

INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST MAY 2020

To: **General Purposes Committee**

Date: **14 July 2020**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **2020/016**

Key decision: **Yes**

Outcome: **To present financial information to assess progress in delivering the Council's Business Plan.**

Recommendations: **General Purposes Committee (GPC) is recommended to:**

- a) Approve the earmarking of the unringfenced grant (£11.512m) received in May 2020 for the purposes of responding to the coronavirus pandemic during 2020/21, as set out in section 5.1;
- b) Approve the carry forward of £61.2m capital funding from 2019/20 to 2020/21 and beyond as set out in section 6.6 and Appendix 3;
- c) Approve -£46.3m revised phasing of capital funding for schemes as set out in section 6.6;
- d) Note the changes in capital grants and Section 106 funding of £2.2m as set out in section 6.6;
- e) Approve the £750k virement from the People and Communities (P&C) Temporary Accommodation budget to the P&C School Condition Maintenance & Suitability budget, as set out in section 6.6;
- f) Note the additional Combined Authority contributions funding of £2.9m as set out in section 6.6;
- g) Note the £5.1m reduction in capital receipts funding in 2020/21 in relation to the schemes as set out in section 6.6;
- h) Note the reduction in Schools Condition Funding and to approve additional prudential borrowing of £418k to offset the reduction as set out in section 6.6;
- i) Note the £4.4m reduction in prudential borrowing in 2020/21 in relation to the schemes as set out in section 6.6;
- j) Approve additional prudential borrowing of £330k in 2020/21 for the Mill Road Former Library scheme, as set out in section 6.7;
- k) Approve additional prudential borrowing of £352k in 2020/201 for the Building Maintenance scheme, as set out in section 6.8;
- l) Approve additional prudential borrowing in 2020/21 for the Cambs 2020 Spokes capital programme budget to cover the full costs of a property acquisition in St Ives, as set out in section 6.9;
- m) Approve additional prudential borrowing of up to £400k in 2020/21 for a Covid-19 risk budget for the Civic Hub construction project, as set out in section 6.10. (This is subject to approval of the recommendation by Commercial and Investment (C&I) Committee at the 10th July)

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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 forecast financial position at year-end and its key activity data for care budgets.

Finance and Key Activity

Revenue budget outturn

+£1.3m (+0.3%)
variance at end of
year

RED

Capital programme outturn

A balanced budget at
end of year

GREEN

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	May 20	Trend since May 20
Nursing	472	-
Residential	898	-
Community	1,861	-

Adults aged 18+ receiving long term services

	May 20	Trend since May 20
Nursing	72	-
Residential	351	-
Community	2,360	-

Children open to social care

	May 20	Apr 20	Trend since Apr 20
Children in Care	717	730	Decreasing
Child Protection	320	324	Decreasing

- 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£1.3m. The pressures are largely within People & Communities (P&C) (+£11.7m), Place & Economy (P&E) (+3.6m), Commercial & Investment (C&I) (+£2.1m), and LGSS Operational (£0.6m). These are partially offset by underspends in Funding Items (-£16.6m). See section 3 for details.
- The Capital Programme is forecasting a balanced budget at year-end. This includes use of the capital programme variations budget. See section 6 for details.

3. REVENUE BUDGET

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

Key to abbreviations

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

Original Budget as per Business Plan £000	Service	Current Budget for 2020/21 £000	Actual (May) £000	Forecast Variance (May) £000	Forecast Variance (May) %	Overall Status	DoT	Covid-19 Financial Impact £000	Non Covid-19 Financial Impact £000
56,470	Place & Economy	56,470	252	3,557	6.3%	Red	↓	5,187	-1,630
275,096	People & Communities	274,947	45,710	11,676	4.2%	Red	↓	10,459	1,217
0	Public Health	0	-5,812	0	-	Green	↓	157	-157
17,214	Corporate Services	16,393	3,496	103	0.6%	Green	↓	983	-880
12,226	Corporately Managed	11,971	1,287	97	0.8%	Green	↓	0	97
-9,277	Commercial & Investment	-9,108	-648	1,874	-	Red	↓	2,005	-131
29,570	CS Financing	29,570	-3,282	0	0.0%	Green	↔	0	0
381,299	Service Net Spending	380,243	41,003	17,307	4.6%	Red	↓	18,791	-1,484
16,844	Funding Items	16,844	0	-16,550	-98.3%	Green	↑		
398,143	Subtotal Net Spending	397,087	41,003	757	0.2%	Red	↓	18,791	-1,484
	Memorandum items:								
6,286	LGSS Operational	6,691	2,529	557	8.3%	Amber	↓	0	557
	Grand Total Net Spending	403,778	43,532	1,314	0.3%	Red	↓	18,791	-927
148,989	Schools	148,989							
553,418	Total Spending 2021/21	552,767							

¹ The budget figures in this table are net.

² For budget virements between Services throughout the year, please see [Appendix 1](#).

³ The budget of £0k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £25.2m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £9.0m Combined Authority Levy, the £416k Flood Authority Levy and £7.4m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

3.1.1 In addition to the County Council forecast shown above for management accounting purposes, the Council is also monitoring and estimating the full potential financial consequences of the pandemic through an additional and enhanced process (reported weekly to Joint Management Team (JMT)). The latest monitoring information, on a committee-by-committee basis, as at the week ending 3 July 2020, is shown below. An earlier version of this model formed the basis of the third monitoring return to Ministry of Housing, Communities & Local Government (MHCLG) in June:

Committee	DSG	Impaired Savings	Income foregone	New Commitments	Total	MHCLG	NHS	DSG	PCC	Other grant	Net total
Adults		4,410	330	21,964	26,704		-8,408		-139	-1,592	16,566
C&I		501	1,504	161	2,166						2,166
Communities		0	838	1,856	2,694				-291		2,403
CYP	1,483	1,436	2,432	5,674	11,025			-1,483	8	-136	9,414
GPC			58	1,088	1,146				-250		896
Health		17		2,656	2,673					-2,493	180
E&S			60	611	671						671
H&T		617	4,040	1,912	6,569						6,569
Total	1,483	6,981	9,262	35,922	53,648						
						-26,124					-26,124
GRAND TOTAL						-26,124	-8,408	-1,483	-672	-4,221	12,740

3.1.2 This illustrates a potential financial impact on the Council of £53.6m, with a deficit for the Council of £12.7m compared to funding confirmed up to 3 July 2020. It should be noted that there have been recent announcement of further funding for local government (£500m nationally) and support for some of the impact of reduced sales, fees and charges, however Cambridgeshire County Council (CCC) specific allocations are not yet known or included in the above. A cautious estimate would suggest these measures will improve the position by not less than £3m.

3.1.3 This method of anticipating the financial impact on the Council differs significantly from the overall forecast shown on the previous page on a management accounting basis. At this stage there remain major variables and uncertainties about the impact of the pandemic. The key differences between these forecasting approaches include:

- Adults Services – we have not yet included a longer term estimate of the impact on Adults services of the pandemic in our management accounts, whereas there is provision for this in the full consequences forecast. Additionally the management accounts acknowledge some reductions in demand, as fewer people are receiving social care compared to the Spring, with more NHS funding
- Children's Services – the anticipated national increase in demand is shown within the full consequences forecast, but not yet evident on commitment records underpinning the management accounts.
- Financing differences- the full consequences forecast includes the impact of redistributing staff internally and some capital impacts that will not have an impact on the revenue position necessarily.

Taken together, this confirms there is an unprecedented financial impact on the Council, but that it is too early to confidently allocate the grant received to service pressures. GPC will continue to closely monitor this and be ask to allocate grant and resources available in due course.

3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** +£3.557m (+6.3%) pressure is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Street Lighting – a -£1.064m underspend is forecast. This is primarily due to a one off adjustment of £998k, which is expected to be paid this year for a prior year contract adjustment following review and negotiation by the Council. 	-1.064	(-10%)
<ul style="list-style-type: none"> • Parking Enforcement – a +£3.936m pressure is forecast. With restrictions around the Covid-19 virus, there is expected to be a significant shortfall in income especially for on-street parking and bus lane enforcement. The assumptions behind this shortfall are continually being monitored. 	+3.936	(-%)
<ul style="list-style-type: none"> • Bus Operations including Park & Ride – a +£0.497m pressure is forecast. With restrictions around the Covid-19 virus, there is expected to be a significant shortfall in income for this service. The assumptions behind this shortfall are continually being monitored. 	+0.497	(+6,968%)
<ul style="list-style-type: none"> • A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£3.557m. For full details, see the P&E Finance Monitoring Report, (https://tinyurl.com/yaeqxkbf). 		

3.2.2 **People & Communities:** +£11.676m (+4.2%) pressure is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Strategic Management - Adults – a +£4.547m pressure is forecast. This consists mainly of two elements: <ul style="list-style-type: none"> ○ The 10% market resilience payment agreed by Adults Committee in May covering the period from 20th April to 30th June 2020. This payment is being made to most providers of social care funded by the Council, and reflects additional cost pressures that the sector is facing as a result of the Covid emergency. ○ The anticipated impact on delivery of in-year savings through the Adults Positive Challenge Programme as a 	+4.547	(+61%)

result of the Covid emergency. The additional demands faced during the emergency period have resulted in a lower level of demand management activity than would otherwise have taken place.

- **Learning Disability Head of Service** - a +£0.644 pressure is forecast. This is mainly due to a 10% Covid market resilience payment to care providers and other covid pressures; it is anticipated that due to a delay in work on savings delivery as staff resource is diverted elsewhere, 25% of the savings target in this year's budget will be unachieved. Demand increases so far this year are broadly within levels budgeted for.

+0.644 (+11%)
- **Physical Disabilities** – a +£0.472m pressure is forecast. The service has provided increased volumes of community-based support to clients since the start of the financial year which has resulted in higher than budgeted spend. The Council's response to the Covid pandemic has included reprioritising the activities of preventative services and this is expected to have an adverse effect on demand for social care during the course of the pandemic. An estimate of the resulting pressure has been incorporated into the forecast position.

+0.472 (+4%)
- **Older People** – a +£0.982m pressure is forecast. The Council's response to the Covid pandemic has included reprioritising the activities of preventative services and this is expected to have an adverse effect on demand for social care during the course of the pandemic. This is currently being reflected though increased levels of community-based care provided since the start of the financial year. Conversely, the Covid pandemic is having a significant impact on existing clients with the most acute needs placed in care homes, resulting in a notable decrease in placements.

+0.982 (+2%)

New placements out of hospital or to facilitate avoidance of admission into hospital are being funded through NHS England as continuing health care in the short term, and it is expected that clients with assessed social care needs will return to local authority funding streams once the immediate crisis is over. A provision has been made for this future commitment within the Older People's Service forecast.
- **Mental Health Services** – a -£0.658m underspend is forecast. The Covid pandemic is having a significant impact on existing elderly clients with the most acute mental health needs, and this is reflected in the May forecast position.

-0.658 (-5%)

New placements out of hospital or to facilitate avoidance of admission into hospital are being funded through NHS England as continuing health care in the short term, and it is expected that clients with assessed mental health social care needs will return to local authority funding streams once the immediate crisis is over. A general provision has been made for this future commitment within the Older People's Service, and work will be undertaken to further refine and apportion this across relevant client groups in due course.

- **Registration & Citizenship Services** – a +£0.550m pressure is forecast. This is due to a forecast under recovery of income in 2020/21, relating predominantly to marriage notice fees, marriage certificates and ceremony fees. +0.550 (+86%)
- **Think Communities** – a +£0.315m pressure is forecast in relation to Think Communities (previously Strengthening Communities). This is due to costs incurred by the Covid-19 co-ordination and distribution hub including food parcels, and the running costs of the distribution centre in Alconbury. +0.315 (+64%)
- **Outdoor Education (includes Grafham Water)** – a +£0.700m pressure is forecast across the Outdoor Centres. This is due to the loss of income as a result of Covid-19 closures of the centres until the end of the Summer Term, and allows for any reduction in costs due to staff being furloughed where appropriate. +0.700 (+908%)
- **Cambridgeshire Music** – a +£0.274m pressure is forecast. This is due to the loss of income directly from the impact of Covid-19 on the service to the end of Summer Term. +0.274 (-%)
- **Alternative Provision and Inclusion** – a -£0.307m underspend is forecast. As part of the SEND Recovery Plan, which seeks to reduce the deficit on the High Needs Block, a reduction of 10% has been applied to the annual funding devolved to secondary schools through the Behaviour and Attendance Improvement Partnerships (BAIPs). The reduction will be applied from the start of the new Academic Year; the forecast underspend therefore reflects the part year impact of this reduction. -0.307 (-5%)
- **SEND Financing - DSG** – a +£12.7m pressure is currently forecast. The SEND service are starting the year with an estimated £12.7m underlying pressure on the High Needs Block of the Dedicated Schools Grant (DSG). This is in addition to the cumulative deficit carried forward on the DSG, which stood at £16.6m at the end of 2019/20.

Between April 2019 and March 2020 we saw an increase in the number of pupils with Education, Health and Care Plans (EHCPs) of 454 (10.4%) taking the total number of pupils with EHCPs to 4,803. This continued growth, along with an increase in complexity of need, has resulted in a pressure on all demand-led elements of the service.

+12.744 (+100%)

The is a ring-fenced grant and, as such, pressures do not currently affect the Council's bottom line, however there is increasing scrutiny and challenge from the Department for Education (DfE) to manage the deficit and evidence plans to reduce spend.

- **Financing DSG** – a -£12.4m required contribution from the Dedicated Schools Grant (DSG) is forecast. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. Within P&C, spend of £69.5m is funded by the ring-fenced DSG. -12.437 (-18%)

Pressures on SEND Financing (£12.7m) and savings within Alternative Provision and Inclusion (-£0.3m) as reported above, will be carried forward as a deficit on the DSG. The final DSG balance brought forward from 2019/20 was a deficit of £16.6m.

- **0-19 Organisation & Planning**– a +£0.287m pressure is forecast. The Attendance and Behaviour service is forecasting a £197k pressure. This is due to the decision not to issue penalty notice fines or initiate any legal proceedings on parents relating to school attendance at least until the end of the Summer Term. The Education Safeguarding team have also seen a loss of income in the summer term due to the cancellation of training courses.

+0.287 (+9%)
- **Home to School Transport – Special** – a +£0.800m pressure is forecast. A significant increase in transport costs in the latter part of 2019/20 has resulted in an opening pressure of £0.800m. While an increase in pupils receiving SEND Transport of 10% a year has been included within the budget, we have seen an increase in the average cost of transport per pupil in excess of available budget. This is as a result of price inflation as well as complexity of need meaning that more pupils require individual taxis, passenger assistants or a specialised vehicle. In two cases, private ambulances have had to be provided due to the severity of the children's medical needs following risk assessments undertaken by health and safety and insurance colleagues.

+0.800 (+7%)
- **Executive Director**– a +£1.330m pressure is forecast. This is in relation to the purchase of Personal Protective Equipment (PPE) for use by CCC staff, in order to comply with government and Public Health England guidance for the protection of front-line workers during the Covid-19 pandemic. Spend has been approximately £200k per month for April and May, with the expectation that it will continue at that rate for several more months before tapering downwards. Some funding is being provided by the NHS to fund PPE in the Council's Reablement service where required where supporting a hospital discharge.

+1.330 (+134%)
- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£11.676m. For full details, see the [P&C Finance Monitoring Report](https://tinyurl.com/y7xqd8km), (<https://tinyurl.com/y7xqd8km>).

3.2.3 **Public Health:** A balanced budget is forecast for year-end. There are no exceptions to report this month; for full details, see the [PH Finance Monitoring Report](https://tinyurl.com/ybjh2spq), (<https://tinyurl.com/ybjh2spq>).

3.2.4 **Corporate Services:** +£0.104m (+0.6%) pressure is forecast for year-end.

- | | £m | % |
|--|--------|---------|
| <ul style="list-style-type: none"> • Director, Customer & Digital Services– a £0.7m pressure is forecast. This relates to a £1m cost in Emergency Management for providing temporary mortuary facilities due to the Covid-19 Pandemic. The costs may partly be offset with financial | +0.700 | (+130%) |

contributions from other local authorities (such as Peterborough, Suffolk, Essex) if bodies come from outside the County.

- **Central Services and Organisation-Wide Risks**– a -£0.557m underspend is forecast. This favourable variance is being reported to offset the pressure reported by the LGSS Cambridge office, resulting from a shortfall on the savings target set for LGSS for 2019/20, which has been carried forward into 2020/21. (See also 3.2.9 below.)
-0.557 (-24%)
- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£0.104m. For full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

3.2.5 **Corporately Managed:** +£0.097m (+0.8%) pressure is forecast for year-end. There are no exceptions to report this month; for full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

3.2.6 **CS Financing:** A balanced budget is forecast for year-end. There are no exceptions to report this month; for full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

3.2.7 **Commercial & Investment:** +£1.874m (-%) pressure is forecast for year-end.

- | | £m | % |
|--|--------|--------|
| • Property Investments – a £1.5m pressure is forecast. This is due to the following: | | |
| ○ Cambs 2020 Programme removals are expected to cost a further £20k to adhere with the new restrictions. | | |
| ○ The current expected loss from rental income for Brunswick House (student accommodation) is £654k from unoccupied rooms, at another location there is a forecast 50% reduction in rental income for 2 units, £316k due to the impact of the Covid-19 pandemic. We are liaising closely with tenants. | +1.513 | (+32%) |
| ○ A £20m investment into a multi-class credit fund was scheduled to take place in April/May 2020, however, due to the impact of COVID-19 on the financial markets, it was necessary to reassess the viability of this fund to ensure that it still met our investment objectives. | | |
| • A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£2.129m. For full details, see the C&I Finance Monitoring Report , (https://tinyurl.com/ybu2gtzm). | | |

3.2.8 **Funding Items:** -£16.550m underspend is forecast for year-end. This relates to forecast usage of the unbudgeted Covid-19 support grant from MHCLG in relation to forecast pressures as a result of the Covid-19 pandemic.

3.2.9 **LGSS Operational:** +£0.557m (+8.3%) pressure is forecast for year-end.

- | | £m | % |
|---|--------|-------|
| • LGSS Cambridge Office – LGSS Cambridge Office budgets are currently predicting a pressure of £0.557m as a result of a shortfall on the £0.919m savings target set for LGSS for 2019/20 which has been carried forward into 2020/21. Some savings were identified and delivered in 2019/20, but the remainder were put on hold pending the outcomes of the review of the LGSS | +0.557 | (+8%) |

operating model. The pressure position has been agreed with the CCC s151 officer. A -£0.557m underspend is being reported in Central Services and Organisation-Wide Risks within Corporate Services to offset this pressure. (See also 3.2.4 above.)

- For full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

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

4. KEY ACTIVITY DATA

- 4.1 The latest key activity data for: 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 Finance Monitoring Report](https://tinyurl.com/y7xqd8km) (section 5), (<https://tinyurl.com/y7xqd8km>).

5. FUNDING CHANGES

5.1 Coronavirus (COVID-19) pandemic funding - 2nd tranche

On 18th April, the Ministry of Housing, Communities and Local Government (MHCLG) announced a second tranche of COVID-19 funding for councils. The Council received an additional £11.512m in unringfenced funds in May 2020. This funding is intended to help Councils address the pressures they are facing in response to the pandemic. MHCLG expect the majority of the funding will be spent on meeting the increased demand for adult social care, including providing additional support to providers.

General Purposes Committee is asked to approve the earmarking of the unringfenced grant (£11.512m) received in May 2020 for the purposes of responding to the coronavirus pandemic during 2020/21.

Further details are included on the pandemic estimates in section 3.1.1 above.

6. CAPITAL PROGRAMME

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

2020-21							TOTAL SCHEME	
Original 2020/21 Budget as per Business Plan £000	Forecast Variance - Outturn (Apr) £000	Service	Revised Budget for 2020/21 £000	Actual- Year to Date (May) £000	Forecast Variance - Outturn (May) £000	Forecast Variance - Outturn (May) %	Total Scheme Revised Budget (May) £000	Total Scheme Forecast Variance (May) £000
29,051	-	P&E	53,032	-1,465	-	0.0%	421,235	-
61,817	-	P&C	48,333	179	-0	0.0%	571,293	-
10,866	-	CS	17,230	411	-	0.0%	68,918	-
140	-	Corporately Managed	913	391	-	0.0%	7,134	-
74,569	-	C&I	70,536	2,625	-	0.0%	442,192	-
-	-	Outturn adjustment	-	-	-	-	-	-
176,443	-	Total Spending	190,045	2,141	-0	0.0%	1,510,772	-

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2020/21 of £30.8m and is currently forecasting a balanced budget at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

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

2020-21					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (May)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (May)
	£000	£000	£000	%	£000
P&E	-6,402	0	0	0.00%	0
P&C	-7,541	-98	98	1.30%	-0
CS	-2,001	0	0	0.00%	0
Corporately Managed	0	0	0	0.00%	0
C&I	-17,692	0	0	0.00%	0
Outturn adjustment	-	-	-	-	-
Total Spending	-33,636	-98	98	0.29%	-0

- 6.3 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.
- 6.3.1 **Place & Economy:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details, see the [P&E Finance Monitoring Report](https://tinyurl.com/yaeqxkbf), (<https://tinyurl.com/yaeqxkbf>).
- 6.3.2 **People & Communities:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details, see the [P&C Finance Monitoring Report](https://tinyurl.com/y7xqd8km), , (<https://tinyurl.com/y7xqd8km>).
- 6.3.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full reported details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).
- 6.3.4 **Corporately Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full reported details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).
- 6.3.5 **Commercial & Investment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full reported details, see the [C&I Finance Monitoring Report](https://tinyurl.com/ybu2gtzm), (<https://tinyurl.com/ybu2gtzm>).
- 6.4 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:
- 6.4.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the [P&E Finance Monitoring Report](https://tinyurl.com/yaeqxkbf), (<https://tinyurl.com/yaeqxkbf>).

6.4.2 **People & Communities:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the [P&C Finance Monitoring Report](https://tinyurl.com/y7xqd8km), , (<https://tinyurl.com/y7xqd8km>).

6.4.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

6.4.4 **Corporately Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/y9vyjfh4), (<https://tinyurl.com/y9vyjfh4>).

6.4.5 **Commercial & Investment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the [C&I Finance Monitoring Report](https://tinyurl.com/ybu2gtzm), (<https://tinyurl.com/ybu2gtzm>).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding ¹ £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	17.8	-	6.0	-1.0	22.8	22.8	-
Basic Need Grant	20.6	-	-	-	20.6	20.6	-
Capital Maintenance Grant	3.9	-	-	-0.4	3.5	3.5	-
Devolved Formula Capital	0.8	1.4	-	-0.0	2.2	2.2	-
Specific Grants	9.0	0.1	2.7	1.8	13.7	14.0	0.3
S106 Contributions & Community Infrastructure Levy	8.5	2.7	0.1	1.1	12.4	12.2	-0.1
Capital Receipts	7.3	11.3	-	-5.1	13.5	16.2	2.7
Other Contributions	11.4	0.0	7.8	8.5	27.7	29.7	2.0
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	97.1	45.6	-63.0	-6.1	73.7	68.8	-4.9
TOTAL	176.4	61.2	-46.3	-1.2	190.0	190.0	-

¹ Reflects the difference between the anticipated 2019/20 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2020/21 Business Plan, and the actual 2019/20 year end position.

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

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	+£61.2	<p>The Capital Programme Board has reviewed overspends and underspends at the end of 2019/20, and many of these are a result of changes to the timing of expenditure, rather than variations against total costs. As such, this funding is still required in 2020/21 to complete projects. Of the £61.2m funding to be carried forward, £45.6m relates to prudential borrowing, of which £13.6m relates to a rephasing of Investment in Connecting Cambridgeshire, £11.3m to a rephasing of the Commercial Investments, and £10.1m to a rephasing of Housing schemes.</p> <p>Further details are available in Appendix 3, which shows capital roll-forwards.</p> <p>General Purposes Committee is asked to approve the carry forward of £61.2m capital funding from 2019/20 to 2020/21 and beyond.</p>
Revised Phasing	All Services	-£46.3	<p>There have been some changes to schemes since the 2020/21 Business Plan was finalised. The following schemes have been rephased resulting in the following changes to their 2020/21 funding requirement:</p> <p>P&E, +£2.0m:</p> <ul style="list-style-type: none"> Waste – Household Recycling Centre (HRC) Improvements (-£2,793k) Abbey Chesterton Bridge (+£1,043k) Wisbech Town Centre Access Study (+£3,641k) <p>P&C, -£30.9m</p> <ul style="list-style-type: none"> Sawtry New Primary (-£350k) Chatteris New School (-£6,850k) (Project amalgamated with Cromwell Secondary below) WING Development – Cambridge (new primary) (-£6,279k) St Philips Primary School (-£851k) Northstowe secondary (-£371k) Alconbury Weald secondary and Special (-£770k) New secondary capacity to serve Wisbech (-£3,342k) Cromwell Community College (+£6,131k) LA Early Years Provision (-£1,046k) Samuel Pepys Special School (-£1,322k)

			<p>CS, -£14.8m</p> <ul style="list-style-type: none"> IT Strategy (-£1,554k) Investment in Connecting Cambridgeshire (-£7,859k) <p>C&I, -£30.7m</p> <ul style="list-style-type: none"> Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride (-£2,196k) Stanground Closed Landfill Energy Project (-£7,536k) North Angle Solar Farm, Soham (-£20,331k) LGSS Law Equity (-£475k) <p>Other schemes below the de minimis make up the difference.</p> <p>General Purposes Committee is asked to approve the -£46.3m revised phasing of funding in relation to schemes as set out above.</p>
Additional/ Reduction in Funding (Specific Grants and Section 106 contributions)	P&E, P&C and C&I	+£2.2	<p><u>P&E, +£2.2m:</u> Highways England, +£1.5m: Additional Highways England funding of £1.472m is anticipated for A14 Cycling schemes.</p> <p>Allocation of Section 106 contributions, +£0.7m: Existing Section 106 contributions of £0.740m are being allocated to the Fendon Road Roundabout.</p> <p><u>P&C, -£0.4m</u> The School Conditions grant allocation from Central Government has decreased by £418k</p> <p><u>C&I, +£0.4m:</u> Additional grant funding of £353k is anticipated from Central Government for the Swaffham Prior Energy project.</p> <p>General Purposes Committee is asked to note the changes in capital grants and Section 106 funding of £2.2m as outlined above.</p>
Additional/ Reduction in Funding (Grants)	P&C	+£0.8 -£0.8	<p>At the April Capital Programme Board (CPB) meeting, CPB received a virement request to move £750k budget from Temporary Accommodation to the School Condition, Maintenance & Suitability budget to reflect the 2020/21 minor works and condition work requirements. CPB was provided with schedules of works for the two budgets and is recommending the approval of this virement to GPC.</p>

			General Purposes Committee is asked to approve the £750k virement from the P&C Temporary Accommodation budget to the P&C School Condition Maintenance & Suitability budget
Additional/ Reduction in Funding (Other contributions)	P&E	+£2.9	<p>Additional contributions are anticipated from the Combined Authority in 2020/21 in relation to the following schemes:</p> <ul style="list-style-type: none"> • A505 (£280k) • Coldham's Lane Roundabout (£1,100k) • Other Combined Authority schemes (£1.553k) <p>General Purposes Committee is asked to note the additional Combined Authority contributions funding of £2.9m as outlined above.</p>
Additional/ Reduction in Funding (Capital Receipts)	P&C and C&I	-£5.1	<p><u>P&C, -£1.0m:</u> A reduction of £1m in the use of capital receipts is anticipated in relation to the scheme to amalgamate Eastfield Infant and Westfield Junior School as the scheme for the new build is no longer going ahead.</p> <p><u>C&I, -£4.1m:</u> Due to updated assumptions regarding This Land overage, it is no longer anticipated that £4.1m capital receipts will be received in relation to Commercial Investments schemes in 2020/21.</p> <p>Future year changes will be managed through the 2021/22 Business Planning process.</p> <p>General Purposes Committee is asked to note the £5.1m reduction in capital receipts funding in 2020/21 in relation to the above schemes</p>
Additional/ Reduction in Funding (Prudential borrowing)	P&C	+£0.4	<p>As noted above, the School Condition Funding allocation from Central Government has reduced by £418k. This funding is still required for schools' condition works; additional prudential borrowing is therefore requested to offset the reduction in grant funding.</p> <p>General Purposes Committee is asked to note the reduction in School Condition Funding and to approve additional prudential borrowing of £418k to offset the reduction.</p>
Additional/ Reduction in Funding (Prudential borrowing)	P&C	-£4.4	<p>As noted above, the scheme for the new build for the St Ives, Eastfield / Westfield / Wheatfields primary school is no longer going ahead. This will result in a reduction in the</p>

			<p>required prudential borrowing of £3.036m in 2020/21.</p> <p>An overall cost reduction of Cambourne Village College scheme is expected as phase 3b of the scheme is no longer going ahead. This will result in a reduction in the required prudential borrowing of £1.343m in 2020/21.</p> <p>Future year changes will be managed through the 2021/22 Business Planning process.</p> <p>General Purposes Committee is asked to note this £4.4m reduction in prudential borrowing in 2020/21 in relation to the above schemes.</p>
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- 6.7 Additional funding of £330k is requested in 2020/21 for the Mill Road Former Library project. Mill Road Former Library Building is a Grade II listed building that was vacated in January 2020 when the tenancy was brought to an end. It was returned in a state of disrepair due to the tenant's neglect and inability to fund repairs. Throughout the tenancy, it was regularly inspected on behalf of CCC as freeholder and appropriate steps were taken against the tenant to force them to address the condition issues. Urgent works are required in order to rectify problems with the structure to ensure that it is safe, wind and water tight at an estimated cost of £330k. Cambridge City Conservation officers will serve a notice on CCC if these works are not carried out. The cost is based on detailed inspections carried out by conservation architects who are currently obtaining quotations for the work.

The Cambs 2020 Board is considering if the building is required partially/wholly for CCC office use. Further fit out costs will be required depending on the final use. If the building is not required for Cambs 2020 Programme, the proposal would be to dispose of the asset on the open market to generate a capital receipt. There have been approaches from several parties. The scheme will be funded by borrowing; the estimated annual cost of borrowing for this scheme will start in 2021/22 at £18k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £330k in 2020/21 for the Mill Road Former Library scheme.

- 6.8 Additional funding of £352k is requested in 2020/21 for Building Maintenance. This request is in order to undertake statutory works to various CCC buildings, highlighted in condition surveys. The request relates to level 1 works such as accessible toilet compliance and roof repairs. The scheme will be funded by borrowing; the estimated annual cost of borrowing for this scheme will start in 2021/22 at £20k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £352k in 2020/201 for the Building Maintenance scheme.

- 6.9 At the June Commercial and Investment (C&I) Committee meeting, C&I Committee considered a report from which the press and public were excluded, on the acquisition of a St Ives Industrial Unit in relation to the relocation of the Library Service. C&I Committee delegated the approval of the purchase of a new freehold industrial unit in St Ives to the Deputy Chief Executive in consultation with the Chair of C&I Committee to a maximum capital value (agreed at the meeting) (inclusive of stamp duty and fees but exclusive of

VAT), subject to assurances from the Communities and Partnership Committee Chairman regarding efficient governance, including Public Health. Funding for the full cost of the acquisition, set out in the confidential report to C&I, is now requested from prudential borrowing. The increase in the annual cost of borrowing will start in 2021/22 at £22k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing in 2020/21 for the Cambs 2020 Spokes capital programme budget to cover the full costs of a property acquisition in St Ives

- 6.10 At the July Commercial and Investment (C&I) Committee meeting, C&I Committee is considering recommending to General Purposes Committee the provision of a £400k Covid-19 risk budget for the Civic Hub, to be funded by prudential borrowing. At present the Council's contractor is reporting a 7-week delay to the contract completion date, which would still see the building complete in spring 2021. The risk register and related contingency allowance for this project understandably did not account for the outbreak of a pandemic and allowances were therefore not made. The risk of Covid-19 impacting the project further remains live and the cost and programme impact to the end of the project cannot be fully quantified at this stage. However, based on an estimate of the potential reductions in productivity through to completion and an allowance for further supply chain issues, it is proposed that a specific Covid-19 project risk budget allowance of £400k now be provided. This will be funded by prudential borrowing; the annual cost of this additional prudential borrowing if required will start in 2021/22 at £21k per annum, decreasing each year thereafter over 35 years.

General Purposes Committee is asked to approve additional prudential borrowing of up to £400k in 2020/21 for a Covid-19 risk budget for the Civic Hub construction project. (This is subject to approval of the recommendation by C&I Committee at the 10th July C&I meeting.)

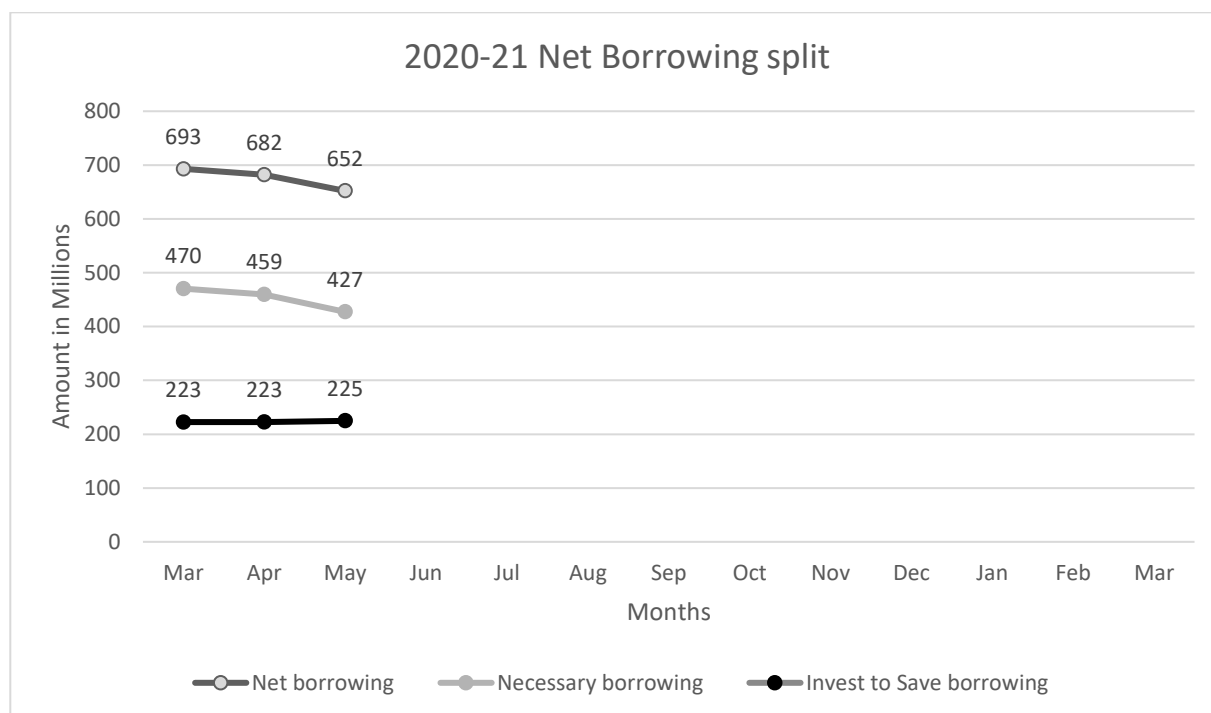
7. BALANCE SHEET

- 7.1 A more detailed analysis of balance sheet health issues is included below:

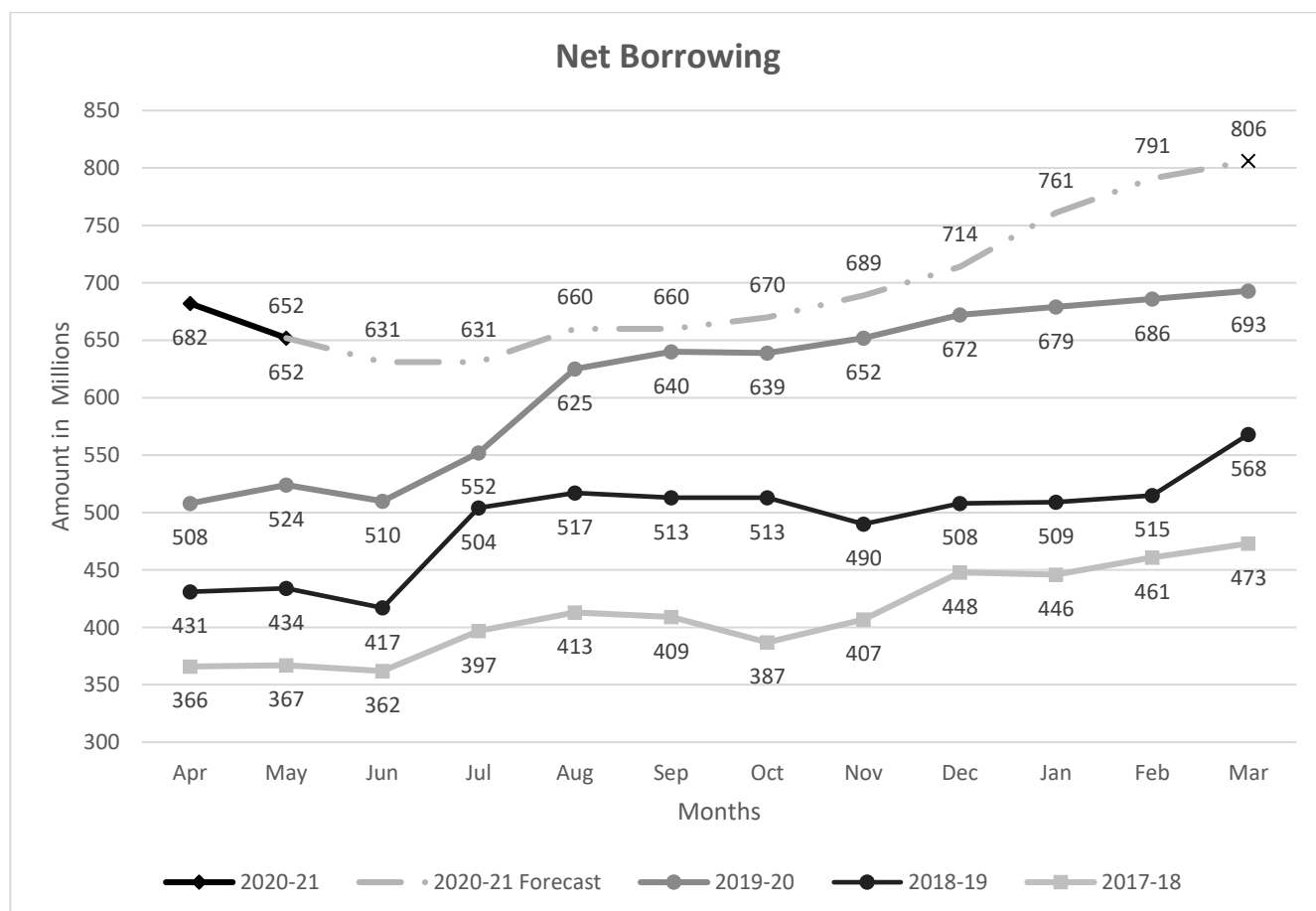
Measure		Year End Target	Actual as at the end of May 2020 ¹
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£5.71m
	Sundry	£1.71m	£2.15m

¹ The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. The amount of debt owed by Cambridgeshire & Peterborough CCG exceeding one year hold was £3.89m. The overdue amounts primarily relate to funding contributions to nursing care and for aftercare provided under section 117 of the Mental Health Act. The CCG now funds care homes for nursing care directly, rather than via the Council, so this issue relates to historic sums accrued between 2017 and 2019. Individual payments continue to be received and officers are working to reconcile these to payments owed and allocate against specific invoiced amounts. Both the Council and the CCG continue to work together to agree, expedite and reconcile payments for clients eligible for NHS funding.

- 7.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2020-21, it is estimated that £225m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



- 7.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of May 2020, investments held totalled £91.5m (excluding 3rd party loans) and gross borrowing totalled £743.9m, equating to a net borrowing position of £652.4m.



- 7.4 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 2019-20 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. The 2020-21 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.
- 7.5 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 2020-21 TMSS was set in February 2020, it anticipated that net borrowing would reach £846.0m by the end of this financial year. Based on the 2019-20 outturn position and subsequent revisions to the capital programme, this is still forecast to be £806.0m by the end of this financial year, remaining on target.
- 7.6 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
- 7.7 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.
- 7.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/ybacyogm), (<https://tinyurl.com/ybacyogm>).
- 7.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 A good quality of life for everyone

There are no significant implications for this priority.

8.2 Thriving places for people to live

There are no significant implications for this priority.

8.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

8.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

9 SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 Engagement and Consultation Implications

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

9.6 Localism and Local Member Involvement

There are no significant implications within this category.

9.7 Public Health Implications

There are no significant implications within this category.

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

Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	Location
P&E Finance Monitoring Report (May 20) P&C Finance Monitoring Report (May 20) PH Finance Monitoring Report (May 20) CS and LGSS Cambridge Office Finance Monitoring Report (May 20) C&I Finance Monitoring Report (May 20) Capital Monitoring Report (May 20) Report on Debt Outstanding (May 20)	1 st Floor, Octagon, Shire Hall, Cambridge

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

[illegible]

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2020	2020-21		Forecast Balance 31 March 2021	Notes
		Movements in 2020-21	Balance at 31 May 2020		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	17,658	1,830	19,488	18,174	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	825	-228	597	597	
subtotal	18,483	1,602	20,085	18,771	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,165	-59	4,106	4,106	
subtotal	4,165	-59	4,106	4,106	
- Equipment Reserves					
6 P&C	0	0	0	0	
7 P&E	0	0	0	0	
8 CS	3	-3	0	0	
9 C&I	0	0	0	0	
subtotal	3	-3	0	0	
<u>Other Earmarked Funds</u>					
10 P&C	1,097	0	1,097	1,097	
11 PH	2,728	0	2,728	2,469	
12 P&E	4,669	-83	4,586	1,312	Includes liquidated damages in respect of the Guided Busway
13 CS	5,370	0	5,370	5,178	
14 Corporately Managed	63	0	63	63	
15 C&I	705	0	705	705	
16 Transformation Fund	24,593	8,645	33,238	26,517	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	972	0	972	536	
18 Corporate	14,612	0	14,612	0	Includes COVID-19 Support Grant
subtotal	54,809	8,562	63,371	37,878	
SUB TOTAL	77,460	10,102	87,561	60,754	
<u>Capital Reserves</u>					
- Services					
19 P&C	2,518	0	2,518	2,518	
20 P&E	5,024	7	5,031	0	
21 Corporately Managed	0	0	0	0	
22 C&I	11,632	0	11,632	2,849	
23 Corporate	60,761	1,184	61,945	49,717	Section 106 and Community Infrastructure Levy balances.
subtotal	79,935	1,191	81,126	55,084	
GRAND TOTAL	157,395	11,293	168,688	115,839	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Fund Description	Balance at 31 March 2020	2020-21		Forecast Balance 31 March 2021	Notes
		Movements in 2020-21	Balance at 31 May 2020		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	0	0	0	0	
2 P&C	224	0	224	224	
3 CS	0	0	0	0	
4 Corporately Managed	2,093	0	2,093	2,093	
5 C&I	0	0	0	0	
subtotal	2,317	0	2,317	2,317	
- Long Term Provisions					
6 Corporately Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	5,930	0	5,930	5,930	