It did show that Cambridgeshire County Council had made mistakes in the way it procured community transport and in its dealings with FACT/HACT and ESACT which had disadvantaged other local transport providers.

It also outlined a number of failings in the way FACT/HACT and ESACT worked and was managed.

The report also outlined an action plan for improvements aimed at both the council and FACT/HACT and ESACT.

The Council apologised for its own part in this, and outlined how it had already made many of the suggested actions and gave timescales for completing the others. It worked with FACT/HACT and ESACT to ensure immediate changes were made within the community transport operator's organisation.

The Chief Executive, Gillian Beasley, and Cllr Steve Count, Leader of the Council, have also made a personal apology to Dave Humphries and the Taxi Drivers Association for the time it had taken for their concerns to be properly considered and acted upon.

It is appropriate for the Council to make a compensation to Mr Humphries for the time he had lost from his own business while involved in collecting evidence and preparing and pursuing the case which eventually led to the independent audit.

As this work stretches back five years to 2014 – the Council has discussed with Mr Humphries a final settlement of £30,000 to compensate for his lost earnings over this time and in recognition of the adverse effects that his work to bring this issue to a conclusion has caused him.

The compensation payment will be made in accordance with section 92 of the Local Government Act 2000 and has the support of the Monitoring Officer, Section 151 Officer, and the Chairman of the General Purposes and Audit & Accounts Committees. The External Auditor has also been consulted.

General Purposes Committee is invited to note the compensation payment as set out in this appendix.