

Integrated Finance Monitoring Report May 2023

Appendix A



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1. Executive Summary

1.1 This report presents financial information to assess progress in delivering the Council's Business Plan.

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

The Council's total service budgets for 2023/24 are:

- Revenue: £501m net budget
- Capital: £198m (with a total programme of over £1bn)

As well as this, the Council has a Dedicated Schools Grant (DSG) funded budget of £114m, which mainly relates to High Needs spend.

The table below shows the key forecast information by service:

Service	Revenue Budget Variance £000	Revenue Budget Variance %	Net Capital Budget Variance £000	Net Capital Budget Variance %
Children, Education & Families – non-DSG	3,862	3.0%	0	0.0%
Adults, Health & Commissioning	0	0.0%	0	0.0%
Place & Sustainability	3,586	5.1%	1,892	2.6%
Strategy & Partnerships	-36	-0.2%	0	0.0%
Finance & Resources	0	0.0%	0	0.0%
Public Health	0	0.0%	-	-
Capital Financing	0	0.0%	-	-
Funding Items	-2,883	-33.3%	-	-
Net Spending Total (+ overspend / - underspend)	4,529	0.9%	1,892	1.0%
Children, Education & Families – DSG	4,418	3.9%	-	-

Detailed financial information about each service area is contained in the relevant Finance Monitoring Report. These can be found published at each scheduled [committee meeting](#). Summary financial information in this report is presented with the assumption that any accompanying recommendations to committees will be agreed.

1.2 Key Issues

The Council is currently forecasting a £4.5m net overspend across all services for 2023-24, which is a challenging opening position to be in. This report sets out in detail the key pressure areas of income generation from renewable energy schemes and looked after children placement costs.

The energy generation schemes are expected deliver income towards the end of the financial year and so are only one-off, in-year pressures, but the financial challenge in Children, Education & Families from the placements budgets is acute and at risk of adding permanent cost to the Council.

This report sets out a proposed reset of some demand-led service budgets using additional business rates funding and reduced inflationary pressure in some services. This process identifies developments between budget estimates being made and the start of the financial year, but needs to reflect what is affordable and so not all pressures can be met.

As well as these reported pressures, there are risks in other demand-led services such as Adult Social Care and Home to School Transport, which are facing unpredictable demand and cost rises.

1.3 Key Issues by Service Area

1.3.1 Adults, Health & Commissioning

Care providers are continuing to report cost pressures related to both workforce issues and the current cost of living crisis. These are putting pressure on uplift budgets for 2023/24, although inflation funding and increased fee rates funded by the Adult Social Care Market Sustainability and Improvement Fund will help. The position of the care market, particularly related to workforce issues, is making some placements more difficult to source, particularly at the more complex end of provision.

In line with the social care reform agenda the Council undertook “cost of care” exercises with both homecare and care home providers during 2022/23. Whilst the implementation of the reforms has now been delayed until October 2025, the outcomes of the cost of care exercises are a gap for many providers between what is currently paid, and the “cost of care” derived from provider data. We are using the Adult Social Care Market Sustainability and Improvement Fund for 2023/24 to start to close this gap. It is an expectation of the increased funding being paid to providers that they will pay the real living wage to their staff.

Hospital Discharge systems continue to be pressured although additional funding has been provided to both the Council and our health partners to help address these issues. The medium-term recovery of clients assessed as having primary health needs upon hospital discharge can return individuals to social care funding streams. In addition, the impact of delayed health care

treatments such as operations, will also affect individual needs and health inequalities negatively.

Key activity data for Adult Services at the end of May 2023 is:

Older people aged 65+ receiving long term services	Budgeted no. of care packages 2023/24	Actual May 23	Trend in service user numbers since May 23	Trend in average weekly unit cost since May 23 (budget expects an increase)
Nursing	579	552	-	-
Residential	934	880	-	-
Community	2,338	2,217	-	-

Working Age Adults receiving long term services	Budgeted no. of care packages 2023/24	Actual May 23	Trend in service user numbers since May 23	Trend in average weekly unit cost since May 23 (budget expects an increase)
Nursing	40	36	-	-
Residential	342	328	-	-
Community	3,205	3,251	-	-

1.3.2 Children, Education & Families

In line with national trends, we currently have a small number of young people in very high-cost placements which is causing a significant weekly pressure against the original budget set in February 2023. There is a national shortfall of placements for children with complex needs which is increasing prices. If a continuation of these placements is forecast to year-end, they would leave us in a significant overspend position. However, the service is working hard with relevant agencies to secure placements at more manageable costs and we do not expect these to continue for the full year. Even with this level of mitigation factored in the revised forecast still equates to £3.8m over budget. This budget is a high risk due to ongoing pressures within this sector and increasing numbers of young people with complex needs that have required bespoke placements. This position is being carefully monitored and the service is working hard to control cost where possible.

Due to the continuing increase in the number of children and young people with an EHCP, and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. At the end of 2022/23 there was a net DSG overspend of £11.94m, which when added to the existing DSG deficit of £39.32m resulted in a revised cumulative deficit of £51.262m.

As a result of the Safety Valve Agreement with the Secretary of State for Education the local authority received an initial payment of £19.6m in March 2023 which will support the reduction of the overall DSG deficit. Alongside

this, a local authority contribution of £2.5m has been applied, resulting in a reduced cumulative deficit of £29.16m brought forward into 2023/24.

Key activity data for Children in Care at the end of May 2023 is:

Children in Care	Budgeted no. of care packages 2023/24	Actual May 23	Trend in service user numbers since May 23	Trend in average weekly unit cost since May 23 (budget expects an increase)
Children in Care placements	265	276	-	-
Fostering and Supervised Contact	217	194	-	-
Adoption	439	391	-	-

1.3.3 Place & Sustainability

P&S is forecasting an overspend of £3,586k. There is a pressure on Energy Services income of £3,425k across all its projects. The supply chain for these projects like the rest of the construction industry is facing significant challenges including rising costs of energy, securing key equipment and materials along with a widespread shortage of skilled labour. This is creating longer lead in and delivery times for these projects. As a result – income that was previously budgeted to be received from July 2023 will not achieve its original planned profile until February 2024. Separately, there is a further pressure on the smart energy grids at the park & ride sites due to purchasing spares and warranties ahead of schedule in FY 23/24 of £163k.

The directorate is a large and complex budget area that has a variety of services and significant income streams (such as Parking Enforcement and Highways Development Management) which require detailed monitoring and have the potential for variances. The Waste Management budget is also a high-risk budget area, and the service is working with the contractor to identify efficiencies and savings arising while the plant is closed, which are necessary until the changes are made to meet the Best Available Technique conclusions (BATc) legislative requirements to ensure they are compliant with the Environment Agency Environmental Permits.

1.3.4 Finance & Resources, and Strategy & Partnerships

Within Finance & Resources, there is a risk of the Council-wide staff pay cost increase being higher than budgeted. This is still subject to national and local negotiation and so is unlikely to be known until later in the year. Capital financing budgets are also being reviewed, balancing the lower than expected borrowing position from when budgets were set versus rising interest rates.

1.3.5 Public Health

The Public Health Directorate is funded wholly by ringfenced grants, mainly the Public Health Grant. The work of the Directorate was severely impacted by the pandemic, as capacity was re-directed to outbreak management, testing, and infection control work. The Directorate has now returned to business as usual following the pandemic but there are ongoing issues that continue to impact on activity and spend:

- i) much of the Directorate's spend is contracts with, or payments to Primary Care (GP practices and community pharmacies) for specific work. Primary Care continues to be under pressure, and it may take some time for activity levels to return to pre pandemic levels; and
- ii) the unprecedented demand for Public Health staff across the country meant recruitment became very difficult through the pandemic resulting in underspends on staffing budgets. The position within the Public Health team has improved with recruitment becoming easier, but recruitment challenges continue to be reflected in our provider services which has affected their ability to deliver consistently.

2 Revenue Budget

2.1 This table shows summary information for the Council's revenue budgets at the end of May 2023:

Line	Previous Forecast Variance £000	Service	2023/24 Net Budget £000	Actuals £000	Forecast Variance £000	Forecast Variance %
1	-	Children, Education & Families- non-DSG	129,581	12,099	3,862	3.0%
2	-	Children, Education & Families – DSG	113,941	-3,698	4,418	3.9%
3	-	Adults, Health & Commissioning	215,595	27,741	0	0.0%
4	-	Place & Sustainability	70,518	5,892	3,586	5.1%
5	-	Strategy & Partnerships	16,391	-6,578	-36	-0.2%
6	-	Finance & Resources	22,187	6,441	0	0.0%
7	-	Public Health	26,977	1,533	-50	-0.2%
8	-	Capital Financing	38,263	-3,659	0	0.0%
9	-	Funding Items	8,656	7,289	-2,883	-33.3%
	-	Net Spending Total	642,109	47,059	8,897	1.4%
10	-	Adjustments for Public Health ring-fence	-26,977	-7,327	50	-0.2%
11	-	Adjustments for DSG ring-fence	-113,941	3,698	-4,418	3.9%
	-	Overall Total	501,191	43,430	4,529	0.9%
	-	Schools	138,316	-	-	-

Notes on this table:

1. The budget and actual figures are net.
2. Numbers are presented based on current information, with adjustments for any recommendations proposed for Committee in this report.
3. Line 10 shows adjustments needed to the net spending total to account for Public Health Grant income and the year-end transfer to PH reserves of any underspend. The budget line currently only shows the grant element sat within the PH directorate. A small balance is allocated to other directorates and is netted off their totals.
4. Line 11 similarly shows adjustments needed to net spending total to account for the separate accounting for the DSG. More information can be found in section 2.3
5. Negative actuals in lines 2 and 5 relate to grant income being received in advance of spend taking place. Negative actuals in line 8 relate to 2022-23 accruals for interest on borrowing.

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

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

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

Opening Deficit Balance 2023/24 £m	Forecast in-year movement £m	Forecast Closing Deficit Balance 2023/24 £m
29.2	4.4	33.6

2.3.1 A cumulative DSG deficit of £29.2m was carried forward into 2023-24.

2.3.2 In 2020-21 the Department for Education (DfE) introduced the safety valve intervention programme in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme was expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.

2.3.3 As a result of the Safety Valve Agreement with the Secretary of State for Education the local authority received an initial payment of £19.6m in March 2023 to reduce the overall DSG deficit. Alongside this, a local authority contribution of £2.5m has been applied, resulting in the cumulative deficit of £29.2m carried forward into 2023/24.

2.3.4 As part of the Safety Valve Agreement, the Council must continue to bring the in-year growth in DSG deficit down through a number of workstreams to continue to receive government support. Without this action, the DSG deficit would grow to such a level as to present an increasing risk to the financial sustainability of the Council. As such, further action is required in year to reduce this forecast.

2.4 Savings Tracker

2.4.1 The Savings Tracker is a reporting tool for summarising delivery of planned revenue savings. Within the Tracker, the forecast delivery of savings is shown against the original saving approved in the 2023-28 Business Plan. The Tracker is completed at the end of each quarter and reported in the next IFMR going to S&R committee. It is important to note the relationship between the reported savings projections and the overall revenue financial position reported in this report. As pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

2.4.2 The first Savings Tracker of 2023/24 will be completed at the end of June.

3 Revenue Funding Changes

3.1 Budget Reset

In recent years, a review of budgets set has been conducted at the start of each financial year. Many of the key estimates for budgets, such as demand projections and inflation calculations, are made over the Autumn and early Winter of the previous financial year as part of the business planning process, and funding estimates can be subject to late announcements by government or late projections by district councils. A budget review is therefore required to check for significant expected opening budget variances as a result of development since those estimates were made. This reflects a dynamic approach to budgeting that acknowledges the complexity and uncertainty in making forward looking financial estimates, and supports an agile allocation of resources responding to the latest circumstances while ensuring budget manager accountability.

The aim of this review is to ensure budgets are appropriate as at the 1st of April, taking into account affordability, developments since budgets were set, and allowing for growth in-year. Several budget redistributions are proposed below.

The majority of the changes relate to re-baselining of demand-led budgets, such as social care, which necessarily involve a number of assumptions in setting the business plan which can change as more information is made available in the last months of the financial year. Likewise we are able to update several inflation allocations as revised information is available, particularly around gas and electricity inflation. Increased budget requirements are funded partly by higher than expected business rates figures confirmed by district councils too late to be included in business planning. The revaluation exercise that districts had to undertake for business rates over the Winter of 2022-23 delayed updated projections being provided.

A table of proposed permanent budget adjustments is shown below. This identifies a net nil position due to the use of grant and business rate income to offset new pressures, or a reduction in forecast growth in demand and/or inflation:

Service Area	Type	Virement £000	Remarks
Learning Disability Care budgets	Demand-led budget re-baselining	1,842	Updated to reflect care cost commitments at start of the year
Mental Health Care budgets	Demand-led budget re-baselining	376	Updated to reflect care cost commitments at start of the year
Children in Care Transport	Demand-led budget re-baselining	240	Increase in demand in late stage of 2022-23 not reflected in original demand projections, alongside rising distance and complexity in routes
Children in Care Placements	Demand-led budget re-baselining	561	Increase in demand in late stage of 2022-23 not reflected in original demand projections
Staff Pay Award	Inflation adjustment	2,677	Revised up based on latest employer offer
Various minor budget corrections under officer delegation	Various	150	N/A
Net budget increases		5,846	
Better Care Fund increase	Funding Adjustment	-504	Increase in contribution to support Adult Social Care, funding increased demand
ASC care inflation	Inflation adjustment	-458	Reflecting lower than projected nation inflation indices for 2023-24, and increased government support through grants
Older People / Physical Disability Care	Demand-led budget re-baselining	-750	Updated to reflect care cost commitments at start of the year
Gas and electricity inflation	Inflation adjustment	-1,475	Latest forecasts revise down the growth in 2023-24. Gas: 275% to 250%; electricity 66% to 59%
NNDR Estimates	Funding Adjustment	-2,659	Based on final confirmations from district councils
Net budget decreases		-5,846	

Recommendation A: Approve the budget virements proposed in the tables at 3.1, redistributing £5.8m of budget permanently.

3.2 We have also had final confirmation of the Business Rates Top-up Adjustment grant from government for 2023-24, and the funding to be received is £500k higher than expected. Government routinely tweaks national allocations linked to business rates relief compensation which can result in councils' final allocations moving either up or down. This increased grant is reflected in the in-year forecast on the Funding Items budget line.

3.3 Cambridgeshire Skills Reserves

3.3.1 The Cambridgeshire Skills service has some earmarked reserves built up from ring-fenced contributions for services it is commissioned to provide. It is proposed to contribute £260k of these reserves to the Business & IP Centre Cambridgeshire, which is a centre run within the Cambridgeshire Libraries service providing free and low-cost business support and advice to start-up businesses, entrepreneurs and inventors. It was previously funded by a contribution from the British Library and it is recommended to fund for a further year from service reserves.

3.3.2 **Recommendation B: Approve draw-down of £260k from Cambridgeshire Skills earmarked reserve as funding to the Business & IP Centre Cambridgeshire.**

4 Capital Programme

4.1 Capital programme financial position

Previous Forecast Variance £000	Service	2023/24 Budget £000	Actuals £000	Net Forecast Outturn Variance £000	Forecast Outturn Variance %	Total Scheme Budget £000	Total Scheme Forecast Outturn Variance £000
-	Place & Sustainability	77,928	-640	1,892	2.5%	705,860	1,892
-	Children, Education & Families	100,526	7,356	0	0.0%	407,514	0
-	Adults, Health & Commissioning	5,975	17	0	0.0%	114,008	0
-	Strategy & Partnerships	3,180	18	0	0.0%	18,419	0
-	Finance & Resources	11,187	606	0	0.0%	50,046	0
-	Total	198,796	7,357	1,892	1.0%	1,295,847	1,892

Notes on this table:

1. The Budget column incorporates any changes in the funding available to what was originally budgeted in the Business Plan. A breakdown of the budget changes made in-year can be found in 4.4.
2. The Budget column also includes an assumed level of variations, called the 'capital variations budget' which is shown in section 4.2.
3. The reported Place & Sustainability capital figures do not include the Greater Cambridge Partnership, which has a budget for 2023/24 of £40m and is reporting a balanced budget for year-end.
4. The columns setting out budgets and forecast variances for total schemes show financial information for all schemes in a service block across all financial years.

4.2 Capital variations budgets

4.2.1 A summary of the use of the 2023-24 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget.

4.2.2 Capital variations summary

Service	Capital Variations Budget £000	Forecast Outturn Variance £000	Capital Variations Budget Used £000	Capital Variations Budget Used %	Net Forecast Outturn Variance £000
Place & Sustainability	-27,944	1,892	0	0.0%	1,892
Children, Education & Families	-17,826	0	0	0.0%	0
Adults, Health & Commissioning	-57	0	0	0.0%	0
Strategy & Partnerships	-1,677	0	0	0.0%	0
Finance & Resources	-4,689	0	0	0.0%	0
Total	-52,193	1,892	0	0.0%	1,892

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

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

4.4 Capital Funding

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

Funding Source	Business Plan Budget £m	Rolled Forward Funding £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Forecast Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	26.3	0.0	2.8	2.6	31.8	31.8	0.0
Basic Need Grant	2.3	2.6	0.0	0.0	4.9	4.9	0.0
Capital Maintenance Grant	3.8	0.8	0.0	0.1	4.7	4.7	0.0
Devolved Formula Capital	0.8	2.5	0.0	-0.0	3.2	3.2	0.0
Specific Grants	30.7	0.2	-2.9	3.8	31.8	31.8	0.0
S106 Contributions & Community Infrastructure Levy	66.7	0.9	-15.5	0.4	52.5	52.5	0.0
Capital Receipts	1.3	0.0	-0.3	0.0	1.1	1.1	0.0
Other Contributions	9.8	1.7	-8.5	4.2	7.2	7.2	0.0
Revenue Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prudential Borrowing	117.8	24.4	-80.6	0.2	61.7	63.6	1.9
TOTAL	259.4	33.0	-105.0	11.4	198.8	200.7	1.9

Notes on this table:

- The 'rolled forward funding' column reflects the difference between the anticipated 2022/23 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2023/24 Business Plan, and the actual 2022/23 year-end position.

4.5 Capital Funding Changes

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

Funding	Service	Amount £m	Reason for Change
Rolled Forward Funding	All services	+33.0	<p>Following analysis of overspends and underspends at the end of 2022/23, many of these are confirmed to be as a result of slippage in or changes to the timing of expenditure, rather than variations against total costs. As such, this funding is still required in 2023/24 or later years to complete projects. Of the £33.0m funding to be carried forward, £24.4m relates to prudential borrowing with the remainder relating to adjustments to other funding sources.</p> <p>Further details are available in Appendix 5, which shows capital roll-forwards.</p>
Revised Phasing	All services	-97.1	<p>There have been some changes to schemes since the 2023/24 Business Plan was finalised. The following schemes have been reviewed and it is recommended that budget is rephased, resulting in the following changes to their 2023/24 funding requirement:</p> <p>Place & Sustainability, -£19.5m:</p> <ul style="list-style-type: none"> • Promoting Economic Growth - Delivering Strategy Aims (-£704k) • King's Dyke (-£3,150k) • Wheatsheaf Crossroads (+£1,175k) • St Neots Future High Street Fund (-£2,926k) • March Future High Street Fund (-£1,380k) • St Ives local improvements (-£380k) • A141 and St Ives Improvements Scheme (-£1,621k) • A10 Ely to A14 Improvements Scheme (-£584k) • Waste - Household Recycling Centre (HRC) Improvements (£1,597k) • Waterbeach Waste Treatment Facilities (-£6,000k) • Swaffham Prior Community Heat Scheme (-£250k) • Stanground Closed Landfill Energy Project (-£2,580k) • North Angle Solar Farm, Soham (-£788k) • Decarbonisation Fund (+£836k) • Investment in Connecting Cambridgeshire - Fixed Connectivity (-£403k) • Investment in Connecting Cambridgeshire - Programme Delivery (-£320k) • Decarbonisation Fund - School Low Carbon Heating Programme (+£281k) • Decarbonisation Fund - School Education Capital (+£1,729k)

Funding	Service	Amount £m	Reason for Change
			<ul style="list-style-type: none"> • March Area Transport Study (-£377k) <p>Children, Education & Families, -£63.4m</p> <ul style="list-style-type: none"> • Sawtry New Primary (-£7,900k) • Waterbeach New Town Primary (-£11,265k) • Alconbury Weald secondary and Special (-£27,608k) • Cambourne Village College Phase 3b (-£475k) • LA Early Years Provision (-£1,772k) • Samuel Pepys Special School (-£2,147k) • New SEMH Provision Wisbech (-£295k) • Confidential schemes (-£10,988k) <p>Adults, Health & Commissioning, -£14.2m</p> <ul style="list-style-type: none"> • Independent Living Service : East Cambridgeshire (-14,212k) <p>Other schemes below the reporting de minimis make up the difference.</p>
Revised Phasing	All services	-7.9	<p>Capital programme variations budgets</p> <p>Since 2016/17, we have factored in a 'Capital Programme Variations' line for each Service, which effectively reduces the gross capital programme budget to reflect a certain level of variation that is anticipated but that cannot at the outset be predicted to fall on a specific scheme(s). Capital programme variations budgets were included in the 2023/24 Business Plan, but these have been revised for 2023/24 as a result of the rolled forward and revised phasing exercise carried out as noted above. Analysis of prior year outturns has been carried out for each directorate and the percentage capital variations applied has been updated accordingly.</p>
Additional/ Reduction in Funding (Grants and other contributions)	Place & Sustainability	+2.8	<p>Changes in grants and contributions are anticipated in relation to the following schemes:</p> <ul style="list-style-type: none"> • Promoting Economic Growth - Delivering Strategy Aims (-£1,030k) reduction in grant funding; • Boxworth to A14 cycle route (-£550k) reduction; scheme to be aborted as grant funding is no longer available; • Hilton to Fenstanton cycle route (-£500k) reduction; scheme to be aborted as grant funding is no longer available; • Buckden to Hinchingsbrooke cycle route (-£655k) reduction; scheme to be aborted as grant funding is no longer available; • March Future High Street Fund (+£1,869k) increased contributions; the scheme has been expanded;

Funding	Service	Amount £m	Reason for Change
			<ul style="list-style-type: none"> Transforming Cities Fund (+£2,860k) new grant funding; March Area Transport Study (+£962k) additional contributions
Additional/ Reduction in Funding (Grants)	Finance & Resources	+0.9	<p>Grant has been awarded in relation to the following scheme:</p> <ul style="list-style-type: none"> Youth and community building on the Spinney Adventure Playground Site Wisbech (+£915k); grant funding has been awarded by the Department for Culture, Media and Sport (DCMS) for the fully funded Youth and community building scheme.
Additional/ Reduction in Funding (S106 contributions)	Children, Education & Families	+0.6	Swavesey Village College Section 106 scheme. £628k S106 contributions have been identified to passport to the school for works to the kitchen facilities and library space.
Additional/ Reduction in Funding (CPCA contributions)	Place & Sustainab- ility	+3.6	£3.617m additional allocation to be received from the DfT through the Cambridgeshire and Peterborough Combined Authority (CPCA) has been allocated to Highways and Transport and is being invested in increased reactive pothole maintenance, a proactive regime of find, record and fix to prevent defects forming and the implementation of a planned patching programme.
2024-25 Additional/ Reduction in Funding (Prudential borrowing)	Place & Sustainab- ility	+1.4	Reset of budget for this scheme from 2024-25 following review of level of grant available and the amount of prudential borrowing previously committed to. Future year updates to the Decarbonisation Fund will be reviewed as part of the 2024-25 business planning process.

Recommendation C: To note changes in grants and contributions, and to approve the budget movements reflecting the annual roll-forward and re-phasing process set out in table 4.5.1.

5 Balance Sheet

5.1 Reserves

At the end of May, the Council has revenue earmarked reserves totalling £163m. These reserves are earmarked for specific purposes, and the breakdown of these can be seen in appendix 4. We retain a general fund reserve as our principal un-ringfenced reserve, which is held at a target balance of 4% of gross non-school expenditure.

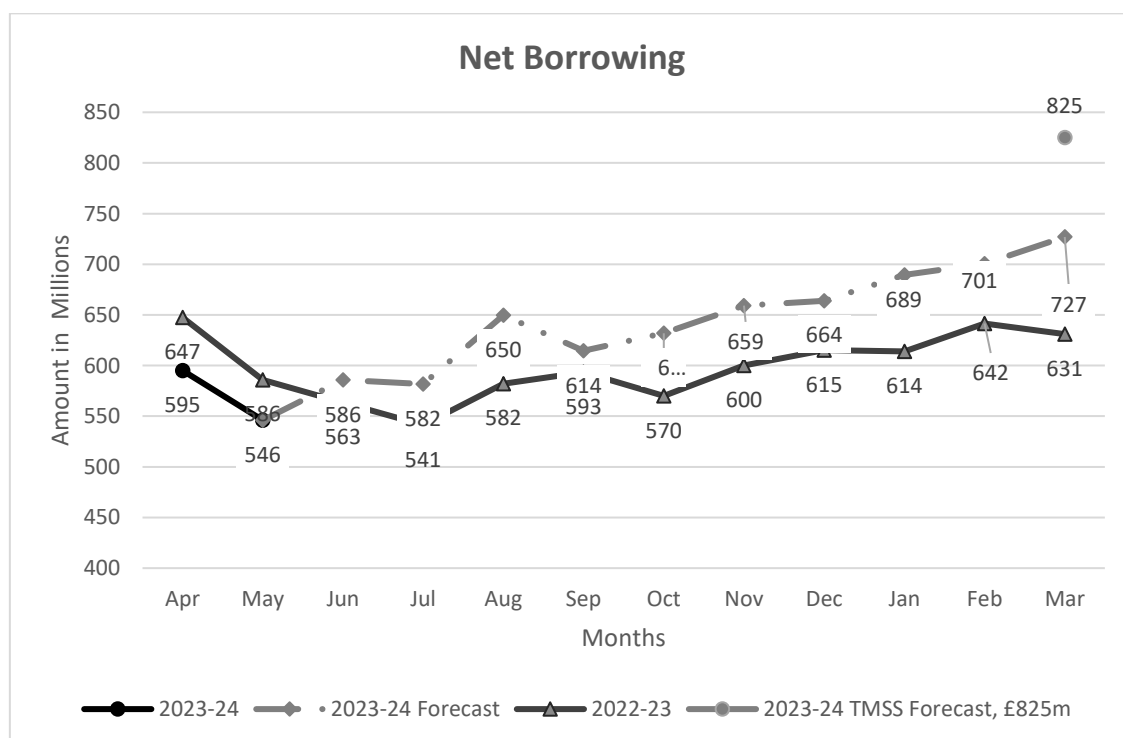
The medium-term financial strategy assumes a gradual reduction in the overall level of reserves as earmarked funds are spent, which is planned into medium-term budgets.

Reserve balances are being reviewed by directorates and by the Corporate Leadership Team as part of business planning for 2024-29, and proposals to reprofile and/or redistribute some reserves will be made in due course.

5.2 Borrowing

Of the gross borrowing in 2023/24, it is estimated that £300m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to third parties in order to receive a financial return.

The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of May 2023, investments held totalled £180.9m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £726.8m, equating to a net borrowing position of £546.0m.



5.3 General Balance Sheet

An overview of other key balance sheet health issues is shown below. This highlights a key focus is the recovery of Adult Social Care Debt, a position that is reflected nationally.

Measure	Target	Actual as at the end of May 2023
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	86%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£9.96m	£14.14m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£2.89m	£3.34m
% of invoices registered on ERP within 2 working days	98.0%	99.9%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	98.3%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	95.0%	91.3%

Appendix 1 – Revenue – commentaries on exceptions

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

1. Children, Education & Families – non-DSG

New commentaries:

1a Children in Care Placements

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		+3.8			+15%

We currently have a small number of young people in very high-cost placements which is causing a significant weekly pressure against the budget. If forecast to year-end, these placements would leave us in a significant overspend position, however, the service is working hard with relevant agencies to secure placements at more manageable costs and we do not expect these to continue for the full year. Even with a level of mitigation factored in the revised forecast still equates to £3.8m over budget. This budget is a high risk due to ongoing pressures within this sector and increasing numbers of young people with complex needs that have required bespoke placements. This position is being carefully monitored and the service is working hard to control cost where possible.

2. Children, Education & Families - DSG

New commentaries:

2a SEND Financing - DSG

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		+5.4			+96%

The budgeted deficit is reflective of continuing pressures and increasing demand within the High Needs Block as per the Safety Valve management plan. This is net of forecast underspends on the Central Schools Services Block (CSSB). In-year forecasts are currently under review to be updated for the end of quarter 1.

2b Nursery Schools and private, voluntary and independent settings

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		-1.0			-3%

This forecast underspend is as per the Safety Valve management plan.

3. Place and Sustainability

New commentaries:

3a Energy Services

Forecast	Outturn	Variance £m	Forecast	Outturn	Variance %
		+3.6			+94%

This is primarily due to a pressure on Energy Services income of £3.425m across all its projects. The supply chain for these projects like the rest of the construction industry is facing significant challenges including rising costs of energy, securing key equipment and materials along with a widespread shortage of skilled labour. This is creating longer lead in and delivery times for these projects. As a result, income that was previously budgeted to be received from July 2023 will not achieve its original planned profile until February 2024. Separately, there is a further pressure on the smart energy grids at the park & ride sites due to purchasing spares and warranties ahead of schedule in this financial year of £163k.

4. Funding Items

New commentaries:

Forecast Outturn Variance £m	Forecast Outturn Variance %
-2.9	-33%

This consists primarily of the following (see also 3.1 above):

- A projected £0.840m additional 2023-24 Business Rates Pool dividend above the amount budgeted, which is dampened from the latest projection received based on previous experience;
- A projected £0.540m additional 2022-23 Business Rates Pool dividend above the amount accrued at last year-end following latest projections, though the final confirmation has not yet been received;
- An additional £525k of general Business Rates funding upside that was confirmed by district councils (who collect rates) after the 23-24 Business Plan was finalised;
- Additional Business Rates Compensation grant of £500k above the amount budgeted following late confirmation of the grant by central government;

Appendix 2 – Capital – commentaries on exceptions

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

Ref	Service	Commentary Status	Scheme	Scheme Budget £m	2023-24 Budget £m	Forecast Variance £m	Type	Commentary
1a	P&S	New	Solar Projects	28.957	5.314	1.892	Overall Scheme Variance	A forward estimate of costs that are expected to arise across projects has been made, as these are much higher than the budget allocated. Overspends are now expected at delivery stage in the solar portfolio as a result of higher than expected staff, advisor and legal costs, as well as design revisions and associated construction costs. However, these remain largely indicative for the time being.

Appendix 3 – Budget transfers between services in 2023/24

This table shows budget movements of at least £1k between service blocks in 2023/24, subject to rounding errors:

Budgets and Movements	CEF £000	AHC £000	P&S £000	PH £000	S&P £000	F&R £000	Capital Financing £000	Funding Items £000	Total £000
Opening Net Budgets as per Business Plan	129,279	215,038	71,326	0	16,270	19,325	38,263	11,690	501,191
Service management change		-300			300				0
Post business plan, pre initial budget load adjustments	-915		-42		-203	1,160			0
Postage budget centralisation	-20				20				0
Transfer of post	-26				26				0
Insurance budget centralisation			-22		-21	43			0
Pay award element correction	12		-12						0
Allocation of centrally held funding for former People Services restructuring	449	351				-800			0
Proposed budget resetting movements as outlined in May IFMR	801	506	-731			2,459		-3,035	0
Current budget	129,580	215,595	70,518	0	16,392	22,188	38,263	8,655	501,191

Appendix 4 – Reserves and provisions

This section shows the reserves available to the Council,

Fund Description	Balance at 1 April 2023 £000s	Movements in 2023-24 £000s	Forecast Balance at 31 May 2023 £000s	Notes
General Reserves				
- County Fund Balance	30,661	0	30,661	
General Reserves subtotal	30,661	0	30,661	
1 Insurance	5,018	2	5,020	
2 Adults, Health and Commissioning	7,564	0	7,564	
3 Children, Education and Families	5,704	0	5,704	
4 PH	7,854	0	7,854	
5 Place & Sustainability	14,759	0	14,759	
6 Strategy & Partnerships	1,581	0	1,581	
7 Finance & Resources	3,836	0	3,836	
8 Just Transition Fund	12,526	0	12,526	Original starting balance of £14m, with allocations made totalling £9.9m across medium-term
9 High Needs Block Offset Reserve	9,935	0	9,935	
10 Transformation Fund	1,762	0	1,762	Balance for legacy Transformation projects
11 Cultivate Cambs Fund	347	0	347	
12 Corporate- COVID	15,972	0	15,972	Allocated over medium term
13 Specific Risks Reserve	12,772	0	12,772	
14 This Land Credit Loss & Equity Offset	5,850	0	5,850	
15 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	
16 Local taxation volatility & appeals account	8,514	0	8,514	
17 Local Government Settlement phasing reserve	4,076	0	4,076	Applying the temporary elements of the 2023/24 finance settlement over multiple years
18 Post-pandemic recovery and budgeting account	3,031	0	3,031	
19 Business change reserve	3,054	0	3,054	
20 Financing items	350	0	350	
21 Winter Risk Reserve	600	0	600	
22 Grant carry forwards	29,246	-24,700	4,546	Carry forward of unspent ring-fenced grants, reversed out in April 2023. COMF grant retained in reserve.
Earmarked Funds subtotal	157,291	-24,698	132,593	
SUBTOTAL	187,952	-24,698	163,254	
23 Children, Education and Families	28,323	0	28,323	
24 Place & Sustainability	36,230	0	36,230	
25 Finance and Resources	556	0	556	
26 Corporate	46,342	0	46,342	
Capital Useable Reserves subtotal	111,451	0	111,451	
GRAND TOTAL	299,402	-24,698	274,705	

Provisions on the balance sheet are:

Department	Balance at 31 March 2023 £000s	Movements in 2023-24 £000s	Balance at 31 May 2023 £000s	Notes
1 Adults, Health and Commissioning	141	0	141	
2 Finance & Resources	2,093	0	2,093	Insurance short term provision
Short Term Provisions subtotal	2,234	0	2,234	
3 Finance & Resources	4,746	0	4,746	Insurance long term provision
Long Term Provisions subtotal	4,746	0	4,746	
GRAND TOTAL	6,980	0	6,980	

Appendix 5 – Capital Rephasing compared to 2023-24 Business Plan

Changes over £250k

Scheme Ref.	Scheme Name	EXPENDITURE							TOTAL (£k)	FUNDING					Reason for Change in Spend / Rephasing
		Up to 2022-23 (£k)	2023-24 (£k)	2024-25 (£k)	2025-26 (£k)	2026-27 (£k)	2027-28 (£k)	Later Yrs (£k)		Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipt (£k)	Borrowing (£k)	
A/C.01.029	Sawtry New Primary	-50	-7,850	7,900	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.01.040	Confidential Scheme	-26	-270	296	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.01.049	Confidential Scheme	-700	-11,600	-9,100	-400	-	-	-	-21,800	-4,969	-12,714	-	-	-4,117	Merge with A/C.02.014
A/C.01.073	Confidential Scheme	-6	-2,300	1,306	932	68	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.01.077	Waterbeach New Town Primary	-15	-11,250	4,965	5,816	484	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.01.080	Confidential Scheme	24	-917	893	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.02.009	Alconbury Weald secondary and Special	-108	-27,500	27,500	108	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.02.014	Confidential Scheme	664	7,500	9,100	4,536	-	-	-	21,800	4,969	12,714	-	-	4,117	Merge with A/C.01.049
A/C.02.015	Sir Harry Smith Community College	657	-657	-	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.02.016	Cambourne Village College Phase 3b	-975	500	475	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.03.003	LA Early Years Provision	-548	-1,224	1,772	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.04.008	Duxford Community C of E Primary School rebuild	241	-450	209	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.04.010	Confidential Scheme	-8	-900	858	50	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.05.001	School Condition, Maintenance & Suitability	-805	859	-	-	-	-	-	54	54	-	-	-	-	Roll forward and £54k more grant than anticipated
A/C.07.001	School Devolved Formula Capital	-2,474	2,467	-	-	-	-	-	-7	-7	-	-	-	-	Revised Grant amount
A/C.08.007	Samuel Pepys Special School	-947	-1,200	2,147	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.08.010	Confidential Scheme	-49	-2,400	2,449	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.08.011	New SEMH Provision Wisbech	-1,595	1,300	295	-	-	-	-	-	-	-	-	-	-	Roll forward and rephasing
A/C.12.007	Independent Living Service : East Cambridgeshire	-222	-13,990	10,205	4,007	-	-	-	-	-	-	-	-	-	Project was put on pause while NHS governance processes ran. This has delayed the build start date by 15 months. Reprofiled to reflect updated timescales.
A/C.12.008	Independent Living Services	-	-	-3,161	-12,436	642	8,520	6,435	-	-	-	-	-	-	The delay in the East Cambs project has a knock-on effect on the team being able to deliver further ILS schemes, so the expansion of ILS has been reprofiled accordingly.
A/C.14.001	Variation Budget	-	4,622	-	-	-	-	-	4,622	-	-2,067	-	-	6,689	Recalculation of capital variations budgets as a result of Capital Rephasing
B/C.1.012	Safety Schemes	-1,180	1,180	-	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding
B/C.1.019	Promoting Economic Growth - Delivering Strategy Aims	-1,878	144	704	-	-	-	-	-1,030	-1,030	-	-	-	-	Roll forward of unspent Cycling scheme budgets, plus reduction in funding.
B/C.1.023	Boxworth to A14 cycle route	-	-550	-	-	-	-	-	-550	-	-	-550	-	-	Scheme ended - Grant funding not available
B/C.1.026	Hilton to Fenstanton cycle route	-	-500	-	-	-	-	-	-500	-	-	-500	-	-	Scheme ended - Grant funding not available
B/C.1.027	Buckden to Hinchingsbrooke cycle route	-	-780	-	-	-	-	-	-780	-	-	-655	-	-125	Scheme ended - Grant funding not available
B/C.2.001	Carriageway & Footway Maintenance including Cycle Paths	-750	750	-	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding
B/C.2.005	Traffic Signal Replacement	-292	292	-	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding

Scheme Ref.	Scheme Name	EXPENDITURE							TOTAL (£k)	FUNDING					Reason for Change in Spend / Rephasing
		Up to 2022-23 (£k)	2023-24 (£k)	2024-25 (£k)	2025-26 (£k)	2026-27 (£k)	2027-28 (£k)	Later Yrs (£k)		Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipt (£k)	Borrow- ing (£k)	
B/C.2.007	Smarter Travel Management - Real Time Bus Information	-	-118	-118	-118	-118	-118	-	-590	-590	-	-	-	-	Function now responsibility of CPCA
B/C.3.004	Pothole Funding	967	2,650	-	-	-	-	-	3,617	3,617	-	-	-	-	Roll forward of 22/23 overspend, and additional funding of £3.617m from CPCA
B/C.3.007	King's Dyke	-	-3,150	3,150	-	-	-	-	-	-	-	-	-	-	Expected phasing of cost of recoupment.
B/C.3.009	Wheatsheaf Crossroads	-160	1,335	-1,175	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding and rephasing from future years.
B/C.3.010	St Neots Future High Street Fund	-551	-2,375	3,061	-	-	-	-	135	-	-	135	-	-	Roll forward of unspent funding plus increased contributions, and rephasing.
B/C.3.011	March Future High Street Fund	-56	545	1,380	-	-	-	-	1,869	-	-	1,869	-	-	Roll forward of unspent funding plus increased scope.
B/C.3.014	St Ives local improvements	-880	500	380	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding and rephasing to future years.
B/C.3.015	A141 and St Ives Improvements Scheme	-472	-1,149	1,621	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding and rephasing to future years.
B/C.3.016	A10 Ely to A14 Improvements Scheme	-427	-157	584	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding and rephasing to future years.
B/C.4.002	Waste - Household Recycling Centre (HRC) Improvements	-917	-680	1,597	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent budget and rephasing to future years.
B/C.4.003	Waterbeach Waste Treatment Facilities	482	-6,482	6,000	-	-	-	-	-	-	-	-	-	-	Adjustment to profile
B/C.5.013	Swaffham Prior Community Heat Scheme	-2,550	2,300	250	-	-	-	-	-	-	-	-	-	-	Completion has been pushed back into next financial year.
B/C.5.014	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	672	-789	117	-	-	-	-	-	-4	-	-	-	4	Completion has been pushed back into next financial year.
B/C.5.015	Babraham Smart Energy Grid	-2,699	2,221	233	-	-	-	-	-245	-	-	133	-	-378	Delays mean completion has been pushed back into next financial year.
B/C.5.017	Stanground Closed Landfill Energy Project	-130	-2,450	2,580	-	-	-	-	-	-	-	-	-	-	Delays mean completion has been pushed back into next financial year.
B/C.5.018	Woodston Closed Landfill Energy Project	-	135	-2,511	-	-	-	-	-2,376	-	-	-	-	-2,376	Development budget only added. Full project may not go ahead.
B/C.5.019	North Angle Solar Farm, Soham	-6,709	6,011	788	-	-	-	-	90	-	-	-	-	90	Completion has been pushed back into next financial year.
B/C.5.021	Decarbonisation Fund	2,262	836	-2,350	-5,230	-	-	-	-4,482	3,044	-	-	-	-7,526	This line has been split out to include the Decarbonisation Fund - School Low Carbon Heating Programme and Decarbonisation Fund - School Education capital schemes below.
B/C.6.002	Investment in Connecting Cambridgeshire - Fixed Connectivity	-92	-403	495	-	-	-	-	-	-	-	-	-	-	New profile of work - work pushed back from previous years into the future financial years.
B/C.6.004	Investment in Connecting Cambridgeshire - Public Access Wifi	-350	225	125	-	-	-	-	-	-	-	-	-	-	New profile of work - work pushed back from previous years into the future financial years.
B/C.6.006	Investment in Connecting Cambridgeshire - Programme Delivery	-128	-320	448	-	-	-	-	-	-	-	-	-	-	Reduction in overall requirement based on forecast spend for 23/24 and 24/25.
B/C.7.001	Variation Budget	-	-8,815	-	-	-	-	-	-8,815	2,869	-1,279	-3,661	-	-6,744	Recalculation of capital variations budgets as a result of Capital Rephasing
C/C.1.006	Data Centre Relocation	-303	-	-	-	-	-	-	-303	-	-	-	-	-303	Underspend on the total scheme
C/C.1.007	IT Strategy	-569	569	-	-	-	-	-	-	-	-	-	-	-	New profile of work required
C/C.1.010	IT - Education System Replacement	-1,446	1,446	-	-	-	-	-	-	-	-	-	-	-	Roll forward of funding to complete scheme
C/C.2.002	Development Funding	-326	-300	-	-	-	-	-	-626	-	-	-	-	-626	Lower spend than profile, underspend on scheme.

Scheme Ref.	Scheme Name	EXPENDITURE							TOTAL (£k)	FUNDING					Reason for Change in Spend / Rephasing	
		Up to 2022-23 (£k)	2023-24 (£k)	2024-25 (£k)	2025-26 (£k)	2026-27 (£k)	2027-28 (£k)	Later Yrs (£k)		Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipt (£k)	Borrow- ing (£k)		
C/C.3.004	Condition Survey Works	-389	389	-	-	-	-	-	-	-	-	-	-	-	-	New profile of work required. large project delayed.
C/C.4.010	Cambs 2020 Spokes Asset Review	-284	100	-	-	-	-	-	-184	-	-	-	-	-184	-	Final works to complete for Ascham site/IT/retention, scheme underspend
C/C.4.012	Intensive Therapeutic Support Hub - Hawthorns	-1,535	1,852	-	-	-	-	-	317	-	-	-	-	317	-	Roll forward of funding to complete scheme and increase.
C/C.6.001	Variation Budget	-	-2,822	-	-	-	-	-	-2,822	-	-	-	-	-2,822	-	Recalculation of capital variations budgets as a result of Capital Rephasing
D/C.1.006	Libraries - Open access & touchdown facilities	-383	383	-	-	-	-	-	-	-	-	-	-	-	-	Roll forward of funding to complete scheme
D/C.6.001	Variation Budget	-	-807	-	-	-	-	-	-807	35	-32	-67	-265	-478	-	Recalculation of capital variations budgets as a result of Capital Rephasing
New	Transforming Cities Fund	57	2,803	-	-	-	-	-	2,860	2,860	-	-	-	-	-	New scheme
New	Wisbech Adventure Playground (The Spinney)	-	915	-	-	-	-	-	915	915	-	-	-	-	-	New scheme fully funded by government grant.
B	Decarbonisation Fund - School Low Carbon Heating Programme	461	281	1,641	-	-	-	-	2,383	-	-	-	-	2,383	-	Decarbonisation Fund capital contributions for retrofit programme in schools
B	Decarbonisation Fund - School Education Capital	1,770	1,729	-	-	-	-	-	3,499	-	-	-	-	3,499	-	£3,499k of £15,000k Decarbonisation Fund total was agreed to fund Education Capital team's projects that have impact on energy use. This nets off against the existing credit budget on A/C.14.003.
B	March Area Transport Study	-713	1,298	377	-	-	-	-	962	-	-	962	-	-	-	Roll forward of unspent funding plus additional funding
B/C.3.001	Highways - £90m Maintenance	-492	492	-	-	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding
B/C.4.032	Scheme Development for Highways Initiatives	-424	424	-	-	-	-	-	-	-	-	-	-	-	-	Roll forward of unspent funding
B/C.3.012	Ring Fort path	-358	245	113	-	-	-	-	-	-	-	-	-	-	-	Rephasing of scheme
New	Swavesey Village College S106	-	628	-	-	-	-	-	628	-	628	-	-	-	-	Identified S106 contributions to be transferred to Swavesey VC for the school to carry out works.