

## Integrated Finance Monitoring Report for the period ending 31 March 2022

To: Strategy & Resources Committee

Meeting Date: 27 June 2022

From: Director of Resources/Section 151 Chief Finance Officer

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/068

Outcome: The Committee will have received information setting out the current financial position of the Council enabling it to assess delivery of the Council's business plan. It will also have made decisions around the allocation of resources. Overall, this will contribute to good financial management and stewardship of public funds.

Recommendation: Strategy & Resources Committee (S&R) is recommended to:

- a) Note the additional £1.7m Contain Outbreak Management Fund grant income applied centrally, as set out in section 6.1;
- b) Approve a total minimum revenue provision payment for the year of £22.664m, including a voluntary overpayment, for the reasons set out in section 9.2;
- c) Approve the accounting for the internal borrowing funding swaps set out in section 12.6;
- d) Approve the transfers to and from earmarked reserves totalling a net £894k, as set out in section 13.1; and
- e) Note and comment on the Finance Monitoring Report for Corporate Services (Appendix 4).

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## 1. Purpose

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

## 2. Overview

- 2.1 The following summary provides the Authority's financial position at year-end and its key activity data for care budgets.

### Finance and Key Activity

Revenue budget outturn  -£18.760m (-4.3%) year end variance	This is a £0.085m increase in the revenue underspend compared to last month's forecast.  There is a £16.988m increase in the capital year-end underspend compared to last month's forecast.	Capital programme outturn  -£43.7m (-25.1%) year end variance
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### Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	Budgeted no. of care packages 2021/22	Actual Mar 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Nursing	585	531	492	Increasing	Stayed the same
Residential	987	863	864	Stayed the same	Stayed the same
Community	2,387	1,937	1,932	Stayed the same	Increasing

Working Age Adults receiving long term services	Budgeted no. of care packages 2021/22	Actual Mar 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Nursing	60	65	69	Stayed the same	Increasing
Residential	346	353	358	Stayed the same	Increasing
Community	2,836	2,954	2,868	Increasing	Increasing

Children in Care	Budgeted no. of placements 2021/22	Actual Mar 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Children in Care placements	314	268	308	Decreasing	Increasing

<b>Children in Care</b>	<b>Budgeted no. of placements 2021/22</b>	<b>Actual Mar 22</b>	<b>Actual May 21</b>	<b>Trend in service user numbers since May 21</b>	<b>Trend in average weekly unit cost since May 21 (budget expects an increase)</b>
Fostering and Supervised Contact	297	267	226	Increasing	Decreasing
Adoption	477	425	430	Stayed the same	Stayed the same

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position was an underspend of -£18.760m at year-end. This is a movement of -£0.085m on the forecast reported as at the end of February. The underspends are largely within People & Communities (P&C) (-£13.2m), Corporate Services (CS) (-£3.8m), Funding Items (-£3.6m) and Place & Economy (P&E) (-£0.9m), with a pressure in CS Financing (£2.8m). See section 3 for details.
- The Capital Programme is reporting an underspend of -£43.7m compared to the position originally anticipated when the capital programme variations budget was set. This includes full utilisation of the £36.7m capital programme variations budget. See section 12 for details.
- Following feedback from Committee this report no longer RAG rates the forecast revenue and capital positions.

2.3 The Council's revenue underspend is primarily due to the short-term impact of the pandemic and is concentrated in adult social care. The Council budget for this year was set in a period of great uncertainty where the pattern of demand for social care services over the next year was unknown, and where it was unclear the level of risk of cost increases that needed to be provided for centrally.

2.4 The pandemic has impacted on the Council's financial position this year in several main ways:

- Demand for social care services grew by less than expected. Budgets for growth in demand were set before the outcome of much of the pandemic was known and included a significant expected increase in need for key services that has not yet appeared. There is a risk that need for social care was only delayed by the pandemic and could appear in a later year at increased cost. The pandemic has also impacted on the social care provider market, which has seen increased demand for home care and has struggled to fully resource it.
- Contingencies set aside for additional pandemic-related costs were not fully required. In particular, the government announcing very late in the previous financial year that free access to Personal Protective Equipment would continue resulted in the Council budget for this not being required.
- Substantial additional government funding for outbreak management and mitigation has been able to be used to reimburse the Council for costs incurred by its staff in responding to Covid since the start of the pandemic.

2.5 Much of the central provision for pandemic risk was temporary and reversed out in 2022/23, and as was the ability to apply government grant to cover service costs. Therefore, these do not represent an ongoing over-provision of budget. Similarly, much of the budgetary difference between anticipated and actual demand for services in social care was re-baselined as part of setting 2022/23's budget.

- 2.6 Nevertheless, the Council faces a challenging budget position over the medium-term, with budget gaps from 2023/24, and a continuing high level of uncertainty. We have rising costs from unprecedented inflation impacting both prices and wages, and uncertain levels of demand-led service activity. There is uncertainty about local NHS funding levels and activity that may impact on the Council's costs, particularly as national hospital discharge funding arrangements cease. There are also government reforms coming forward such as changes to Adult Social Care, and implementation of local priorities such as the climate change strategy that will require capacity for internal change.
- 2.7 The business plan and medium-term financial strategy for 2022-27 assumes a £7.7m underspend returning to general reserves based on the projections in December. S&R Committee will consider the annual budget reset in the May IFMR and will be able to make decisions about reallocation of funding.

### 3. Revenue Budget

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

Key to abbreviations

CS Financing – Corporate Services Financing

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Original Budget as per Business Plan £000	Service	Revised Budget £000	Additional Funding approved from General Reserves £000	Total Funds (3)+(4) £000	Actual Spending £000	Variation £000	Variation %
64,317	Place & Economy	66,048	0	66,048	65,181	-867	-1.3%
302,530	People & Communities	304,934	-2,411	302,523	289,287	-13,236	-4.4%
0	Public Health	0	0	0	0	0	-%
25,489	Corporate Services	22,505	716	23,221	19,443	-3,777	-16.3%
31,295	CS Financing	31,295	0	31,295	34,061	2,766	8.8%
<b>423,632</b>	<b>Service Net Spending</b>	<b>424,782</b>	<b>-1,695</b>	<b>423,087</b>	<b>407,974</b>	<b>-15,114</b>	<b>-3.6%</b>
11,745	Funding Items	11,745	1,695	13,440	9,794	-3,646	-27.1%
<b>435,377</b>	<b>Total Net Spending 2021/22</b>	<b>436,527</b>	<b>0</b>	<b>436,527</b>	<b>417,767</b>	<b>-18,760</b>	<b>-4.3%</b>

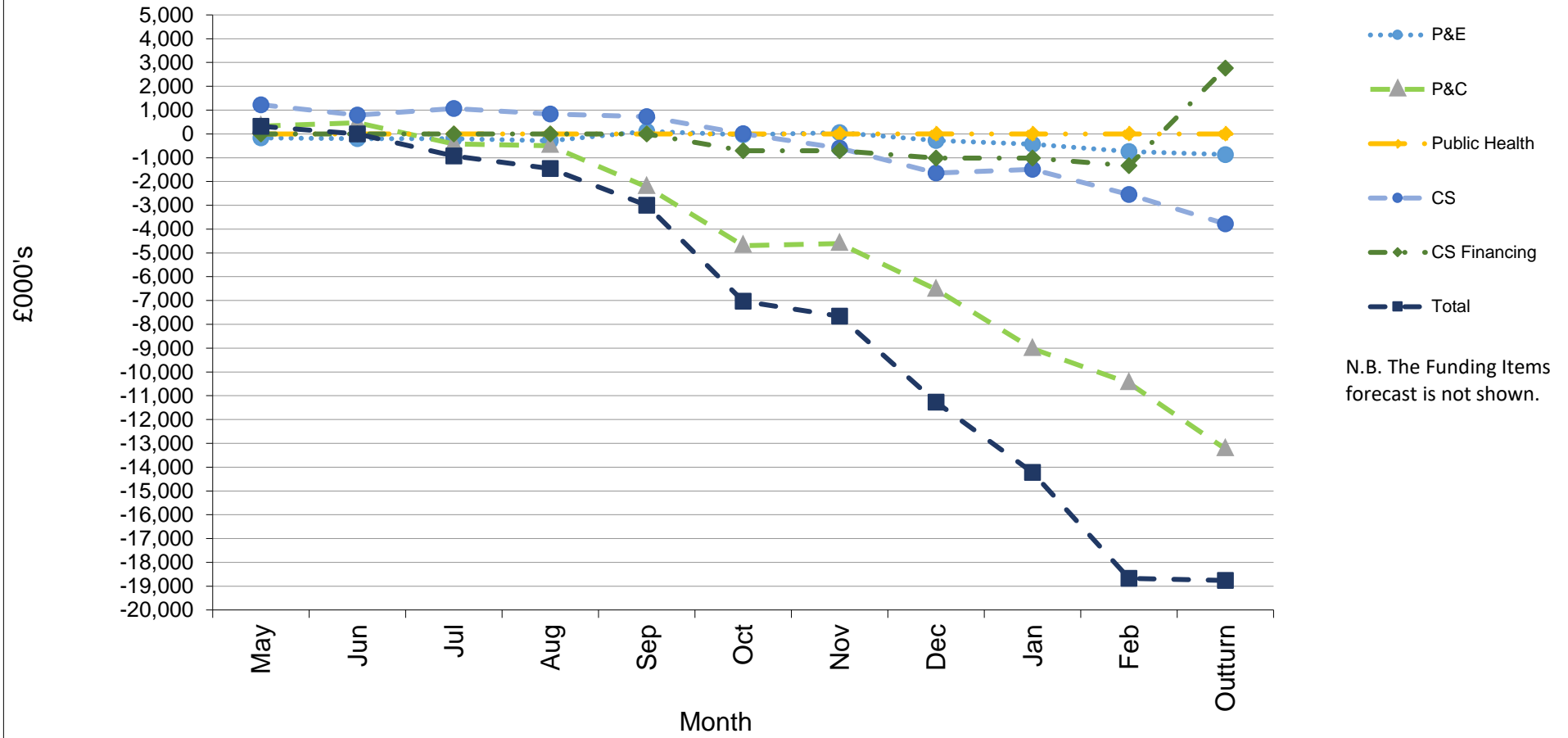
<sup>1</sup> The budget figures in this table are net, with the 'Original Budget as per Business Plan' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

<sup>2</sup> Public Health's budget is stated to be zero as it is entirely funded by ring-fenced grant, mainly the Public Health Grant. Public Health is underspent by £4,001k on its service budget, but this will be carried-forward into the public health grant reserve. Around £1.8m of this underspend was due to application of COMF grant to staffing spend.

<sup>3</sup> The 'Funding Items' budget comprises the £9.2m Combined Authority Levy, the £424k Flood Authority Levy and £3.8m change in general and corporate reserves budget requirement. The outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e., more income received than budgeted. Much of this underspend is due to application of COMF grant in respect of previous financial years.

<sup>4</sup> Key to column 7: + signifies pressure or reduced income, - signifies underspend or increased income.

Forecast Outturn Position 2021/22



### 3.2 Dedicated Schools Grant (DSG) Deficit Summary

<b>Opening Balance 2021-22 £m, deficit</b>	<b>In-year movement, £m</b>	<b>Closing Balance 2021-22 £m, deficit</b>
26.8	12.4	39.3

At the end of 2021/22 the High Needs Block overspent by approximately £14.85m, which was slightly higher than previous forecasts. However, there were a number of one-off underspends in other areas of the DSG which resulted in a net DSG overspend of £12.43m to the end of the year. When added to the existing DSG deficit of £26.83m brought forward from previous years, and allowing for required prior-year technical adjustments, this results in a cumulative deficit of £39.26m to be carried forward into 2022/23.

This is a ring-fenced grant and, as such, overspends do not currently affect the Council's bottom line. We continue to work with the Department for Education (DfE) to manage the deficit and evidence plans to reduce spend.

The DfE introduced the safety valve intervention programme in 2020-21 in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme is being expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.

The programme requires local authorities to develop substantial plans for reform to their high needs systems, with support and challenge from the DfE, to rapidly place them on a sustainable footing. If the authorities can demonstrate sufficiently that their DSG management plans create lasting sustainability and are effective for children and young people, including reaching an in-year balance as quickly as possible, then the DfE will enter into an agreement with the authority, subject to Ministerial approval.

If an agreement is reached, local authorities are held to account for the delivery of their plans and hitting the milestones in the plans via quarterly reporting to the DfE. If adequate progress is being made, authorities will receive incremental funding to eliminate their historic deficits, generally spread over five financial years. If the conditions of the agreement are not being met, payments will be withheld.

Senior Officers were invited to an initial meeting with the DfE in May to discuss the current situation and plans, and as such updates will be provided in due course.

### 3.3 Summary of Covid-19 Related Costs by Directorate for 2021/22

Directorate	Net Covid-19 Pressure £000
Place & Economy	1,158
People & Communities	10,852
Corporate Services	2,751
<b>Total</b>	<b>14,761</b>

These Covid-19 related costs are a mixture of additional expenditure, reduced income, and savings not delivered as a result of the pandemic. They are also net of any external funding received to cover specific functions and pressures (such as the Contain Outbreak Management Fund). Increasingly, some of these additional costs have been included within initial budgets and as such do not impact on the services' outturns reported elsewhere within this report. However, the overall costs related to Covid-19 are still required to be categorized and reported to central government.

### 3.4 Key exceptions this month are identified below.

Exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.

#### 3.4.1 Place & Economy:

£0.867m (-1.3%) underspend is being reported at year-end. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).

#### 3.4.2 People & Communities:

£13.236m (-4.4%) underspend is being reported at year-end.

- Strategic Management - Adults

Outturn Variance £m	Outturn Variance %
-1.975	(-46%)

A £1.975m underspend is being reported at year-end. This is an increase of £0.342m on the underspend position previously reported in January, of which £0.247m relates to a change since last month. This increase is primarily due to savings from vacant posts exceeding the target by £974k due to increased vacancy rates being experienced in the second half of the year.

- Learning Disabilities (LD)

Outturn Variance £m	Outturn Variance %
+1.514	(+2%)

A £1.514m pressure is being reported at year-end. This is a decrease of £0.384m on the pressure position previously reported last month. Levels of need have risen

greatly over the last year, and this is accompanied by several new service users with LD care packages with very complex health and care needs, requiring significant levels of care that cost much more than we budget for an average new care service.

The primary reasons for the reduction on the year-end position since last month are the application of £178k of NHS winter pressures funding to additional support for service users, which was not forecast, and increased reclaims of direct payments compared to forecast. Service users in receipt of direct payments have annual reviews after which any unspent funds are returned to the Council. The value of unspent direct payments has been higher this year due to some service users being unable to access their normal services and activities due to Covid 19.

Adults Commissioning are developing an LD Accommodation Strategy that will enable them to work with the provider market to develop the provision needed for our service users, both now and looking to future needs. This should lead to more choice when placing service users with complex needs and consequently reduce cost pressure in this area, but this is a long-term programme and it is unlikely to deliver savings in the short term. The LDP social work teams and Adults Commissioning are also working on strategies to increase the uptake of direct payments, to deliver more choice for service users and decrease reliance on the existing care market.

- Older People’s Services

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-6.961	(-11%)

A -£6.961m underspend is being reported at year-end. This is an increase of £0.277m on the underspend position previously reported in January and relates in full to a change since last month.

As was reported throughout 2020/21, the impact of the pandemic led to a notable reduction in the number of people having their care and support needs met in care homes. This short-term impact carried forward into forecasting for 2021/22 and included a reduction in care spend relating to the final months of 2020/21 that manifested subsequent to last year-end. Spend and service user numbers today are below the level budgeted for resulting in the in-year underspend. However, the financial position of this service is considerably uncertain. There is a growing number of people who have survived Covid, being left with significant needs, and many vulnerable adults have developed more complex needs as they have not accessed the usual community-based or early help services due to lockdown. The impact of delayed health care treatments such as operations will also impact individual needs and health inequalities negatively. It is anticipated that demand will increase as we complete more annual reviews, many of which are outstanding due to the pandemic.

Hospital Discharge systems continued to be pressured. We continue to expect some substantial cost increases in future years as both NHS funding is unwound fully, and the medium-term recovery of clients assessed as having primary health needs upon hospital discharge return to social care funding streams.



- Central Commissioning - Adults

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.437	(-2%)

A -£0.437m underspend is being reported at year-end. This is mostly (£314k) due to the decommissioning of six rapid discharge and transition cars as part of the wider homecare commissioning model. The long-term strategy is to decommission all the local authority funded cars, meeting the need for domiciliary care through other, more cost-effective means.

- Strategic Management – Children & Safeguarding

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-2.475	(-41%)

A -£2.475m underspend is being reported at year-end. This is an increase of £0.475m on the underspend position previously reported in January, of which £0.275m relates to a change since last month. This increase has predominantly been due to vacancies and the difficulty being faced in recruiting social workers, both substantive and agency.

- SEND Financing - DSG

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+14.956	(+22%)

A £14.956m pressure is forecast within the high needs block of the Dedicated Schools Grant (DSG). This is an increase of £0.332m on the pressure previously reported last month. Due to the continuing increase in the number of children and young people with Education, Health and Care Plans (EHCPs), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise.

- 0-19 Place Planning & Organisation Service

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+0.062	(+2%)

A +£0.062m pressure is forecast. This is a decrease of £0.256m on the pressure position previously reported in September, of which £0.048m relates to a change since last month. The decrease is primarily due to an underspend on the school's growth fund budget partially offsetting the pressure from the reduced number of penalty notices issued for children's unauthorised absences.

- A combination of more minor variances sum with the above to lead to an overall year-end underspend of -£13.236m. For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

### 3.4.3 Public Health:

-£4.001m underspend is being reported at year-end.

- Integrated Lifestyle Services

Outturn Variance £m	Outturn Variance %
-0.297	(-12%)

A -£0.297m underspend is being reported at year-end. The underspend is partly as a result of reduced spend against the £400k Healthy Weight budget. This was new funding incorporated into the budget for 2021/22 and it has taken time to identify providers and commissioning routes especially with the focus on the pandemic, so we are only seeing part year spend against this budget in the current financial year resulting in an underspend of £112k. The remainder of the underspend is due to a combination of factors including £71k related to one off adjustments to income and spend in 2020/21, and £84k of income above budget in 2021/22.

- The overall -£4.001m underspend being reported in the Public Health directorate will be transferred to the Public Health ring-fenced grant reserve at year-end, leading to a balanced budget overall. For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

### 3.4.4 Corporate Services:

-£3.777m (-16.3%) underspend is being reported at year-end.

- IT Managed

Outturn Variance £m	Outturn Variance %
-0.545	(-7%)

A -£0.545m underspend is being reported at year-end. This is primarily due to an underspend of £512k for hardware items partly due to global supplies impacting our ability to procure IT hardware, predominantly Laptops.

- Renewable Energy Investments

Outturn Variance £m	Outturn Variance %
-0.304	(-137%)

A -£0.304m underspend is being reported at year-end. This is the year-end position for the Solar Farm in Soham; the underspend is due to a higher level of income generated in the year and lower maintenance.

- A combination of more minor variances sum with the above to lead to an overall year-end underspend of -£3.777m. For full and previously reported details, see the [CS Finance Monitoring Report](#).

### 3.4.5 CS Financing:

£2.766m (+8.8%) pressure is being reported at year-end.

- Debt Charges

Outturn Variance £m	Outturn Variance %
2.766	(+8.8%)

A £2.766m pressure is being reported at year-end. This is a change of £4.105m from the underspend position previously reported last month. This is primarily due to the following:

- An additional Minimum Revenue Provision (MRP) payment of £3.528m (See also section 9.2)
  - An additional pressure of £533k on the capitalisation of interest budget; lower capital spend and lower interest rates than budgeted resulted in lower interest costs being charged to schemes; consequently there was a smaller recharge back to the financing costs budget.
- For full and previously reported details, see the [CS Finance Monitoring Report](#).

#### 3.4.6 Funding Items:

-£3.646m underspend is being reported at year-end. There are no exceptions to report this month.

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

## 4. Savings Tracker

4.1 The “Savings Tracker” report is a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2021-22 Business Planning process. For 2021/22, the Council has delivered £8.4m of savings against its original plan. Blue rated savings totalled £1.3m, exceeding the target on those initiatives. Green rated savings totalled £4.3m. The year-end Savings Tracker is included as [Appendix 3](#) to this report. It is also important to note the relationship with the reported position within this report. As pressures arose in-year, further mitigation and/or additional savings were required to deliver a balanced position.

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

Financial Year	Business Plan Original Savings £m	Savings Delivered £m	Total Variance £m
2016-17	43.4	35.5	7.9
2017-18	33.4	27.1	6.3
2018-19	38.3	27.8	10.5
2019-20	15.8	13.2	2.6
2020-21	15.9	8.9	7.1
TOTAL	146.8	112.5	34.3

4.2 A summary of 2021-22 Business Plan savings by RAG rating is shown below:

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	1	-564	-692	Green	22	-4,267	0	Amber	5	-3,016	826	Red	1	-1,192	587	Black	9	-2,335	2,335	-11,374	3,056

## 5. Key Activity Data

- 5.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C and PH Finance Monitoring Report](#) (section 5).

## 6. Funding Changes

### 6.1 Changes in Grant Income

The following grants from government have variances against the amounts we expected to receive:

Grant	Notes	Impact
Contain Outbreak Management Fund	Part of this grant has been applied centrally to reflect eligible expenditure incurred in the previous financial year that is able to be retrospectively funded by this grant. This funding has reimbursed CCC for corporate and service staff time spent on Covid outbreak mitigation and management in 2020/21.	£1.7m of grant income applied centrally in addition to the £1.4m noted in the Jan IFMR

Strategy & Resources Committee is asked to note the additional £1.7m Contain Outbreak Management Fund grant income applied centrally.

## 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 31<sup>st</sup> March 2022 are as follows:

	31 <sup>st</sup> March 2021 £m  (original published balances)	31 <sup>st</sup> March 2021 £m  (amended for in-year academy conversions)	31 <sup>st</sup> March 2022 £m	Change £m
Nursery Schools	0.6	0.6	0.4	-0.2
Primary Schools	14.1	14.0	14.0	0.0
Special Schools	0.9	0.9	1.1	0.2
Pupil Referral Units (PRUs)	0.1	0.1	0.2	0.1
<b>Total</b>	<b>15.7</b>	<b>15.6</b>	<b>15.7</b>	<b>0.1</b>

It must be noted that further to the DSG and standard grants such as Pupil Premium, and Universal Infant Free School Meals this year schools' budgets also include additional funding for Covid-19 Catch Up and Recovery Premium from the Education & Skills Funding Agency (ESFA). 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 2022/23 to maintain current staffing levels and class structures.
- Due to the continuing pandemic, schools have been unable to spend elements of some ring-fenced grants.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

7.3 Analysis is currently being 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. Schools budget submissions are also currently being scrutinised to identify instances where schools are either planning to use a high proportion of their carry-forward to balance in-year or where already holding excessive balances where these are forecast to increase further. Notwithstanding individual reasons that balances have accumulated, it is also notable that as the centrally held deficit on the high needs block has increased, the growth in individual school reserves has remained stable.

7.4 A more detailed report on financial health of individual schools, including surplus and deficit balances and a school-by-school breakdown will be submitted to Schools Forum for consideration in July. This will include proposals to reconsider the levels of balances deemed as excessive and the appropriate measures to be put in place for those schools requiring improvement or judged inadequate by Ofsted.

The balances can be further analysed in the tables below:

<b>Sector</b>	<b>Schools with Reported Deficit Balances as at 31<sup>st</sup> March 2022</b>
Nursery	2
Primary	11
<b>Total Schools</b>	<b>13</b>

Value of revenue deficits at 31<sup>st</sup> March 2022:

<b>Deficit</b>	<b>Nursery</b>	<b>Primary</b>	<b>Total</b>
£100k+	0	1	<b>1</b>
£60k - £100k	2	2	<b>4</b>
£20k - £60k	0	3	<b>3</b>
£10k - £20k	0	1	<b>1</b>
£1k - £10k	0	4	<b>4</b>

Value of surplus revenue balances held by schools at 31<sup>st</sup> March 2022:

<b>Surplus</b>	<b>Nursery</b>	<b>Primary</b>	<b>Special</b>	<b>Total</b>
£0k - £10k	0	2	0	<b>2</b>
£10k - £20k	0	5	0	<b>5</b>
£20k - £60k	1	24	0	<b>25</b>
£60k - £100k	2	25	0	<b>27</b>
£100k - £150k	0	23	0	<b>23</b>
£150k - £200k	2	5	0	<b>7</b>
£200k - £300k	0	14	1	<b>15</b>
£300k - £400k	0	3	1	<b>4</b>
£400k+	0	6	1	<b>7</b>

Please note: the figures in 7.2 and 7.4 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 31<sup>st</sup> March 2022 are £46.5m as set out below:

<b>General Reserve Balance</b>	<b>2021/22 Final Outturn £m</b>
<b>Balance as at 31 March 2021</b>	26.094
<b>Changes Arising:-</b>	
Planned Business Plan adjustments	-0.076
Net Budget revision and redistribution as approved by S&R 6th July 2021	1.695
Additional pensions contributions net underachievement	-0.010
Council Tax counter-fraud reserve transfer 2021-22	-0.464
Highways Maintenance reserve transfer 2021-22	-1.490
COMF funds being applied to 2020-21 spend	3.075
Surplus Corporate Grants	2.535
Place & Economy service underspend	0.867
People & Communities service underspend	13.236
Corporate Services service underspend	3.777
Overspend on capital financing costs	-2.766
<b>Balance as at 31 March 2022</b>	<b>46.474</b>

8.2 As a minimum, it is policy that the General Reserve should be no less than 4% of the gross expenditure of the Council (excluding schools' expenditure). (The target was increased from 3% to 4% in the 2022-23 Business Plan.)

8.3 The business plan for 2022/23 was set assuming a certain level of underspend, utilising this funding to redistribute reserves and create a Just Transition Fund.

8.4 Estimated revenue reserves balances over 2023-27 are shown below (as per the Council's Business Plan 2022-23):

Balance as at:	31 March 2023 £m	31 March 2024 £m	31 March 2025 £m	31 March 2026 £m	31 March 2027 £m
General reserve	27.41	28.08	28.84	29.54	30.25
Earmarked reserves <sup>1</sup>	44.56	41.75	39.03	39.03	39.03
Covid Grant Reserve <sup>2</sup>	16.82	11.50	7.02	3.28	1.02
School reserves <sup>3</sup>	-23.00	-23.00	-23.00	-23.00	-23.00
Just Transition Fund	10.78	9.78	8.82	8.07	8.07
High Needs Block Offset Reserve	14.40	14.40	14.40	14.40	14.40
<b>Total</b>	<b>90.96</b>	<b>82.50</b>	<b>75.11</b>	<b>71.32</b>	<b>69.77</b>
General reserve as a % of gross non-school budget	4.0%	4.0%	4.0%	4.0%	4.0%

1) Includes reserves for balances held by individual services for specific matters, agreed timing of government grant use, litigation risk, insurance claims, and provision to offset commercial and partnership risks. Use of these reserves, where known, is factored in.

(2) Unringfenced government grant funding given during early stages of the pandemic. To be applied to relevant spend across Medium Term Financial Strategy (MTFS) period.

(3) This comprises individual maintained school balances held as part of their delegated budgets (which are not available to the County Council centrally) set against the accumulated high needs block deficit. Under the current regulations this leads to a negative balance overall

## 9. Treasury Management Activity

9.1 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 on Borrowing	21.139	18.553	-2.586
Interest charged to Other Funds	-6.901	-6.394	0.507
Interest receivable	-9.604	-9.989	-0.385
Interest charged from Other Funds	10.090	9.953	-0.137
Capitalisation of Interest Costs	-2.173	-1.127	1.046
Technical & Other	0.598	0.401	-0.197
MRP	18.145	22.664	4.519
<b>Total</b>	<b>31.295</b>	<b>34.061</b>	<b>2.766</b>

9.2 Minimum Revenue Provision (MRP) is a charge made on the Council's revenue budget to finance its capital programme. The accounts presented here include a proposed overpayment of £3.528m. This is money the Council allocates to its capital costs rather than an outbound external expenditure. The proposed overpayment is the estimate of the impact of potential changes to MRP on third-party loans that are currently being consulted on by central government. As the consultation is not yet concluded, and there is a potential for substantial impact should the consultation not resolve in our favour, it is considered prudent to overpay MRP to an equivalent amount. This provides some offset for one year should Government require us to



change MRP approach on third-party loans and gives us time to build into budget for 2023/24 onwards. If the consultation resolves in our favour, we are able to unwind this overpayment in a future year. (For reference the Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 states in paragraph 24 that Local authorities may choose to pay more MRP than they consider prudent in any given year.)

Strategy & Resources Committee is asked to approve a total minimum revenue provision payment for the year of £22.664m, including a voluntary overpayment of £3.528m for the reasons set out above.

9.3 The Interest Payable on Borrowing underspent by £2,586k. The low borrowing rate was primarily due to the Bank of England base rate cut to an all-time low level, from 0.25% to 0.1%, which resulted in a reduction in borrowing rates. For this reason, CCC was able to secure cheaper market loans from other Local authorities and PWLB. Following analysis of capital schemes completed in 2020/21 and how they were funded, the MRP payment for 2021/22 has been recalculated and the year-end position was initially £991k higher than budgeted. Taking into account the £3.528m additional payment (see section 10.2 above), the final MRP position was £4,519k higher than budgeted. The Interest Payable underspend was partially offset by a £1.046m overspend on the capitalisation of interest budget; as lower capital spend and lower interest rates resulted in lower interest costs being charged to schemes; consequently there was a smaller recharge back to the financing costs budget.

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

	<b>1<sup>st</sup> April 2021 £m</b>	<b>31<sup>st</sup> March 2022 £m</b>	<b>Difference</b>
Long Term Debt	675.7	724.3	<b>48.6</b>
Short Term Debt	137.0	55.0	<b>-82.0</b>
	<b>812.7</b>	<b>779.3</b>	<b>-33.4</b>
Less: Investments	98.1	113.6	<b>15.5</b>
Less: 3rd Party Loans & Share Capital	5.3	4.9	<b>-0.4</b>
<b>Net Debt</b>	<b>709.3</b>	<b>660.8</b>	<b>-48.5</b>

9.5 The summary of the average interest rates at 31.03.2022 is as follows:

- Temporary borrowings 0.2871%
- Market borrowings 0.5645%
- PWLB 1.6675%

The overall average rate on total borrowing was 0.8379%.

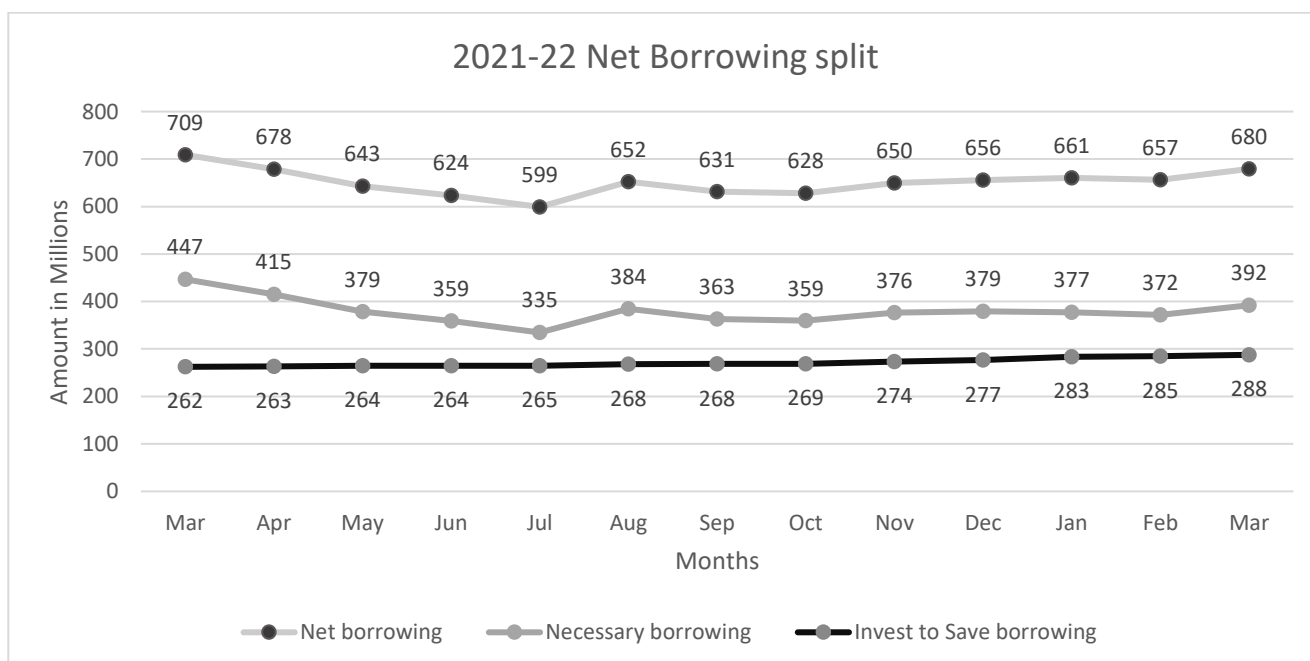
9.6 Each year the Council must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2021/22 compares with approved limits as follows:

	Approved	Actual
<b>Financing Costs</b>		
% of Net Revenue Stream	8.40%	4.58%
Authorised Limit for Debt	£1,074.0m	£779.3m
Operational Boundary for Debt	£1,044.0m	£779.3m
<b>Interest Rates Exposure (as % of total net debt)</b>		
Fixed Rate	150%	115%
Variable Rate	65%	-15%
<b>Debt Maturity Range (as % of total debt) *</b>		
Under 1 year	0 to 80%	19.57%
1 – 2 years	0 to 50%	14.20%
2 – 5 years	0 to 50%	9.14%
5 – 10 years	0 to 50%	11.50%
Over 10 years	0 to 100%	45.58%

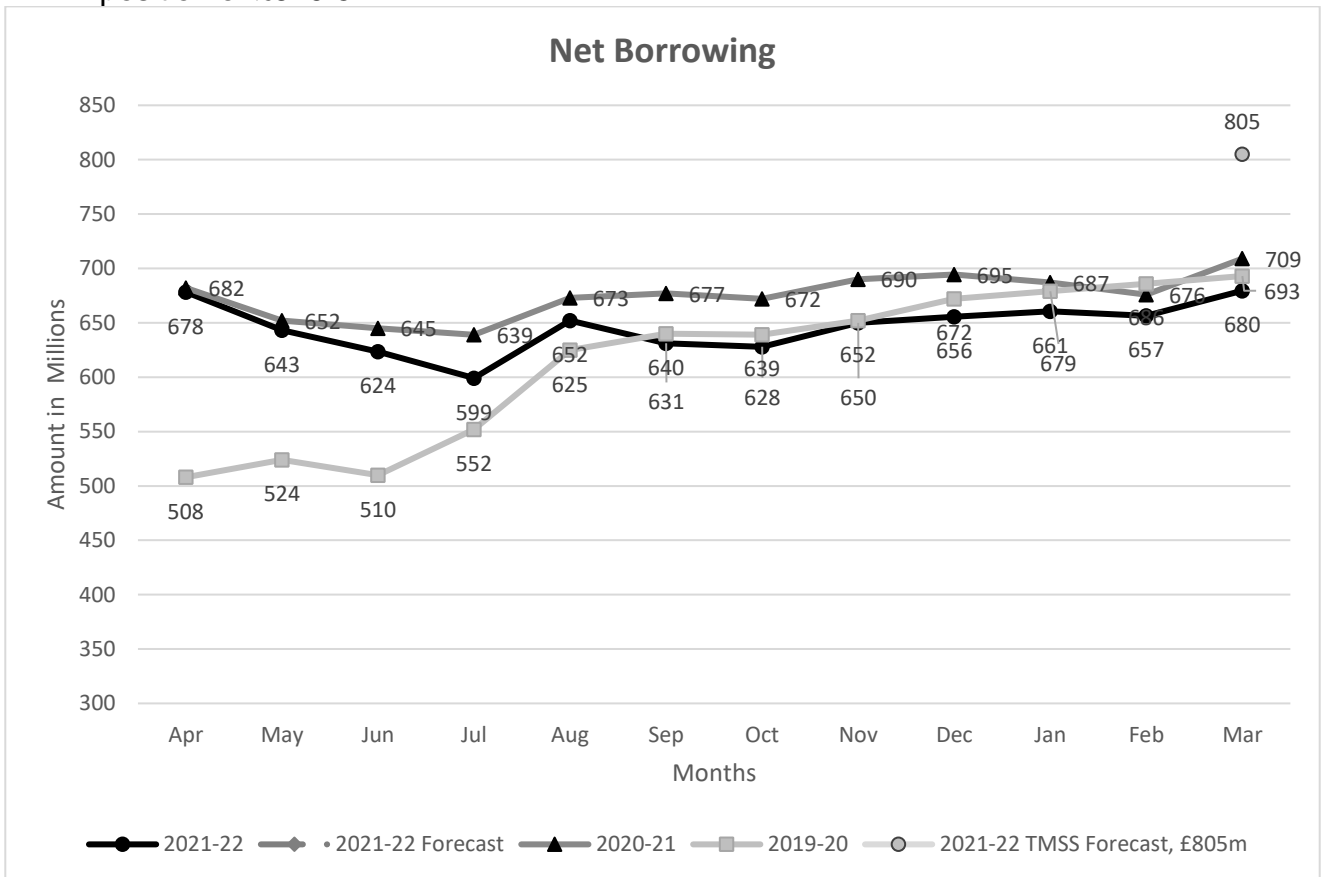
\* The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity, regardless of likelihood of this option being exercised.

## 10. Balance Sheet

10.1 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2021-22, it is estimated that £288m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3<sup>rd</sup> parties in order to receive a financial return.



10.2 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 March 2022, investments held totalled £99.8m (excluding all 3<sup>rd</sup> party loans, Equity and This Land) and gross borrowing totalled £779.3m, equating to a net borrowing position of £679.5m.



10.3 The Council’s cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2020-21 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend (and due to the current Covid-19 pandemic the Council is in receipt of further grants compared to before the pandemic). The 2021-22 net borrowing position has taken a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

10.4 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 2021-22 TMSS was set in February 2021, it anticipated that net borrowing would reach £805.0m by the end of this financial year. Based on the 2020-21 outturn position and subsequent revisions to the capital programme, the net borrowing was predicted to be below this, at £685m by the end of this financial year. The actual net borrowings at 31/03/2022 were £679.5m, £5.5m lower than previously forecast.

10.5 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where

borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing should underlying interest rates be forecast to rise in a sustained manner.

- 10.6 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 10.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 10.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

## 11. Debt Management & Prompt Payment

- 11.1 An overview of debt management and prompt payment outcomes is shown below:

Measure	Year End Target	Actual as at the end of Mar 2022 <sup>1</sup>
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	84%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£10.83m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£3.40m
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	97.1%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	80.8%

<sup>1</sup> The sundry debt figures now include Cambridgeshire & Peterborough CCG debts as the CCG reconciliation process has concluded, significantly reducing aged CCG debt over 2 years old.

### 11.2 Bad Debt Provision

As a result of the levels of debt at year end, assessed for security, the Council has increased the general provision it carries on its balance sheet for bad debt by £0.453m.

### 11.3 Summary Final Position:

Overall debt outstanding has improved significantly since February. Overdue debt (total less current) has decreased by £4.6m from £22.1m to £17.5m. This is the most favourable debt position for some time, particularly due to the resolution of historic debt owed by the NHS. Audit And Accounts Committee received a detailed overview of this position at its meeting in May 2022.

## 11.4 Adult Social Care

Adult Social Care (ASC)– 91 days + debt has decreased by £231k since February. Final balances are £10.83m against a target of £3.37m.

## 11.5 Sundry (non- Adult Social Care)

Overall sundry 91 days + debt has decreased by £1,372k since February. The largest decrease was in Public Health with debt decreases of £784k. This has resulted in the final sundry 91 days + debt balance being £3.40m against a target of £1.71m.

# 12. Capital Programme

## 12.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2021/22 Budget as per Business Plan £000	Forecast Variance - Outturn (Feb) £000	Service	Revised Budget for 2021/22 £000	Actual-Year to Date (Outturn) £000	Actual Variance - Outturn 2021/22 £000	Actual Variance - Outturn 2021/22 %	Total Scheme Revised Budget (Outturn 2021/22) £000	Total Scheme Forecast Variance (Outturn 2021/22) £000
96,983	-9,177	P&E	106,674	85,622	-21,052	-19.7%	577,153	-1,155
44,588	-9,507	P&C	43,473	31,188	-12,285	-28.3%	535,133	-22,573
10,261	-7,990	Corporate Services	23,816	13,490	-10,326	-43.4%	196,704	-632
<b>151,832</b>	<b>-26,674</b>	<b>Total Spending</b>	<b>173,963</b>	<b>130,300</b>	<b>-43,662</b>	<b>-25.1%</b>	<b>1,308,990</b>	<b>-24,359</b>

### 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 12.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2021/22 of £40.0m and is reporting an underspend of £13.4m 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.

## 12.2 2021-22 capital programme variations budgets

12.2.1 A summary of the use of the 2021-22 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.

Service	Capital Programme Variations Budget £000	Actual Variance - Outturn 2021/22 £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Actual Variance Against Revised Budget - Outturn 2021/22 £000
P&E	-25,237	-46,289	25,237	100.0%	-21,052
P&C	-5,805	-18,090	5,805	100.0%	-12,285
CS	-5,620	-15,946	5,620	100.0%	-10,326
Outturn adjustment	-	-	-	-	-
<b>Total Spending</b>	<b>-36,662</b>	<b>-80,324</b>	<b>36,662</b>	<b>100.0%</b>	<b>-43,662</b>

12.2.2 As at year-end, Place & Economy, People & Communities and Corporate Services schemes have all exceeded the capital variations budgets allocated to them, reporting in-year underspends of -£21.1m, -£12.3m and -£10.3m respectively. Overall expenditure on the 2021/22 capital programme is therefore underspent by -£43.7m compared to the position originally anticipated when the capital variations budget was set. By comparison, the underspend in 2020-21 was £50.5m.

12.2.3 Although the outturn reflects improved capital delivery on the previous year, and the capital variations budget has been a helpful development to improve budgeting accuracy, it is acknowledged that further attention is required to this area. The Council will always where possible apply capital funding received through grants or contributions before it relies on borrowing. That said, there have been a range of factors causing capital rephasing this year, including delays due to the complexity of decision-making involving multiple external stakeholders, lack of capacity in project team resources, issues with sourcing, supply and lead times of obtaining materials, delays in tendering processes, delayed starts on site, restrictions on sites due to Covid and delays in condition surveys due to Covid.

### 12.3 Capital Current Year Key Exceptions

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

#### 12.3.1 Place & Economy:

A -£21.052m (-19.7%) in-year underspend is being reported at year-end.

- Delivering the Transport Strategy Aims- Highways Schemes

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,846	266	-2,580	-2,123	-457	0	-2,580

An in-year underspend of -£2.6m is being reported at year-end. This is an increase of £0.52m on the underspend position previously reported in January, of which £0.48m relates to a change since last month. The rephasing is due to the funding allocation and programme not being agreed until September 2021; together with

the required involvement of the various district councils and the complexity of the projects means that expenditure has been rephased into next financial year. The delays have also been exacerbated by project team resources. It is anticipated that agreement to 2022/23's allocation and programme will be made earlier, so that 2021/22's rephased schemes plus 2022/23's full programme will be delivered and spent within year.

- Bridge Strengthening

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
3,126	2,094	-1,032	-289	-743	0	-1,032

An in-year underspend of -£1.0m is being reported at year-end. This is an increase of £0.74m on the underspend position previously reported in January, which relates in full to a change since last month. The reactive capital works bridge repairs scheme needed an extra £475k for minor repairs, so funding was moved from the St Ives Flood Arches/ Town Bridge and North of Girton Bridge, both of which have been rescheduled. In addition, there were delays to other projects due to flooding, issues with road space booking and sourcing of materials. (The St Ives Flood Arches scheme has since started on site on 6<sup>th</sup> June 2022 and will run until the end of September 2022 subject to weather conditions, for example for the lime mortar repairs. For the North of Girton Bridge scheme the design and flood modelling commenced at the start of the new 2022-23 financial year and is still being progressed. Further stages of this scheme will depend on the outcomes from the modelling and Environment Agency advice.)

- £90m Highways Maintenance schemes - Other

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
6,566	3,860	-2,706	-1,790	-916	0	-2,706

An in-year underspend of -£2.7m is being reported at year-end. This is an increase of £0.8m on the underspend position previously reported in January and relates in full to a change since last month. The increase is primarily due to rephasing of the following scheme:

- Littleport, Mildenhall Road (£828k) –The accelerated programme delivery saw a significant increase in throughput of work within our teams. At the time we were operating with reduced staffing on the team with around 80% capacity. The Littleport scheme went to tender via the Eastern Highways Alliance Framework contract; we only received two returns so needed to seek a waiver to appoint. The tender period ran through November / December. The waiver process added time to appointment of the contractor. This in turn led to a later than originally planned mobilisation which resulted in a start date and duration that would have caused significant impact on the road network at that time due to other works already in place on our and Suffolk's road network. To avoid impact on the travelling public and resultant economic impact of causing traffic disruption we delayed the scheme to a better time.

- King's Dyke

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
12,700	9,532	-3,168	-2,669	-499	0	-3,168

An in-year underspend of -£3.2m is being reported at year-end. This is an increase of £0.57m on the underspend position previously reported in January, of which £0.50m relates to a change since last month. The project is now at a stage where the Council have a more detailed understanding of the cost forecast and the risk profile. In the period there have been several cost savings, including staffing and Network Rail possession costs. The monthly risk budget has been reprofiled to better reflect when the risk items could occur in the programme, many of which have been moved into the next financial year. The construction work undertaken to date by the contractor has also come in below forecast, due to resequencing of the work. The project remains on programme for completion by the end of 2022.

- Lancaster Way

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
792	505	-287	-170	-117	-170	-118

An in-year underspend of -£0.3m is being reported at year-end. There is an expectation that scheme will now underspend against the allocation funding. This scheme is funded by the Combined Authority, so will mean a reduction in the reimbursement claimed.

- Wisbech Town Centre Access Study

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,883	1,190	-693	0	-693	0	-693

An in-year underspend of -£0.7m is being reported at year-end. Closing out the land and design sign off with National Highways and Norfolk County Council has led to this project running into 2022/23.

- Combined Authority Schemes

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,083	1,042	-1,041	-89	-952	0	-1,041

An in-year underspend of -£1.0m is being reported at year-end. This relates to work on the March transport study; cost savings were identified by the contractor and budgets set aside for contingency and risk were not required. This scheme is fully



funded by the Combined Authority. A separate scheme for the delivery of the March Transport Study has been set up from 2022/23 and will be reported separately going forward.

- Swaffham Prior Community Heat Scheme

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
8,998	3,349	-5,649	-2,400	-3,249	0	-5,649

An in-year underspend of -£5.6m is being reported at year-end. This is an increase of £3.2m on the underspend position previously reported in November and relates in full to a change since last month. Of this, £2.7m relates to the Heat Network Investment Project (HNIP) spend which, when assessed at year end for the appropriate accounting treatment, was determined should be included within the accounts of the Special Purpose Vehicle, rather than the Council. There have also been delays on the delivery of the energy centre as a result of site asbestos contamination which need to be cleared and the difficulty getting hold of cladding materials. This has meant that some spend is being reprofiled into 2022/23.

- North Angle Solar Farm, Soham

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
21,150	17,554	-3,596	-2,670	-926	0	-3,596

An in-year underspend of -£3.6m is being reported at year-end. This is an increase of £0.9m on the underspend position previously reported in December and relates in full to a change since last month. There was a three month delay due to an administrative problem that UK Power Networks had with the National Grid.

- Decarbonisation Fund

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
4,074	4,005	-69	851	-920	0	-69

An in-year underspend of £0.07m is being reported at year-end. This is a change of £0.9m on the pressure position reported last month. Twenty low carbon heating projects are currently underway, one of which is now completed. Government grant from the Public Sector Decarbonisation Scheme partly funds the investment into the heating programme. Covid-19 has had some impact on delivery, in particular material delays and cost.

- Connecting Cambridgeshire

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
14,937	5,746	-9,191	-8,739	-452	0	-9,191

An in-year underspend of -£9.2m is being reported at year-end. This is an increase of £0.5m on the underspend position previously reported in November and relates in full to a change since last month. The Connecting Cambridgeshire spend for this year was reprofiled and some spend will now be incurred next year. This work relates to Fixed Connectivity – Openreach Superfast Broadband (SFBB):

- £0.9m will be delivered in 2022/23 as Phase 3 of the Openreach SFBB was rephased due to Covid and Contractual delays
- £1.9m will be delivered in 2022/23 as Phase 4 of the Openreach SFBB was rephased due to Covid and Contractual delays
- A further £1m of expenditure will no longer be incurred due to a lower cost base and therefore a saving in the overall cost of the work being delivered for the Openreach SFBB.

There will be a total scheme underspend of £900k from saving from the Openreach SFBB contract 1, Phases 1-3, reducing the original £20m (£16.515m from prudential borrowing, £3.485m from LPSA grant) to £19.1m.

Due to the success of securing additional external funding there has been less requirement to use the Prudential Borrowing allocated to Connecting Cambridgeshire. £4.492m was allocated into 2021/22 but it is not expected this funding will start to be utilised until 2023/24 at the earliest and therefore this funding needs to be rephased.

- For full and previously reported details, see the [P&E Finance Monitoring Report](#).

### 12.3.2 People & Communities:

A -£12.285m (-28.3%) in-year underspend is being reported at year-end.

- Basic Need- Secondary

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
5,822	4,673	-1,149	-1,902	753	84	-1,233

- An in-year underspend of -£1.1m is being reported at year-end across Basic Need-Secondary schemes. This is a decrease of £0.9m on the underspend position previously reported in October, of which £0.8m relates to a change since last month. The main schemes included in the changes since October are the following:

○ Alconbury Secondary & Special

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,545	1,891	346	-45	391	0	391

Accelerated spend has taken place due to design fees being further progressed than originally anticipated due to early enabling works.

○ New capacity to serve Wisbech

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,984	799	-1,185	-1,384	199	0	-1,185

Rephasing has taken place after significant delays in the announcement by the Department for Education (DfE) of the outcome of Wave 14 free school applications. The secondary school approved in wave 14 will now be grant funded by the DfE through its Free Schools programme. This project will now focus solely on the provision of a replacement Social, Emotional and Mental Health (SEMH) school which is currently operating from unsuitable leased accommodation in Wisbech. The budget has been revised in the 2022-23 Business Plan.

• Basic Need- Early Years

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,578	195	-1,383	-1,100	-283	-300	-1,083

- An in-year underspend of -£1.4m is being reported at year-end across Basic Need- Early Years schemes. This is an increase of £0.4m on the underspend previously reported in July, of which £0.3m relates to a change since last month. This relates primarily to the following schemes:

○ LA Early Years Provision

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,365	8	-1,357	-1,265	-92	-300	-1,057

Rephasing has taken place as a number of schemes have been delayed with works now expected in 2022/23. The scheme is expecting a £300k underspend which offsets the additional funding request for conversion of the former Meldreth caretaker's accommodation for early years provision.

○ Meldreth Caretaker House

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
15	4	-11	165	-176	0	-176

Rephasing has taken place as there was a delay to the anticipated start on site from January. The project is currently out to tender with an expected completion date of September 2022.

• Condition, Suitability & Maintenance

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
5,947	3,083	-2,864	-2,313	-551	-853	-2,011

An in-year underspend of -£2.9m is being reported at year-end. This is an increase of £0.6m on the underspend previously reported in January and relates in full to a change since last month. The rephasing is due to a number of factors including the team not having capacity to advance schemes at a faster pace, material lead times, return tender rate from contractors being slow and delays in the completion of school condition surveys because of Covid. The forward plan of works relies on this survey data. £2,011k which is DfE grant funding will be carried forward into 2022/23 to address the maintenance and condition issues identified through the condition surveys.

• Cultural and Community Services

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
4,064	1,361	-2,703	-1,510	-1,193	70	-2,773

An in-year underspend of -£2.7m is being reported at year-end across Cultural and Community Services schemes. This is an increase of £1.2m on the underspend previously reported in December and relates in full to a change since last month. This relates primarily to the following schemes:

○ Community Fund

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
3,194	765	-2,429	-1,510	-919	70	-2,499

The Community Fund has been fully committed in 2021/22, however the approved schemes are at differing stages, this has resulted in rephasing of £2,429k. The budget will need to be carried forward into 2022/23 for those projects with longer construction/implementation timescales. Additional spend

of £70k has been approved for one of the projects and will be funded by a specific section 106 contribution.

○ Libraries - Open access & touchdown facilities

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
355	41	-314	0	-314	0	-314

Project work was delayed due to Covid 19 restrictions and the inability to use library space until restrictions eased, as well as delays in sourcing contractors for building works. Significant spend is due in the early part of 2022/23.

• Capitalised Interest

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
905	175	-730	0	-730	-730	0

An in-year underspend of -£0.7m is being reported at year-end. This is due to lower capital spend than budgeted and lower interest rates in 2021/22 than anticipated at the time of budget setting, resulting in lower interest costs being charged to schemes.

- For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

12.3.3 Corporate Services:

A -£10.326m (-43.4%) in-year underspend is being reported at year-end.

• Capitalisation of Transformation Team

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,682	1,662	-20	-121	101	-20	0

An in-year underspend of -£0.02m is being reported at year-end. This is a reduction of £0.3m on the underspend previously reported in October, of which £0.1m relates to a change since last month.

• Data Centre Relocation

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,909	613	-2,296	-2,000	-296	0	-2,909

An in-year underspend of -£2.3m is being reported at year-end. This is an increase of £0.3m on the underspend position previously reported in September and relates in full to a change since last month. The budget for this scheme has been rephased to reflect the timing of the work. The move of Cambridgeshire's data centre was scheduled to take place in April 2021 however was delayed due to problems with the air-conditioning units within the Sand Martin House building.

- Building Maintenance

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,339	1,847	-492	0	-492	0	-492

An in-year underspend of -£0.5m is being reported at year-end.

- Property Services have completed many schemes this year, with pressures on two large projects, Huntingdon Youth Centre and Buttsgrove, due to additional unforeseen works required. There will be a retention for both projects paid in 2022 – 2023.
- Savings have been made for most of the projects completed as estimated costs have been value engineered.
- Some M&E projects have been delayed because of renewable energy installations on-going. It is not possible to have more than one set of contractors on site at the same time.
- Some projects have not proceeded due to detailed surveys
- Carry forwards will be required for the following high-cost schemes - March Community Centre roof replacement, Speke House heating & ventilation works and a lift replacement at Signet Court. Funding carry forwards will also be requested for continuing committed projects relating to alarm upgrades, heating & boiler replacements, and LED lighting.

- Investment in the CCC asset portfolio

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,779	1,640	-1,139	-787	-352	0	-1,139

An in-year underspend of -£1.1m is being reported at year-end. This is an increase of £0.4m on the underspend position reported last month. The main challenges this year have been the additional work required at Roger Ascham, with increased costs related to planning delays, extra requirements associated with the Air Source Heat Pump (ASHP) and buildings maintenance, which will need to continue into 2022-23. Work will also continue next financial year to complete Bottisham Children's Centre, 78 Victoria Road, Fawcett House (formally CPDC) and Oak Court and the replacement of IT and furniture as required. Additional project management costs will be incurred because programme delivery period has extended due to COVID. The total scheme forecast is an increase of £29k at this stage, this figure will be finalised next financial year.

- Capitalisation of Interest Budget

Revised Budget for 2021/22 £'000	Actual Spend (Outturn 21-22) £'000	Actual Variance (Outturn 21-22) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
785	349	-436	0	-436	0	-436

An in-year underspend of £0.4m is being reported at year-end. This is primarily due to lower capital spend than budgeted and lower interest rates in 2021/22 than anticipated at the time of budget setting, resulting in lower interest costs being charged to schemes. There were also some movements of schemes from Corporate Services to Place & Economy during the 2021/22 financial year.

- For full and previously reported details, see the [CS Finance Monitoring Report](#).

## 12.4 Capital Total Scheme Key Exceptions

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

### 12.4.1 Place & Economy:

A -£1.2m (-0.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).

### 12.4.2 People & Communities:

A -£22.6m (-4.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

### 12.4.3 Corporate Services:

A -£0.6m (-0.3%) total scheme underspend is forecast.

- Capitalisation of Transformation Team

Total Scheme Revised Budget £'000	Total Scheme Forecast Spend - Outturn £'000	Total Scheme Forecast Spend - Outturn Variance £'000	Variance Last Month (Feb) £'000	Movement £'000
8,382	8,362	-20	-121	101

A total scheme underspend of -£0.02m is forecast on the Capitalisation of Transformation Team scheme, a reduction of £0.3m on the underspend previously reported in October, as noted earlier in section 13.3.3.

- For full and previously reported details, see the [CS Finance Monitoring Report](#).

## 12.5 Capital Funding Changes

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.1	3.5	-2.0	4.2	<b>21.8</b>	24.8	3.1
Basic Need Grant	0.0	1.0	0.0	0.0	<b>1.0</b>	-0.0	-1.0
Capital Maintenance Grant	3.1	2.2	0.0	0.7	<b>6.1</b>	4.0	-2.0
Devolved Formula Capital	0.8	1.3	0.0	-0.0	<b>2.0</b>	0.8	-1.2
Specific Grants	20.3	4.0	-2.4	4.1	<b>26.0</b>	32.7	6.7
S106 Contributions & Community Infrastructure Levy	23.5	-0.3	-3.8	0.6	<b>20.0</b>	15.3	-4.7
Capital Receipts	1.6	0.0	0.0	-0.3	<b>1.3</b>	4.1	2.8
Other Contributions	16.0	0.6	-2.8	7.2	<b>21.0</b>	9.6	-11.4
Revenue Contributions	0.0	0.0	0.0	0.0	<b>0.0</b>	7.2	7.2
Prudential Borrowing	70.4	21.6	-18.6	1.3	<b>74.7</b>	31.7	-43.0
<b>TOTAL</b>	<b>151.8</b>	<b>33.8</b>	<b>-29.6</b>	<b>17.9</b>	<b>174.0</b>	<b>130.3</b>	<b>-43.7</b>

<sup>1</sup> Reflects the difference between the anticipated 2020/21 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2021/22 Business Plan, and the actual 2020/21 year-end position.



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

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Specific Grants and Other Contributions, Capital Receipts and Prudential Borrowing)	All	<p>-£0.62 (Grants &amp; Contributions)</p> <p>+£15.26 (General Capital Receipts)</p> <p>-£14.64 (Prudential Borrowing)</p>	<p>For accounting reasons, the Council recognises income against the capital programme at the earliest opportunity: Funds received in 2021/22 for the Greater Cambridge Partnership (£17.45m) which have not yet been required in cash flow terms for the specific schemes they relate to have initially been accounted for in place of borrowing to fund other schemes across the capital programme. This will reduce the MRP charge that will be payable for 2022/23. When these funds are needed in the future for the specific schemes that they relate to, the Council will account for the borrowing to repay them. This is an accounting treatment only and has no impact on the actual funds available to the Greater Cambridge Partnership.</p> <p>Similarly, General Capital receipts received in 2021/22 (£15.26m) have been accounted for in place of borrowing to fund schemes across the capital programme. This will also reduce the MRP charge that will be payable for 2022/23.</p> <p>Funds previously received for Basic Need (£0.66m), Horizons (£12.80m), and from the Combined Authority for the Wisbech Access Strategy (£4.60m) and that have already been initially accounted for in place of borrowing are now required to fund expenditure in 2021/22. The Council has therefore accounted for the borrowing to repay these funds in 2021/22. This £18.07m additional borrowing in 2021/22 has then been offset by the £17.45m Greater Cambridge Partnership funding and £15.26m General Capital Receipts funding accounted for in place of borrowing as described above.</p> <p>This results in a net funding swap for 2021/22 of £14.64m. Throughout the year, we forecast our capital financing costs on the basis of these swaps taking place.</p>

Funding	Service	Amount (£m)	Reason for Change
			Strategy & Resources Committee is asked to approve the accounting for the internal borrowing funding swaps set out above.

### 13. Approval of Earmarked Reserves Carry-forwards and Draw downs

13.1 Under the Scheme of Financial Management, approval is requested for the following transfers to and from earmarked reserves:

Fund Description	Transfer to reserves (+)/ from reserves (-) £000s	Notes
Adults and NHS debt	-1,704	Draw down from reserves set aside at the end of 2020-21 consisting of previously paid Clinical Commissioning Group funds across multiple financial years held pending an overall settlement of outstanding debt. This settlement has now been reached.
Waste PFI	650	Transfer to cover further revenue costs in respect of a Waste capital scheme, funded from the overall underspend.
Cambridgeshire Skills	1,027	Transfer of Cambridgeshire Skills 21-22 year-end balance to earmarked reserve, to continue a reserve to cover grant income risks plus specific provision for anticipated reductions to or claw backs of grant funding and planned spend in 2022-23.
On Street Parking	657	Transfer of On Street Parking 21-22 year-end balance to earmarked reserve – this funding is ringfenced by statute to be spent on specific services.
Litigation	1,158	Transfer to reserves for further expected costs of specific litigation, funded from the overall underspend
Arbury Road Site	-226	Draw down from earmarked reserve for demolition of Arbury Road site.
Capital funding GCP A1307 Bus Priority	-2,455	Draw down from revenue earmarked reserve of Greater Cambridge Partnership New Homes Bonus Funding for Greater Cambridge Partnership A1307 Bus Priority capital scheme.
<b>Total</b>	<b>-894</b>	

Strategy & Resources Committee is asked to approve the transfers to and from earmarked reserves listed above, totalling a net -£894k.

### 14. External and Contextual Issues

14.1 The financial challenges facing the Council have increased during 2021/22 principally due to the unprecedented impact of the Covid-19 pandemic; the financial and human cost has been substantial. Every council department experienced disruption to its budgetary provision, and in some cases completely different patterns of service demand as well as wholly new activities and initiatives needed to be supported dynamically and at short notice. The scale of additional funding in response has also

been significant. The major additional grants received by the Council in 2021/22 include the following, totalling £59.7m:

<b>Grant</b>	<b>Awarding Body</b>	<b>Amount, £000</b>
Covid-19 Support Grant	Department of Levelling Up, Housing & Communities (DLUHC)	11,887
Business Rates Compensation - COVID reliefs	DLUHC	9,535
Local Council Tax Support Grant	DLUHC	4,355
Adult Social Care Infection Control and Testing Fund	Department of Health and Social Care (DHSC)	3,866
NHS Covid Contributions	NHS	3,837
Infection Control and Testing Grant	DHSC	3,363
Household Support Fund	Department for Work and Pensions (DWP)	3,252
Contain Outbreak Management Fund	DHSC	3,068
Infection Control round 4 and Testing Fund round 3	DHSC	2,462
Lateral Flow Testing Grant	DHSC	2,409
Council Tax & Business Rates Compensation - 75% income guarantee	DLUHC	2,154
Covid Local Grant Scheme	DWP	1,717
Workforce Fund 2	DHSC	1,574
Local Authority Practical Support for Self-Isolation	DHSC	1,182
Funding support for CEV individuals	DLUHC	1,134
Covid Catch-Up Premium	Department for Education (DFE)	1,012
Covid-19 Sales, Fees and Charges Lost Income Compensation	DLUHC	794
Enduring Transmission Grant	DHSC	791
Covid Winter Grant Scheme	DWP	681
Omicron Support Fund	DHSC	581

14.2 Aside from the pandemic, the Council has remained vigilant to the enduring financial risks and uncertainties it faces throughout the year. CCC continues to face underlying 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. Altogether, these pressures, coupled with assumed levels of government grants, led to a savings requirement of £82m from 2021/22 to 2025/26.

14.3 Despite a relatively stable position in the number of Children in Care, we experienced increasing cost pressures due to changes in complexity of need, and continuing cost inflation within the sector. Specifically, changes in legislation from 1st September which required all local authorities to ensure no young people in care under the age of 16 were placed within unregistered provision. The consequence of this has been a knock-on effect within the residential and fostering markets responding to increased demand as young people moved on from unregistered provision. This led to a significant increase in weekly cost for some placements. Also, we have seen an increase in complexity of need within both existing and new placements. This increased demand, coupled with an overall shortage of availability, has led to price increases within the sector.

- 14.4 Like councils nationally, Adult Services in Cambridgeshire has faced cost pressures for several years. This has been due to the rising cost of care home and home care provision due to both the requirement to be compliant with the national living wage and the increasing complexity of needs of people receiving care (both older people and working age adults). The financial and human impact of Covid-19 has been substantial; some adults who were previously supported at home by friends, family and local community services were not able to secure this support during Covid due to visiting restrictions during lockdown. This has increased reliance on professional services; the ability to focus on conversations about the use of technology, community support or other preventative services have been restricted due to the reprioritisation of staffing resources towards discharge from hospital work and supporting care providers. Many vulnerable adults developed more complex needs during lockdown as they did not access the usual community-based or early help services. We are expecting the longer-term financial impact of this to be significant. We are also experiencing a high volume of referrals from hospitals and the level of need and complexity of patients needing care or Reablement support is increasing.
- 14.5 Serious pressures have continued to grow on Special Education Needs and High Needs block of the dedicated schools grant, leading to the carried forward deficit reported in section 3.2. The Department for Education introduced the safety valve intervention programme in 2020-21 in recognition of the increasing pressures on high needs. A total of 14 local authorities have now signed up to agreements, and the programme is being expanded to a further 20 local authorities, including Cambridgeshire in 2022-23.
- 14.6 Despite the scale of the challenge the Council has faced this year, the 2021-22 year-end outturn position was a £18.8m underspend. This means that the Council's non-earmarked reserves were topped up by £18.8m, which given the scale of the risks and potential pressures the Council has faced, is a favourable outcome enabling some flexibility in the face of the still very considerable uncertainties and risks looking forward. It is also pleasing that despite the disruption and difficulties with forecasting throughout the year, overall the financial position at outturn was close to expectations. Details of the pressures and underspends that have led to this year's position can be found in previous [Finance Monitoring Reports](#).
- 14.7 The financial outlook for 2022/23 remains extremely constrained. The ongoing effects of the COVID-19 pandemic, the economic picture, and government reforms continue to make forward planning with any degree of certainty extremely challenging. The ongoing impacts of COVID-19 are expected to extend throughout the Medium Term Financial Strategy period. Some of the specific challenges that the Council expects to face over the next five years as a result of the pandemic are:
- Potential for growing regional and more local inequalities as a result of the economic fallout from the pandemic
  - Ongoing lower levels of fees and charging income, as well as reduced local taxation receipts
  - Uncertainty about the need for, and funding for, lasting COVID-19 related costs such as personal protective equipment or infection control procedures in social care providers
  - Providing additional support for our local care markets to ensure sufficient appropriate care provision remains available

However, the shift in attitudes and behaviours resulting from the pandemic is also likely to provide a number of opportunities to adapt service delivery models to reduce costs;

- The introduction of Community Hubs to deliver targeted support for vulnerable people has led to increased collaboration across the wider public sector. The delivery mechanisms established during this period will be further developed through the Council's Think Communities Programme.
- A significant increase in agile working has yielded savings on overhead costs for the Council
- A shift towards providing services online, from social worker consultations to music lessons has helped the Council to reduce staff mileage, supporting both the Council's budget position but also our commitment to deliver net zero carbon emissions by 2050

14.8 Beyond the pandemic, there is also a great deal of uncertainty surrounding the UK's public finances. In December 2020 the UK secured a post-Brexit trade deal with the EU, however the impacts of the new trading arrangements on economic growth, labour availability, and the cost of goods and services are still unclear and may yet influence levels of resources available to local authorities. In addition, the UK is experiencing a cost-of-living crisis following extremely high inflation increases including on energy costs. The war in Ukraine and sanctions against Russia are compounding the supply of materials and therefore increasing costs in world markets even further.

14.9 In addition to the international uncertainty, there are a number of Central Government reforms currently expected or that have paused, most notably those on technical aspects of Fair Funding and the Business Rates Retention Scheme, which are expected to affect the Council's funding, as well as the reforms of Adult Social Care.

14.10 The Council expects to see an overall increase in funding (excluding schools grants) of 9.3% to 2026-27, primarily due to increases in Council Tax assumed within the medium term financial strategy. Nevertheless, inflationary pressures, population growth and increased demand for services are expected to result in much higher additional budget pressures over the same period, resulting in a savings requirement of £102m over the next five years.

14.11 Looking ahead the Council faces a larger savings requirement for upcoming years than it has had to deal with for some time. Although there is some additional short term flexibility resulting from the underspend in 2021-22 and carried forward grant balances mitigate the pandemic risk to some degree, the need to deal with financial challenges on a recurrent basis is the priority. There is more information contained with the Council's [Medium Term Financial Strategy](#) passed in February.

## 15. Alignment with corporate priorities

### 15.1 Environment and Sustainability

There are no significant implications for this priority.

### 15.2 Health and Care

There are no significant implications for this priority.

### 15.3 Places and Communities

There are no significant implications for this priority.

### 15.4 Children and Young People

There are no significant implications for this priority.

### 15.5 Transport

There are no significant implications for this priority.

## 16. Significant Implications

### 16.1 Resource Implications

This report provides the latest resources 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, Legal and Risk 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.

### 16.8 Environment and Climate Change Implications on Priority Areas

#### 16.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Neutral

Explanation: There are no significant implications within this category

#### 16.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: There are no significant implications within this category

16.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Status: Neutral

Explanation: There are no significant implications within this category

16.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Neutral

Explanation: There are no significant implications within this category:

16.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

16.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

16.8.7 Implication 7: Resilience of our services and infrastructure, and supporting vulnerable people to cope with climate change.

Status: Neutral

Explanation: There are no significant implications within this category

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? No

Name of Officer: Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or 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

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

## 17. Source documents

### 17.1 Source documents

P&E Finance Monitoring Report (Outturn 21-22)  
P&C and PH Finance Monitoring Report (Outturn 21-22)  
CS Finance Monitoring Report (Outturn 21-22)  
Capital Monitoring Report (Outturn 21-22)  
CCC Debt Reporting Pack (Outturn 21-22)  
CCC Prompt Payment KPIs (Outturn 21-22)  
CCC Business Plan 2022-23



## Appendix 1 – transfers between Services throughout the year

(Only virements of £1k and above (total value) are shown below)

Budgets and Movements	P&C £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	Financing Items £'000
<b>Opening Cash Limits as per Business Plan</b>	302,530	64,317	31,295	25,489	11,745
Adult's and Children's Recruitment transfer to HR	-177			177	
Permanent element of 2021-26 BP mileage saving C/R.6.104	-164	-5		169	
Centralisation of postage budget	-93	-40		133	
Redundancy and Pensions Corporate Services budget move to P&C	846			-846	
ICT Service (Education) transfer from CS to P&C	-200			200	
Communications transfer	-21			21	
Budget rebaselining as approved by S&R, 6th July	-2,411			716	1,695
Transfer of Qtr 1 Mileage Savings	-234	-7		240	
PPE budget to Property	-7			7	
Transferring three Property budgets from P&C to Corporate services	-93			93	
Transfer of Qtr 2 Mileage Savings	-205	-9		214	
Transfer of Qtr 3 Mileage Savings	-200	-7		207	
Allocation of unringfenced grant £1,140k Domestic Abuse Act Statutory Duty funding to People & Communities as per S&R 29th March 2022	1,140				
Transfer Insurance budgets in line with annual Insurance Fund processes	512	1,638		-2,151	
Allocation of unringfenced grant £10k Biodiversity Net Gain Grant to Place & Economy		10			
Transfer of Qtr 4 Mileage Savings	-227	-8		235	
Funding for 2021/22 Pay Award - 1.75% for Local Government Services Employees	1,554	158		-1,712	
Adjust PH income budget to match revised MoJ	-27			27	
<b>Current budget</b>	<b>302,523</b>	<b>66,048</b>	<b>31,295</b>	<b>23,220</b>	<b>13,440</b>
Rounding	0	0	0	0	0

## Appendix 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2021 £000s	Movements in 2021-22 £000s	Balance at 31 March 2022 £000s	Notes
<b>General Reserves</b>				
<b>- County Fund Balance</b>	26,094	20,379	46,474	
1 P&C	0	0	0	
2 P&E	0	0	0	
3 CS (LGSS Cambridge & Shared Services)	925	-14	911	
<b>General Reserves subtotal</b>	<b>27,019</b>	<b>20,365</b>	<b>47,385</b>	
<b>Earmarked Funds</b>				
4 Insurance	4,830	-111	4,719	
5 P&C & Schools	11,412	7,106	18,518	Includes two significant reserve balances approved by S&R (or its predecessor GPC) - £5.5m hospital discharge reserve, plus £4.7m relating to mitigating risks in adult social care through 2022/23 as the long-term effects of the pandemic on budgets are fully determined.
6 PH	4,624	3,879	8,503	
7 P&E	5,184	1,533	6,717	Includes £1,490k for Highways Maintenance
8 Corporate Services	3,867	-609	3,258	
9 Transformation Fund	30,653	-5,641	25,012	Savings realised through change in MRP policy.
10 Innovate & Cultivate Fund	687	-245	442	
11 Corporate- COVID	26,987	0	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
12 Council Tax Counter-Fraud work	0	464	464	£464k as approved by S&R 2nd Nov 2021.
13 Specific Risks Reserve	2,140	0	2,140	
14 This Land Credit Loss & Equity Offset	5,850	0	5,850	
15 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	
16 Collection Fund Volatility & Appeals Account	3,690	0	3,690	
17 Grant carry forwards	18,646	-4,615	14,031	Carry forward of unspent grant to spend in accordance with purposes for which the grant was given. At 2021-22 year-end £6.6m related to specific Covid related grants.
<b>Earmarked Funds subtotal</b>	<b>121,510</b>	<b>1,761</b>	<b>123,271</b>	
<b>SUBTOTAL</b>	<b>148,529</b>	<b>22,127</b>	<b>170,656</b>	
<b>Capital Reserves</b>				
18 P&C	3,592	2,524	6,116	
19 P&E	7,315	-3,252	4,063	
20 Corporate Services	10,861	2,996	13,857	
21 Corporate	49,816	23,970	73,787	Section 106 and Community Infrastructure Levy balances.
<b>Capital Reserves subtotal</b>	<b>71,584</b>	<b>26,238</b>	<b>97,823</b>	
<b>GRAND TOTAL</b>	<b>220,114</b>	<b>48,365</b>	<b>268,478</b>	

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:

<b>Fund Description</b>	<b>Balance at 31 March 2021 £000s</b>	<b>Movements in 2021-22 £000s</b>	<b>Balance at 31 March 2022 £000s</b>	<b>Notes</b>
<b>Short Term Provisions</b>				
1 P&E	0	0	0	
2 P&C	1,955	-1,296	659	
3 Corporate Services	2,093	0	2,093	
<b>Short Term Provisions subtotal</b>	<b>4,048</b>	<b>-1,296</b>	<b>2,752</b>	
<b>Long Term Provisions</b>				
4 Corporate Services	3,613	1,133	4,746	
<b>Long Term Provisions subtotal</b>	<b>3,613</b>	<b>1,133</b>	<b>4,746</b>	
<b>GRAND TOTAL</b>	<b>7,661</b>	<b>-163</b>	<b>7,498</b>	

## Appendix 3 – Savings Tracker 2021-22 Year-end

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	A/R.6.114	Learning Disabilities Commissioning	A programme of work commenced in Learning Disability Services in 2016/17 to ensure service-users had the appropriate level of care; some additional work remains, particularly focussing on high cost placements outside of Cambridgeshire and commissioning approaches, as well as the remaining part-year impact of savings made part-way through 2019/20.	P&C	Adults & Health	-250	0	-62	-62	-126	-250	0	0.00	↔	
Amber	A/R.6.176	Adults Positive Challenge Programme - demand management	New Saving 21/22 £100k Carry-forward saving 20/21 £2,239k  Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care, which will continue to improve outcomes whilst also being economically sustainable in the face of the huge pressure on the sector. This is the second year of saving through demand management, building on work undertaken through 2019/20, focussing on promoting independence and changing the conversation with staff and service-users to enable people to stay independent for longer. The programme also has a focus of working collaboratively with partner organisations in 2020/21. In later years, the effect of the Preparing for Adulthood workstream will continue to have an effect by reducing the level of demand on services from young people transitioning into adulthood.	P&C	Adults & Health	-2,339					-1,983	356	15.22	↔	In year saving on track. Brought forward demand management saving continues to be impacted by the pandemic, particularly in the Reablement workstream with the service continuing to support the NHS.
Green	A/R.6.179	Mental Health Commissioning	A retender of supported living contracts gives an opportunity to increase capacity and prevent escalation to higher cost services, over several years. In addition, a number of contract changes have taken place in 2019/20 that have enabled a saving to be taken.	P&C	Adults & Health	-24	-6	-6	-6	-6	-24	0	0.00	↔	
Green	A/R.6.185	Additional block beds - inflation saving	Through commissioning additional block beds, referred to in A/R.5.005, we can reduce the amount of inflation funding needed for residential and nursing care. Block contracts have set uplifts each year, rather than seeing inflationary increases each time new spot places are commissioned.	P&C	Adults & Health	-606	-152	-151	-152	-151	-606	0	0.00	↔	
Amber	A/R.6.186	Adult Social Care Transport	Savings can be made in transport costs through a project to review commissioning arrangements, best value, route optimisation and demand management opportunities. This may require transformation funded resource to achieve fully.	P&C	Adults & Health	-250	0	0	-15	-15	-30	220	88.00	↓	Potential savings have been identified through route optimisation. It is still expected that savings can be achieved, but the majority will be delayed until 22/23 because of the complexity of ensuring the route optimisation identified meets service users' needs. The level of savings that can be delivered through retendering is likely to be adversely impacted by the increase in fuel prices.
Green	A/R.6.187	Additional vacancy factor	Whilst effort is made to ensure all critical posts are filled within People and Communities, slippage in staffing spend always occurs. For many years, a vacancy factor has existed in P&C budgets to account for this; following a review of the level of vacancy savings achieved in recent years we are able to increase that vacancy factor.	P&C	Adults & Health	-150	-40	-40	-40	-30	-150	0	0.00	↔	
Black	A/R.6.188	Micro-enterprises Support	Transformation funding has been agreed for new approach to supporting the care market, focussing on using micro-enterprises to enable a more local approach to domiciliary care and personal assistants. As well as benefits to an increased local approach and competition, this work should result in a lower cost of care overall.	P&C	Adults & Health	-30	0	0	0	0	0	30	100.00	↔	Delivery of the saving has been delayed by the pandemic and is now being taken forward as part of the Care Together programme.
Green	A/R.6.210	Unaccompanied Asylum Seeking Young People: Support Costs	During 2020/21, the Government increased the weekly amount it provides to local authorities to support unaccompanied asylum seeking young people. This means that the grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Accordingly, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of £300K per	P&C	C&YP	-300	-75	-75	-75	-75	-300	0	0.00	↔	

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
			annum. Also the service has worked to ensure that placement costs are kept a minimum, without compromising quality, and that young people move from their 'care' placement promptly at age 18 to appropriately supported housing provision.												
Green	A/R.6.211	Adoption and Special Guardianship Order Allowances	A reduction in the number of children coming into care, due to implementation of the Family Safeguarding model and less active care proceedings, means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders. This in turn means that there are fewer carers who require and/or are entitled to receiving financial support in the form of adoption and Special Guardianship Order allowances.	P&C	C&YP	-500	-125	-125	-125	-125	-500	0	0.00	↔	
Green	A/R.6.212	Clinical Services; Children and young people	Changes to the clinical offer will include a reduction in clinical staff input in the Family Safeguarding Service (previously social work Units) due to changes resulting from the implementation of the Family Safeguarding model, including the introduction of non-case holding Team Managers and Adult practitioners. Additional investment is to be made in developing a shared clinical service for Cambridgeshire and Peterborough for corporate parenting, however a residual saving of £250k can be released. In 2022-23 this will be re-invested in the Family Group Conferencing Service (see proposal A/R.5.008)	P&C	C&YP	-250	-62	-62	-62	-64	-250	0	0.00	↔	
Black	A/R.6.255	Children in Care - Placement composition and reduction in numbers	Through a mixture of continued recruitment of our own foster carers (thus reducing our use of Independent Foster Agencies) and a reduction in overall numbers of children in care, overall costs of looking after children and young people can be reduced in 2021/22.	P&C	C&YP	-246	0	0	0	0	0	246	100.00	↔	Due to increasing pressure around placement mix and complexity of need, we do not anticipate meeting this saving target. It is expected that underspends within Childrens Social Care will offset the unachieved savings.
Black	A/R.6.266	Children in Care Stretch Target - Demand Management	Please see A/R.6.255 above.	P&C	C&YP	-1,000	0	0	0	0	0	1,000	100.00	↔	Due to increasing pressure around changes in placement mix and complexity of need, we do not anticipate meeting this saving target. It is expected that underspends within Childrens Social Care will offset the unachieved savings.
Green	A/R.6.267	Children's Disability: Reduce overprescribing	The Children's Disability 0-25 service has been restructured into teams (from units) to align with the structure in the rest of children's social care. This has released a £50k saving on staffing budgets. In future years, ways to reduce expenditure on providing services to children will be explored in order to bring our costs down to a level closer to that of our statistical neighbours.	P&C	C&YP	-50	-50				-50	0	0.00	↔	
Green	A/R.6.268	Transport - Children in Care	The impact of ongoing process improvements in the commissioning of transport for children in care.	P&C	C&YP	-300	-300	0	0	0	-300	0	0.00	↔	
Amber	A/R.6.269	Communities and Partnership Review	A review of services within C&P where efficiencies, or increased income, can be found.	P&C	C,SM&I	-200	-25	-25	-25	-25	-100	100	50.00	↓	Under Review
Amber	A/R.7.105	Income from utilisation of vacant block care provision by self-funders	Carry-forward saving - incomplete in 20/21. We currently have some vacancies in block purchased provision in care homes. Income can be generated to offset the vacancy cost by allowing people who pay for their own care to use these beds	P&C	Adults & Health	-150	-37	-13	-10	0	-60	90	60.00	↔	Annual in-year savings target of £150k not fully achieved.
Red	A/R.7.106	Client Contributions Policy Change	Carry-forward saving - incomplete in 20/21 In January 2020, Adults Committee agreed a set of changes to the charging policy for adult social care service-user contributions. We expect this to generate new income of around £1.4m in 2020/21 and are modelling the full-year impact into 2021/22.	P&C	Adults & Health	-1,192	-250	-250	-75	-30	-605	587	49.24	↔	Ongoing difficulties in recruitment have continued to delay the reassessments project. The shortfall in savings delivery is fully mitigated in the forecast by increases in client contributions not directly linked with reassessments.
Green	B/R.6.201	Review Winter Operations	Review winter operations – increase number of weather domains from 3 to 5	P&E	H&T	-17	0	0	-17	0	-17	0	0.00	↔	

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	B/R.6.202	Highways: Removal of Old VAS Signs	Removal of old VAS signs	P&E	H&T	-4	-4				-4	0	0.00	↔	
Green	B/R.7.119	Income from Bus Lane Enforcement	Carry-forward saving - unachieved in 20/21. Due to COVID, existing income target not met in 20/21  Utilising additional bus lane enforcement income to fund highways and transport works, as allowed by current legislation.	P&E	H&T	-650	-163	-162	-163	-162	-650	0	0.00	↔	
Green	B/R.7.120	Deployment of current surpluses in civil parking enforcement to transport activities	Carry-forward saving - unachieved in 20/21 Due to COVID, existing income target not met in 20/21.  Deployment of current surpluses in civil parking enforcement to transport activities, including a contribution to Park & Ride, as allowed by current legislation.	P&E	H&T	-340	-85	-85	-85	-85	-340	0	0.00	↔	
Black	C/R.6.103	External Auditor fee	Carry-forward saving - not achieved in 20/21  Saving to be achieved from reduction in expenditure on External Audit, as per fees set by Public Sector Audit Appointments	CS	S&R	-15	0	0	0	0	0	15	100.00	↓	The savings anticipated to be delivered through the PSAA process have not materialised on a national level, this has been recognised as part of the Government's Redmond Review, which has provided additional funding to authorities to partially compensate for these additional pressures.
Blue	C/R.6.104	Reduction in staff mileage	A reduction in staff travel is expected to continue.	CS	S&R	-564	-474	-254	-249	-279	-1,256	-692	-122.70	↔	Saving overachieved
Green	C/R.6.105	Customer Services	Customer Services have scrutinised their budget, and trends over recent years, and have determined a reduction of £85k is achievable from their base revenue. This is the equivalent to 3 full-time Customer Service Advisors. This reduction will be delivered by removing vacant posts.	CS	S&R	-85	-20	-20	-20	-25	-85	0	0.00	↔	
Green	E/R.6.033	Drug & Alcohol service - funding reduction built into new service contract	This saving has been built into the contract for Adult Drug and Alcohol Treatment Services which was awarded to Change Grow Live (CGL) and implemented in October 2018. The savings are being achieved through a new service model with strengthened recovery services using cost effective peer support models to avoid readmission, different staffing models, and a mobile outreach service.	PH	Adults & Health	-63	-16	-16	-16	-16	-63	0	0.00	↔	
Green	E/R.6.043	Joint re-procurement of Integrated Lifestyle Services	Carry-forward saving - incomplete in 20/21 Delivery of this saving has been delayed due to Covid-19  Re-commissioning of the integrated lifestyle services as one service across Cambridgeshire and Peterborough. Peterborough City Council will delegate authority to Cambridgeshire County Council to commission, contract and performance manage the new provider.	PH	Adults & Health	-17	-4	-4	-4	-4	-17	0	0.00	↔	
Green	F/R.6.003	Babbage House closure	The lease on Babbage House is due to end in 2020-21, and will not be renewed.	CS	S&R	-198	-198				-198	0	0.00	↔	
Black	F/R.6.109	Cambs 2020 Operational Savings	Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.	CS	S&R	-605	0	0	0	0	0	605	100.00	↓	The savings from Shire Hall will not be achieved until such time as the sale is complete.
Black	F/R.7.106	Utilisation/commercialisation of physical assets	Carry-forward saving - unachieved in 20/21.  One Public Estate	CS	S&R	-36	0	0	0	0	0	36	100.00	↔	There has been no development in this area.
Black	F/R.7.110	Return on Commercial Property Investments	Carry-forward saving - unachieved in 20/21 The Council is developing a portfolio of commercial property investments. This is the rental income generated from the leases of these properties.	CS	S&R	-105	0	0	0	0	0	105	100.00	↓	This is now reported on separately by each investment; this entry should be removed.
Green	F/R.7.127	County Farms - Commercial uses	Conversion of barns on the County Farms Estate for non-agricultural	CS	S&R	-45	-11	-11	-11	-12	-45	0	0.00	↔	

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
			commercial uses, including storage and distribution.												
Black	F/R.7.131	Commercial Income	Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.	CS	S&R	-232	0	0	0	0	0	232	100.00	↔	Saving not achieved. However, as part of the budget rebaselining exercise approved by S&R at the July 2021 meeting this pressure is now removed.
Amber	F/R.7.140	Tesco - Income Generation	Estimated annual rent increase.	CS	S&R	-77	0	0	0	-17	-17	60	77.92	↑	The % increase for 21-22 was not line with the estimated investment figure.
Green	F/R.7.141	Evolution Business Park - Income Generation	Estimated annual rent increase.	CS	S&R	-12	-3	-3	-3	-3	-12	0	0.00	↔	
Green	F/R.7.142	Kingsbridge - Income Generation	Estimated annual rent increase.	CS	S&R	-11	-3	-3	-3	-2	-11	0	0.00	↔	
Black	F/R.7.143	Brunswick House - Income Generation	Estimated annual rent increase.	CS	S&R	-66	0	0	0	0	0	66	100.00	↓	The percentage increase for 21-22 was not in line with the estimated investment figure.
Green	F/R.7.144	County Farms	Increase in rental income for the county farms estate.	CS	S&R	-40	-10	-10	-10	-10	-40	0	0.00	↔	
Green	G/R.6.003	MRP: Accountable Body (effect of capital swaps)	As Accountable Body the Council incurs certain administrative costs in undertaking this role. However it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided. This is an adverse effect, it is the reversal of savings made in previous years as the cash received in prior years is utilised by the parties for whom we hold the funds and can no longer be used to offset borrowing requirements	CS	S&R	-355	-88	-89	-89	-89	-355	0	0.00	↔	

#### Key to RAG ratings

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

## Appendix 4

Service: Corporate Services

Subject: Finance Monitoring Report – Final Report 2022

### Key Indicators

Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Green	1.1 – 1.3
Green	Capital Programme	Remain within overall resources	Green	2

### Contents

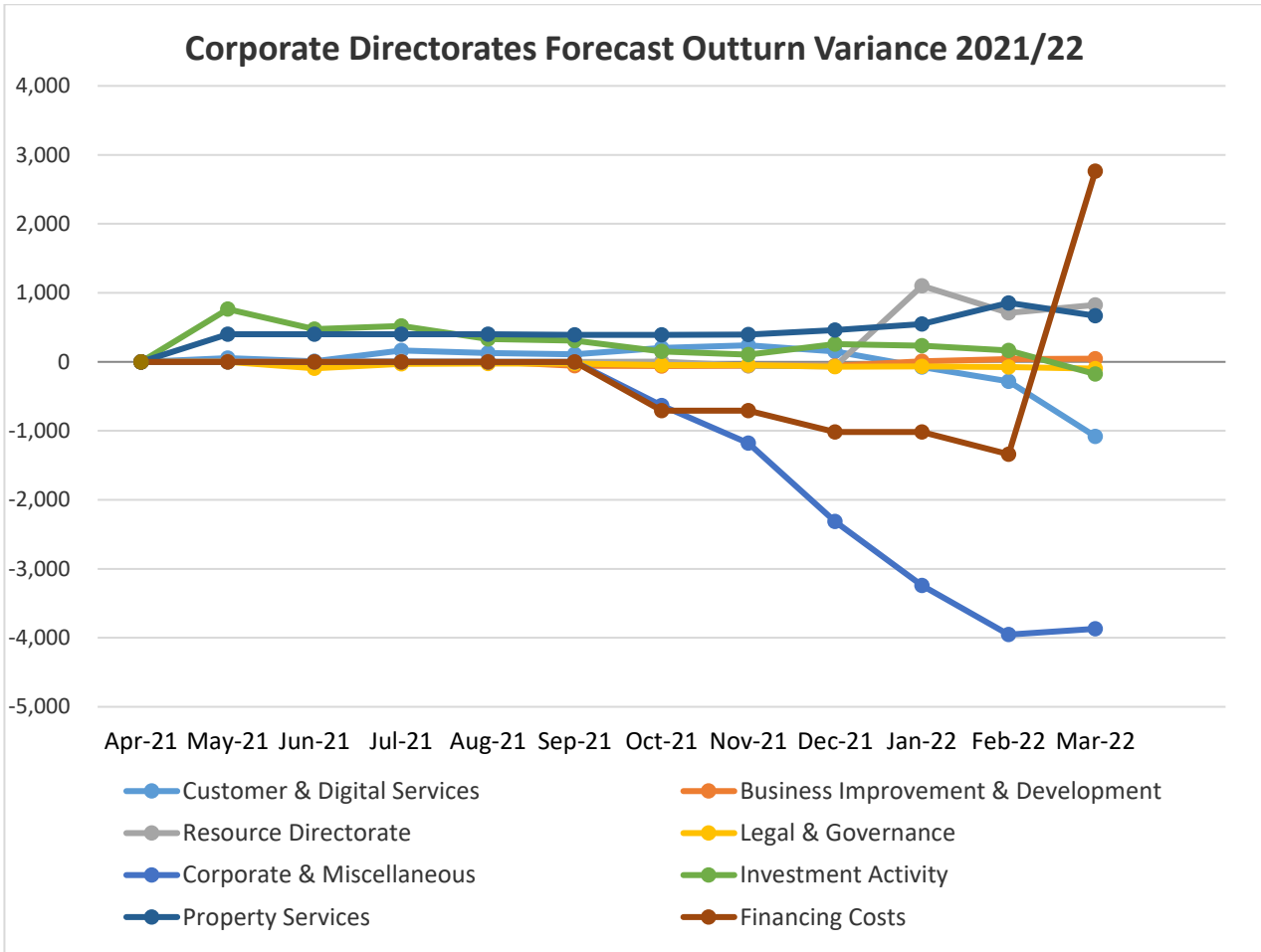
Section	Item	Description	Page
1	Revenue Executive Summary	High level summary of information; By Directorate Narrative on key issues in revenue financial position	2-5
2	Capital Executive Summary	Summary of the position of the Capital programme	6-7
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	7
4	Technical Note	Explanation of technical items that are included in some reports	7
Appx 1	Service Level Financial Information	Detailed financial tables for Corporate Services	8-9



# 1. Revenue Executive Summary

## 1.1 Overall Position

Overall Corporate Services & Financing has an underspend of £1,011k in 2021/22, a decrease of £2,870k since February.



## 1.2 Summary of Revenue position by Directorate

The service level budgetary control report for Corporate Services & Financing Costs for the year 2021/22 can be found in appendix 1.

Outturn Variance (previous) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	Outturn Variance %
-282	Customer & Digital Services	17,214	16,134	-1,081	-6.3%
42	Business Improvement & Development	1,985	1,940	-46	-2.3%
709	Resources Directorate	4,923	5,746	824	16.7%
-77	Legal & Governance	2,335	2,237	-98	-4.2%
-3,953	Corporate & Miscellaneous	5,334	1,464	-3,870	-72.6%
165	Investment Activity	-11,300	-11,477	-177	-1.6%
855	Property Services	2,729	3,399	670	24.6%
-1,339	Financing Costs	31,295	34,061	2,766	8.8%
<b>-3,881</b>	<b>Total</b>	<b>54,516</b>	<b>53,504</b>	<b>-1,011</b>	<b>-1.9%</b>

Further analysis can be found in appendix 2 for Corporate Services

## 1.3 Significant Issues

At year end, the overall Corporate Services outturn position is an underspend of £1,011k.

Significant issues are detailed below:

### Customer and Digital Services

The overall position of Customer and Digital Services budgets in 2021/22 is an underspend of £1,081k an increase in underspend of £798k from the previous forecast.

The Director, Customer & Digital Service budgets are underspent by £103k due to vacancies in Emergency Management and additional income received in the Corporate Services Director budget.

IT & Digital is overspent by £141k, with an improved position on the previous forecast due to an underspend from staff working on IT capital schemes and shared resources with PCC. The IT Managed budgets are now showing an underspend due to an improvement of £315k than previously forecast for Hardware items, due to global supplies impacting our ability to procure IT hardware predominantly Laptops. A £283k improved position occurred because previously committed expenditure was investigated which resulted in a saving due to the resolution of a complex historical (LGSS) recharging situation. We have also seen an increase for additional costs of mobile phones of £140k.

## Business Improvement & Development

The overall position for Business Improvement & Development budgets in 2021/22 is an underspend of £46k, which is a decrease in spend of £88k from the previous forecast due to staffing underspends across the directorate.

## Resources Directorate

The overall position for Resources Directorate budgets in 2021/22 is an overspend of £824k, an increase of £115k from the previous forecast. This is mainly due to an increased overspend of £171k for the Insurance provision requirement.

## Corporate & Miscellaneous

The overall position for Corporate & Miscellaneous budgets in 2021/22 is an underspend of £3,870k, a decrease of £82k from the previous forecast, this is mainly due to the increased allowance for bad debt.

## Investment Activity

The overall position for Investment Activity budgets in 2021/22 is an underspend of £177k, an increase of £342k from the previous forecast. The changes relate to the increase from Shareholder Dividend of £70k, an improved position from the investment properties of £95k and the estimated March income to be received from the renewable energy scheme has increased the outturn by £167k.

## Property Services

The overall position for Property Services budgets in 2021/22 is an overspend of £670k, a decrease of £185k from the previous forecast. The final pressure across property maintenance and compliance was less than expected, with continued savings on cleaning, waste & utilities, which helped to offset higher repairs and maintenance. The running costs of Shire Hall contributed to £506k of the total overspend. We have also seen an improved position for the County Farms rent for Oct 21 – Mar 22, which was higher than the previous forecast.

## Financing Costs

The overall position for Financing costs budgets is an overspend of £2,766k, an increase of £4,105k from the previous forecast. This is primarily due to an additional Minimum Revenue Provision (MRP) payment of £3.528m for the estimate of the impact of changes to MRP on third-party loans that is currently being consulted on, and an additional pressure of £533k on the capitalisation of interest budget.

## Covid 19 – Financial Impact

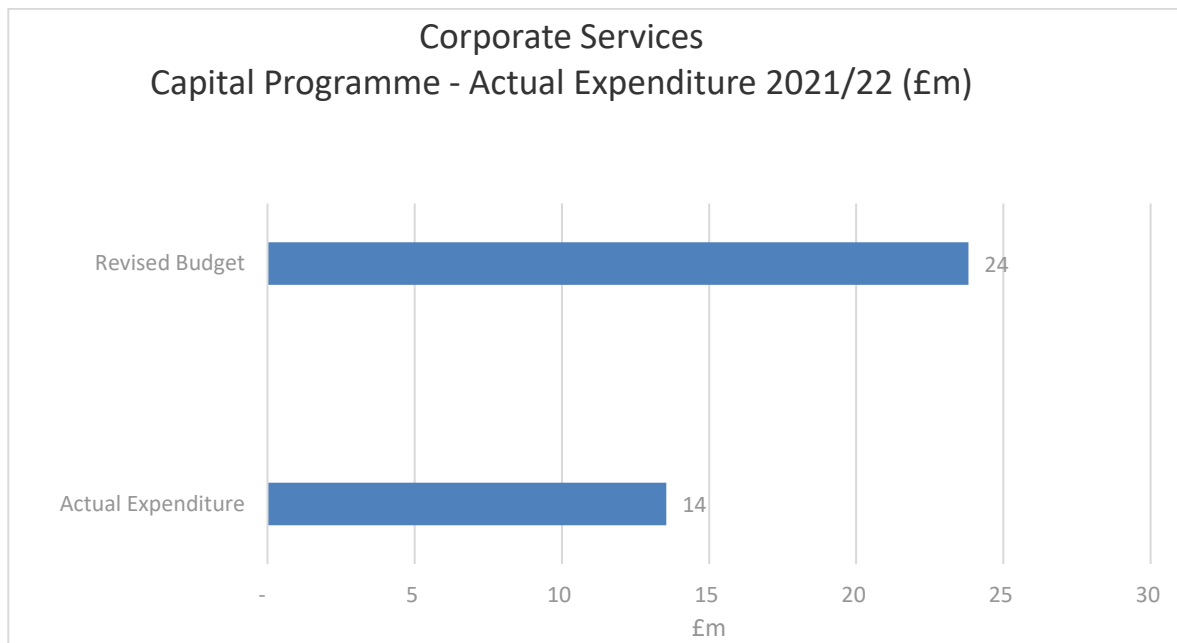
Overall Financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income in 2021/22:

<b>Service Area</b>	<b>Details</b>	<b>2021/22 £000</b>
<b>IT – continued remote working</b>	Remote working continues as per government guidance.	310
<b>Postage</b>	Postage directly related to Covid-19	20
<b>Temporary mortuary</b>	Site cost for provision of body storage	32
<b>Communications- Test and Trace</b>	Staff and advertising costs towards the Test and Trace Service	266
<b>Information Management</b>	Cambs 2020 programme removal costs – delays due to Covid-19 pandemic	43
<b>Democratic &amp; Member Services</b>	Hire of external venues for Council AGM	20
<b>Council Tax</b>	Income saving rephased due to pressures on the District Council's Revenue & Benefits teams impacting timeline for project mobilisation	650
<b>Cromwell Leisure</b>	We anticipate that in the current climate, two of the restaurant units will generate minimal income during 2021-22 and the cinema is facing further challenges	337
<b>County Farms</b>	Reduction in income from new investments & a small decline on existing income	205
<b>Pools Property Fund Investment</b>	Expecting the risk of further challenges ahead, a forecast of 5% income reduction is likely.	0
<b>Property Services</b>	Health and Safety supplies, cleaning, water testing, additional resource.	94
<b>Brunswick House</b>	A reduction in the occupancy levels since it is expected that some students will stay at home and opt for online learning and a drop in international student numbers is expected.	737
<b>Compliance</b>	To carry out ventilation surveys to 109 buildings to ensure the safe capacities of our buildings for Covid-19 management	102
<b>Compliance</b>	C02 monitors to be installed to ensure safe working in our buildings for Covid-19 management	144

## 2. Capital Executive Summary

### 2.1 Expenditure

Corporate Services has a capital budget of £23,816k and expenditure of £13,490k in 2021/22.



Please note the variations budget has been updated to reflect the recent changes to the hierarchy, resulting in a lower figure and therefore increasing the overall budget from £15m to £24m.

There are three exceptions to report this month.

#### Building Maintenance

The Building Maintenance schemes has underspent by £492k in 2021/22.

- Property Services have completed a large majority of schemes this year, with two large projects, Huntingdon Youth Centre & Butts Grove overspending due to additional unforeseen works required. There will be a retention for both projects paid in 2022 – 2023.
- Some M&E projects have been delayed because of renewable energy installations on-going. It is not possible to have more than one set of contractors on site at the same time.
- Some projects have not proceeded due to detailed surveys.
- Carry forwards will be required for the following high-cost schemes - March Community Centre roof replacement, Speke House heating & ventilation works and a lift replacement at Signet Court. Funding carry forwards will also be requested for continuing committed projects relating to alarm upgrades, heating & boiler replacements, and LED lighting.

#### Capitalisation of Interest Budget

An in-year underspend of £436k is being reported at year-end. This is primarily due to lower capital spend than budgeted and lower interest rates in 2021/22 than anticipated at the time of budget setting, resulting in lower interest costs being charged to schemes. There were also some movements of schemes from Corporate Services to Place & Economy during the 2021/22 financial year.

Details of the capital variances and funding can be found in appendix 3

## 2.2 Funding

Corporate Services has a capital budget of £24m in 2021/22. This includes £5m of funding carried forward from 2020/21.

## 3. Savings Tracker Summary

The savings tracker is produced quarterly. The Q3 table can be found in appendix 4

## 4. Technical Notes

A technical financial appendix has been included as appendix 5 for Corporate Services.

This appendix covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of corporate services from other services (but not within corporate services), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down.

## Appendix 1 – Corporate Services Level Financial Information

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual Outturn £000's	Variance £000's	Variance %
<b>Customer &amp; Digital Services</b>					
14	Director, Customer & Digital Services	450	347	-103	-23%
13	Chief Executive	130	145	15	11%
-16	Communication and Information	751	672	-79	-11%
-317	Customer Services	2,068	1,750	-318	-15%
292	IT & Digital Service	2,588	2,729	141	5%
-83	IT Managed	7,320	6,775	-545	-7%
0	Elections	170	170	0	0%
-56	Human Resources	1,637	1,567	-70	-4%
-9	Health, Safety & Wellbeing	184	165	-19	-10%
-121	Learning & Development	1,917	1,815	-103	-5%
<b>-282</b>	<b>Customer &amp; Digital Services Total</b>	<b>17,214</b>	<b>16,134</b>	<b>-1,081</b>	<b>-6%</b>
<b>Business Improvement &amp; Development</b>					
320	Policy, Design and Delivery	648	896	248	38%
-91	Commercial Team	268	182	-86	-32%
-187	Business Intelligence	1,069	862	-207	-19%
<b>42</b>	<b>Business Improvement &amp; Development Total</b>	<b>1,985</b>	<b>1,940</b>	<b>-46</b>	<b>-2%</b>
<b>Resources Directorate</b>					
0	Resources Directorate	376	347	-30	-8%
-99	Professional Finance	1,860	1,757	-102	-6%
5	Procurement	622	612	-10	-2%
30	CCC Finance Operations	427	482	56	13%
-15	Shared Finance Operations	445	483	38	9%
1,073	Insurance	55	1,299	1,244	2245%
0	External Audit	75	42	-33	-44%
-286	Shared Services	1,063	724	-339	-32%
<b>709</b>	<b>Resources Directorate Total</b>	<b>4,923</b>	<b>5,746</b>	<b>824</b>	<b>17%</b>
<b>Legal &amp; Governance</b>					
6	Legal & Governance Services	105	126	21	20%
-32	Information Management	885	830	-55	-6%
1	Democratic & Member Services	332	329	-3	-1%
-53	Members' Allowances	1,013	952	-60	-6%
<b>-77</b>	<b>Legal &amp; Governance Total</b>	<b>2,335</b>	<b>2,237</b>	<b>-98</b>	<b>-4%</b>
<b>Corporate &amp; Miscellaneous</b>					
-1,075	Central Services and Organisation-Wide Risks	828	-133	-961	-116%
-1,566	Pandemic Risk	1,573	0	-1,573	-100%
-1,300	Investment in Social Care Capacity	1,300	0	-1,300	-100%
16	Subscriptions	110	129	19	17%
-28	Authority-wide Miscellaneous	94	39	-55	-59%
0	Transformation Fund	1,429	1,429	0	0%
<b>-3,953</b>	<b>Corporate &amp; Miscellaneous Total</b>	<b>5,334</b>	<b>1,464</b>	<b>-3,870</b>	<b>-73%</b>
<b>Investment Activity</b>					
556	Property Investments	-3,544	-3,083	461	13%
-37	Shareholder Company Dividends & Fees	-491	-598	-107	-22%
-61	Housing Investment (This Land Company)	-6,063	-6,096	-33	-1%
201	Contract Efficiencies & Other Income	-201	0	201	100%
-359	Collective Investment Funds	-779	-1,175	-396	-51%
-137	Renewable Energy Investments	-222	-526	-304	-137%
<b>165</b>	<b>Commercial Activity Total</b>	<b>-11,300</b>	<b>-11,477</b>	<b>-177</b>	<b>-2%</b>
<b>Property Services</b>					
709	Facilities Management	5,285	5,939	655	12%
41	Property Services	811	843	31	4%
38	Property Compliance	208	197	-11	-5%

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual Outturn £000's	Variance £000's	Variance %
35	County Farms	-4,287	-4,337	-51	-1%
32	Strategic Assets	712	757	45	6%
<b>855</b>	<b>Property Services Total</b>	<b>2,729</b>	<b>3,399</b>	<b>670</b>	<b>25%</b>
	<b>Financing Costs</b>				
-1,339	Debt Charges and Interest	31,295	34,061	2,766	9%
<b>-1,339</b>	<b>Financing Costs Total</b>	<b>31,295</b>	<b>34,061</b>	<b>2,766</b>	<b>9%</b>
<b>-3,881</b>	<b>Total</b>	<b>54,516</b>	<b>53,504</b>	<b>-1,011</b>	<b>-2%</b>

The full appendices to this report can be viewed in the [online version](#).