STRATEGY AND RESOURCES

Cambridgeshire County Council

Tuesday, 06 July 2021

Democratic and Members' Services
Fiona McMillan
Monitoring Officer

10:00

Shire Hall
Castle Hill
Cambridge
CB3 0AP

University Sports Centre, Philippa Fawcett Drive, Cambridge CB3 0AS
[Venue Address]

AGENDA

Open to Public and Press by appointment only

KEY DECISIONS

Item Title

Appendices 2 and 3 of this report are confidential. If members wish to discuss these appendices, it will be necessary to exclude the press and public as detailed in item 12 below.

OTHER DECISIONS

To resolve that the press and public be excluded from the meeting on the grounds that the agenda contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed - information relating to the financial or business affairs of any particular person (including the authority holding that information)

The Strategy and Resources comprises the following members:

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

COVID-19

The legal provision for virtual meetings no longer exists and meetings of the Council therefore take place physically and are open to the public. Public access to meetings is managed in accordance with current COVID-19 regulations and therefore if you wish to attend a meeting of the Council, please contact the Committee Clerk who will be able to advise you further.

Councillor Lucy Nethsingha (Chair) Councillor Elisa Meschini (Vice-Chair) Councillor Chris Boden Councillor Steve Count Councillor Steve Criswell Councillor Lorna Dupre Councillor Mark Goldsack Councillor Mark Howell Councillor Richard Howitt Councillor Samantha Hoy Councillor Maria King Councillor Peter McDonald Councillor Edna Murphy Councillor Tom Sanderson and Councillor Josh Schumann

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Agenda Item No: 5

Joint Agreement - Action Plan

To:	Strategy and Resources Committee
Meeting Date:	6th July 2021
From:	Amanda Askham, Director Business Improvement and Development
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	This Joint Agreement sets out new priorities and approaches for delivering improved outcomes for the people of Cambridgeshire. This Action Plan describes activity to deliver these priorities.
Recommendation:	That the committee notes and comments on the Joint Agreement draft Action Plan and agrees: a) to discuss, develop and agree actions with the relevant committees and officer leads. b) to monitor progress against the action plan at each meeting of this committee for this municipal year.

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1. Background

1.1 On 14th May 2021, a Joint Agreement was signed by the leaders of the Liberal Democrat, Labour and Independent groups. The following week, at the Council's Annual General Meeting, a new Joint Administration to lead the work of the Council was agreed.

1.2 The Joint Agreement places Covid recovery for all of Cambridgeshire – children and families, local businesses, and working people - and bringing forward targets to tackle the climate emergency, at the top of the new Administration's ambitious policy agenda.

1.3 The agreement also signals a commitment to form strong and positive partnerships as members of the Combined Authority and the Greater Cambridge Partnership in the areas of public health, support for business, climate change, public transport, and building affordable, sustainable homes.

1.4 The new Administration are committed to turning their Joint Agreement into tangible actions which will be monitored openly and transparently. The Agreement provides the direction for fresh approaches and programmes of work which the Council will take forward over the next 4 years and so this Action Plan will be a developing, dynamic document as new policies and ways of working are explored, tested and implemented.

1.5 This draft Action Plan identifies which committees and which senior officers across the Council are responsible for developing and delivering each proposed activity. In some cases – reflecting the cross-cutting and collaborative approaches required - this will involve the full Joint Management Team and all members of the Strategy and Resources Committee.

1.6 The Action Plan is presented in draft for discussion and development by Committees.

2. Action Plan Themes

2.1 The Joint Agreement Action Plan has been split into themes for the purpose of planning and tracking although all areas are interdependent, and actions will need to be aligned.

2.2 Environment, sustainability, and the climate emergency

> We will put climate change and biodiversity at the heart of the Council's work and at the heart of its land management strategy. As the holder of the largest County farms estate in England and Wales the Council has a significant direct role to play.
>
> We commit to reviewing the Council's Sustainability Strategy, with the aim of moving forward the Net Zero target for Cambridgeshire County Council towards 2030. All spending and investment decisions will be made in the context of meeting the Net Zero strategy, and social and environmental criteria will be given equal weight to financial criteria in all contracting.
>
> We will undertake a major tree-planting programme wherever appropriate across the county and look for other ways to promote biodiversity and increase Cambridgeshire's natural capital. We support the principles of Cambridgeshire ACRE's Fens Biosphere project and will actively work with them and with other partners to further develop these proposals.

Table 1: Environment, sustainability, and the climate emergency, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
E.1	Review the Climate Change and Environment Strategy (Sustainability Strategy) to bring forward net-zero target towards 2030 and alignment of key resources including the Environment Fund.	Dec ‘21	E&GI	Sheryl French/ Quinton Carroll
E.2	Develop a ‘Routemap to Net-Zero and Doubling Nature’ Programme including a medium-term resourcing strategy.	Mar ‘22	E&GI S&R	Steve Cox/ Amanda Askham
E.3	Produce a Tree and Woodland strategy	Dec ‘21	E&GI	Quinton Carroll/Emily Bolton/Tony Cooper
E.4	Review biodiversity across the Council’s land and property assets to identify a programme for ‘doubling nature’	Dec ‘21	E&GI	Quinton Carroll/Tony Cooper
E.5	Work with rural communities to develop opportunities which encourage agricultural and environmental innovations and practices that benefit the rural economy, nature, and the climate. Identify funding to support the transition to a future nature-based economy, enhance natural capital and reconnect people with nature.	Mar ‘22	E&GI	Quinton Carroll
E.6	Implement tree planting scheme on the land acquired as part of the A14 scheme	Mar ‘22	H&T	AD Highways Maintenance

2.3 Communities

We will tackle poverty, create opportunity, promote diversity, and do all we can to foster inclusion across the county. We will revive, further develop, and implement an anti-poverty strategy for Cambridgeshire.

We will encourage and participate in place-based partnerships with District Councils and the Greater Cambridge Partnership where possible, to avoid duplication in local arrangements. We will task officers to consult with District Councils and other partners on ways to devolve more of the Council’s budget to be managed locally. The Cambridge Joint Area Committee (JAC) model in Cambridge, with County and District Councillors sitting on a committee together to make decisions for their area, has worked well in the past. This model could be expanded to include more services and to include parish councils.

We will continue to develop the concept of community hubs, and along with our partners, seek to offer a broader range of services from them. We will aim to offer more accessible services such as youth services and children’s centres, to provide more help for young people and families. We will keep the county’s libraries open, in public ownership, and ensure their services remain free for everyone on Universal Credit.

Table 2: Communities, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
C.1	Develop an Anti-poverty strategy involving the Place Leads Partnership (District Councils, Police, Health, Voluntary and Community Sector) & wider Community Resource Stakeholder Group (circa 50 organisations)	Sep '21	CSMI	Adrian Chapman
C.2	Place Leads Partnership to take the lead in identifying and addressing community inequalities; aligning closely with the two Integrated Partnerships which are the key community delivery arms for the Integrated Care System (ICS).	Oct '21	CSMI	Adrian Chapman
C.3	Strong Families, Strong Communities: Implement the Best Start in Life and Early Help strategy as part of the development of the Children's Collaborative (part of the ICS)	Jan '22	CYP	Lou Williams
C.4	Deliver services and opportunities in the Youth Engagement Offer	Mar '22	CSMI	Adrian Chapman
C.5	Support local neighbourhoods to develop youth provision	Jan '22	CSMI	Adrian Chapman
C.6	Deliver Diversity & Inclusion training to Safeguarding Partnership Board members	Oct '21	Safeguarding Board	Jo Procter
C.7	Full review of the library service to ensure it is meeting the needs of our residents	Dec '21	CSMI	Adrian Chapman
C.8	Identify budget implications and options for removing 50p charge on book borrowing for people on Universal Credit.	Sep '21	CSMI	Adrian Chapman

2.4 Health and Care

We believe all residents in need of care deserve this to be provided equitably and to be of high quality. We will launch a new initiative on early prevention strategies. We will champion the concept of independent living, using personal budgets and direct payments for those who choose, and explore directly provided residential care and community-based models where possible.

We will adopt a 'health in all policies' approach, as advocated by the World Health Organisation. Mindful of the importance of clean air for public health, we will increase air quality monitoring across Cambridgeshire, including in villages as well as in towns, cities, and along major trunk roads. We will also be watchful of the rise of 'long COVID' and its effects on public health.

Table 3: Health and Care, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
H.1	Develop and deliver care in neighbourhoods, moving from domiciliary care agencies to carers in local neighbourhoods.	Phased over the next 2 years	A&H	Will Patten
H.2	Develop a primary and early intervention Prevention Strategy that will build on existing work and involve communities, the ICS and other partners across the system.	Nov ‘21	A&H	Val Thomas
H.3	Identify what the Safeguarding Partnership Board can do for vulnerable individuals who do not meet statutory threshold for services	Dec ‘21	Safeguard-ing Board	Jo Procter
H.4	Implement a clear action plan to deliver “health in all policies” including criteria for evaluating policies	Oct ‘21	A&H S&R	Jyoti Atri
H.5	Work with the NHS to pilot Population Health Management Approaches to combine health and care data to inform proactive care and prevention and target interventions	Dependent on COVID Wave 3 timing	A&H	Emmeline Watkins/ Amanda Askham
H.6	Implement a system wide Obesity/Healthy Weight Strategy	Mar ‘22	A&H	Val Thomas
H.7	Adopt and implement the ten Healthy New Town principles for new developments and seek to embed them in District and City Council Local Plans	Dependent on plan schedule	A&H S&R	Emmeline Watkins/ Iain Green
H.8	Increase in direct payments for adult social care users	Jun ‘22	A&H	Will Patten / Charlotte Black
H.9	Identify and provide more support for both informal Carers and Young Carers	Nov ‘21	CSMI	Adrian Chapman
H.10	Develop and deliver health and care from the Princess of Wales site.	Phased over the next 3 years	A&H	Will Patten/ Cambridgeshir e Community Services

2.5 Children and Education

We will campaign to keep state nursery schools open, to keep schools in local authority control, and for fair funding for Cambridgeshire schools.

We will maintain free school meals for eligible children during school holidays, and work with schools and partners to widen the network of breakfast clubs in schools during term-time.

We recognise and are deeply concerned by the challenges for children with special educational needs to access Education Health & Care Plans and will campaign hard for all children to receive the specialist help they need within state education.

We will seek to open up constructive relationships and engagement with local academy schools.

Table 4: Children and Education, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
CE.1	Explore procurement routes to enable free school vouchers during the summer '21 school holidays	Jul '21	S&R CYP	Jonathan Lewis
CE.2	Work with schools to increase breakfast clubs in schools during the school term	Nov '21	CYP	Jonathan Lewis
CE.3	Agree an action plan for improving prevention and early intervention for children with Special Educational Needs and Disabilities (SEND).	Aug '21	CYP	Jonathan Lewis
CE.4	Ensure the pre-birth to five multi-disciplinary teams (Best Start in Life) work with children with Special Educational Needs & Disability (SEND) and their families.	Nov '21	CYP	Wendi Ogle-Welbourn
CE.5	Agreement of system-wide outcomes monitoring framework by Children & Maternity Health Executive Board	Oct '21	CYP	Raj Lakshman
CE.6	Develop an integrated approach to support Children and Young People's mental health and wellbeing	Dec '21	CYP	Raj Lakshman

2.6 Transport

We will focus on modal shift to encourage more residents out of their cars, along with infrastructure development, the encouragement of sustainable travel, and securing safe routes and connections for pedestrians and cyclists. We will consult communities openly and transparently on highways projects that affect them. We will seek to invest more in road, footway, and cycleway maintenance and routine gulley clearance, and end the freeze on residents' parking schemes.

We will continue to work on ways in which we can limit HGVs rat-running through villages and urban communities. In partnership with local communities, we will make the option of 20mph zones more widely available, and easier to obtain.

We will work with the Greater Cambridge Partnership to achieve a sustainable bus network for Greater Cambridge.

Table 5: Transport, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
T.1	Work with partners on policies which enhance Local Plans and support the Local Transport Plan review	Mar '22	H&T	Jeremy Smith
T.2	Carry out consultation on new active travel strategy for the County	Mar '22	H&T	Jeremy Smith
T.3	Work in partnership with the Greater Cambridge Partnership on a review of the road hierarchy	Oct '21	H&T	Jeremy Smith & GCP
T.4	Continued development of Huntingdon and Fenland transport strategies to include support for modal shift.	Mar '22	H&T	Jeremy Smith
T.5	Commence procurement for replacement of Cambridge Sub Regional Transport Model (CSRM) in partnership with GCP and CPCA.	Oct '21	H&T	Jeremy Smith
T.6	To secure high quality transport infrastructure improvements required from major developments, aligned with GCP and CPCA.	Jan '22	E&GI	David Allatt
T.7	Develop and adopt new standards for pedestrian and cycling infrastructure informed by Local Transport Note (LTN)120.	Dec '21	H&T	Jeremy Smith
T.8	Review and refresh the Council's transport priorities.	Mar '22	H&T	Jeremy Smith
T.9	Explore funding options for additional capital maintenance schemes to enhance the County networks and further gulley clearance.	Mar '22	H&T	AD Highways Maintenance
T.10	Consider options for innovative condition surveys to anticipate and address highway maintenance issues.	Mar '22	H&T	AD Highways Maintenance

T.11	Implement additional footway maintenance schemes	Mar ‘22	H&T	AD Highways Maintenance
T.12	Review the 20mph policy and the qualifying criteria	Oct ‘21	H&T	AD Transport and Network Management
T.13	Conclude the work of the HGV Members Working Group and agree an HGV management policy	Dec ‘21	H&T	AD Transport and Network Management
T.14	Bring proposals back to committee for Residents’ Parking Schemes in consultations with GCP and in-line with the Integrated Parking Strategy	Dec ‘21	H&T	AD Transport and Network Management

2.7 Finance, Growth and Commercial Investment

The new administration will immediately initiate a full review of Council finances, including major projects and the Council’s Transformation Fund and impose a temporary freeze on such schemes until the review has been completed.

One of the new administration’s first tasks will be to work on a Covid Recovery Plan for the county, its businesses, and its citizens. It will also start a radical overhaul or replacement of the Council’s development company ‘This Land’ with the aim of redirecting it towards building genuinely affordable housing and supported living facilities.

The Council will pay the Real Living Wage for all its employees and work towards achieving Real Living Wage Foundation accreditation including all contractors, with monitoring to ensure continuous progress towards meeting it. It will balance this with its wish to offer full opportunities to small and local providers to bid for and win contracts.

There will be a presumption that existing direct services will remain directly provided, and consideration will be given to returning contracted-out services as they come up for review or renewal. All spending decisions will be assessed for their impact on residents living in deprivation and on the population as a whole, with a commitment to fairness in overall allocation and to monitoring.

Our Joint Administration will come to power after years of Government cuts which leave our vital services chronically under-funded compared to the needs of the people we seek to serve. We will champion Cambridgeshire’s case to receive adequate funding to deliver our services and to utilise all options available to us to invest in our services and our people. We will also seek economies and efficiencies where possible, and budget prudently to avoid making excessive demands on taxpayers.

Table 6: Finance, Growth and Commercial Investment, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
F.1	COVID-19: Review of emerging evidence of Needs and Impacts on Cambridgeshire	Reporting quarterly from Sep ‘21	S&R ALL	Amanda Askham / Emmeline Watkins
F.2	LGA Peer Challenge Finance Module (commencing June 2021), considers financial standing, robustness of plans & reserves and makes recommendations	Aug ‘21	S&R	Tom Kelly
F.3	Committee review of financial strategy, budget outturn and forward-looking projections and investment	Sep ‘21 & Dec ‘21	S&R	Tom Kelly
F.4	Position of This Land to be considered within LGA Peer Challenge and an action plan produced	Sep ‘21	S&R	Tom Kelly
F.5	Real Living wage – short term steps: in-year uplift for those directly employed below RLW, then detailed consideration of longer-term implications of full RLW Foundation accreditation by relevant Committee.	Nov ‘21	S&R Staffing & Appeals	Tom Kelly & Janet Atkin
F.6	Procurement – plan how the Council’s approach can ensure greater weight given to local suppliers, direct delivery, and social value	Jan ‘22	S&R	Tom Kelly/ Chloe Rickard
F.6	Lobbying for fairer funding for Cambridgeshire and national policy reform progress	Dec ’21 & Feb ‘22	S&R	Tom Kelly
F.7	Review Commercial Strategy and priorities	Sep ‘21	S&R	Amanda Askham
F.8	Review of project and programmes to determine intended outcomes; cost and return; timescales and milestones	Sep ‘21	S&R	Amanda Askham
F.9	Establishment of a Strategic Programme Management Office (SPMO)	Nov ‘21	S&R	Amanda Askham
F.10	Review of Performance Framework and reporting	Sep ‘21	S&R	Amanda Askham
F.11	Development of Joint Agreement Action Plan and Tracker	Jul ‘21 Sep ‘21	S&R	Amanda Askham

2.8 Governance

The Government may initiate moves towards local government reorganisation. We recognise there may be different views about the ideal structures amongst the parties, councils at different levels, business and citizens. However, if the Government does move forward on this issue, we express our common view that it is best to devolve power as close as possible to people and local communities and for our Joint Administration to engage fully in the process and ensure that it is fully prepared to do so in advance.

We believe the Council must act openly and transparently in order to maintain the confidence of the public. We will therefore work with council officers to publish the long-awaited 'Farmgate' report to the greatest possible extent, and as soon as possible.

A moratorium will be placed on any new senior (Director level and above) appointments shared with Peterborough; all new senior appointments will be made for Cambridgeshire County Council only.

Table 7: Governance, year 1 actions

Ref.	Action	Milestone	Committee	Lead Officer(s)
G.1	Deliver a Public Service Reform briefing and workshop to update political leaders across the Cambridgeshire and Peterborough system on current initiatives	Sep '21	S&R	Amanda Askham
G.2	Bring forward to the public domain (to the greatest extent legally possible) further information about the farms audit findings and the Council's actions in response	Jul '21 & Ep '21	A&A	Gillian Beasley/Fiona McMillan/Tony Cooper
G.3	The LGA Corporate Peer Challenge will examine the effectiveness of the shared service arrangements considering what has been achieved and what its future is going forward – action plan will be produced	Jul–Sep '21	S&R	Gillian Beasley/SMT
G.4	Review of corporate strategy and strategic framework	Sep '21	S&R	Amanda Askham

3. Monitoring

3.1 Monitoring delivery of the Joint Agreement is important as it will enable Elected Members, officers, partners and the public to assess whether the Council is achieving what it has set out to do, delivering value for money, and meeting the needs of residents and customers. A Joint Agreement Tracker is being developed and it is recommended that the Strategy and Resources Committee reviews the tracker at each meeting of this municipal year.

4. Alignment with corporate priorities

4.1 The Corporate Strategic Framework will be reviewed as part of the annual planning cycle, starting in September ’21. The priorities and ambitions described in the Joint Agreement will form the foundations of this review.

5. Significant Implications

5.1 Delivery of the Joint Agreement Action Plan will have implications for all areas of the Council. The Action Plan will be monitored and managed through the Joint Agreement Tracker and will feed into the annual review of Council strategy.

6. Source Documents

6.1 Joint Agreement

Integrated Finance Monitoring Report for the period ending 31 March 2021

To:	Strategy & Resources Committee
Meeting Date:	6 July 2021
From:	Chief Finance Officer
Electoral division(s):	All
Key decision:	Yes
Forward Plan ref:	2021/023
Outcome:	This report:

- Details the performance of the Council for the 2020/21 financial year.
- Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.

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

a) Note the allocation of the accrued £1.47m Business Rates Retention 2020-21 Pool Dividend to the corporate grants account within Funding Items, as set out in section 6.1;

b) Approve accounting for £17,914k Greater Cambridge Partnership funding in place of borrowing, to partially offset the additional borrowing required to repay the recognition in previous years of £19,963k Basic Need funding and £1,401k Combined Authority funding for the Wisbech Access Strategy, and also approve the resulting increase of £3,450k in the prudential borrowing requirement.as set out in section 13.6;

c) Note the use of £9,569k Section 106 contributions for applicable schemes where expenditure was incurred in prior years, and the resulting reduction of £9,569k in the prudential borrowing requirement for 2020/21 as set out in section 13.6;

d) Approve the transfers to earmarked reserves totalling £7,323k as set out in section 14.1; and

e) Note the additional funding for the Emergency Active Travel scheme, previously recommended in the February 2021 report, as set out in Appendix 3.

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1. Purpose

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

2. Overview

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

Finance and Key Activity

Revenue budget outturn -£6.3m (-1.5%) year-end variance Green	This is a £0.892m increase in the revenue underspend since last month's forecast. Use of grant for Covid-19 pressures has decreased by £1.4m compared to last month's forecast. There is a £17.6m decrease in the in-year capital expenditure compared to last month's forecast.	Capital programme outturn -£50.5m (-24.6%) year-end variance Green

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	**Mar-21**	**May-20**	**Trend since May 20**
Nursing	530	472	Increasing
Residential	933	898	Increasing
Community	1,840	1,861	Decreasing

Adults aged 18+ receiving long term services	**Mar-21**	**May-20**	**Trend since May 20**
Nursing	73	72	Stayed the same
Residential	355	351	Stayed the same
Community	2,401	2,360	Increasing

Children open to social care	**Mar-21**	**Apr-20**	**Trend since Apr 20**
Children in Care	664	730	Decreasing
Child Protection	445	324	Increasing

Further details can be found in the quarterly service committee performance reports.

2.2 This report summarises the overall financial position for the 2020/21 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report, there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.3.

2.3 The key issues included in the summary analysis are:

- The overall revenue budget position was an underspend of -£6.3m at year-end. This is a movement of -£0.892m on the forecast reported as at the end of February with the majority of services reporting favourable movements on their February forecasts with the exception of CS and C&I. The pressures are largely within People & Communities (P&C) (+£3.0m) and Commercial & Investment (C&I) (+£3.2m). These are offset by underspends in Place & Economy (P&E) (-£0.9m), Corporate Services (-£1.0m), CS Financing (-£1.0m) and Funding Items (-£9.5m). Of the £9.5m Funding Items underspend, £7.9m relates to the usage of the unbudgeted Covid-19 support grant from MHCLG in relation to pressures as a result of the Covid-19 pandemic and £1.5m relates to the Business Rates Retention 20-21 Pool Dividend (as reported in section 6.1). See section 3 for details.

- The Capital Programme is reporting an underspend of -£50.5m compared to the position originally anticipated when the capital programme variations budget was set. This includes full utilisation of the £40.2m capital programme variations budget. See section 13 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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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 %**	**Transfer to (+) / from (-) Reserves £000**
56,470	Place & Economy	58,067	0	58,067	57,186	-882	-1.5%	882
275,096	People & Communities	276,125	0	276,125	279,160	3,035	1.1%	-3,035
0	Public Health	0	0	0	0	0	-%	0
29,441	Corporate Services	32,577	0	32,577	31,566	-1,011	-3.1%	1,011
-9,277	Commercial & Investment	-9,113	0	-9,113	-5,952	3,161	-%	-3,161
29,570	CS Financing	29,570	0	29,570	28,558	-1,012	-3.4%	1,012
381,300	**Service Net Spending**	**387,226**	**0**	**387,226**	**390,517**	**3,291**	**0.8%**	**-3,291**
16,844	Funding Items	16,844	0	16,844	7,297	-9,548	-56.7%	9,548
398,144	**Net Spending**	**404,070**	**0**	**404,070**	**397,814**	**-6,257**	**-1.5%**	**6,257**
6,286	**Memorandum Items:** LGSS Operational	87	0	87	87	0	0.0%	0
404,430	**Total Net Spending 2020/21**	**404,157**	**0**	**404,157**	**397,901**	**-6,257**	**-1.5%**	**6,257**

1 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.

2 The budget of £0k stated for Public Health is its cash limit budget. In addition to this, Public Health has a budget of £26.4m from ring-fenced public health grant, £0.7m from the Contain Outbreak Management Fund, £1.4m from Test and Trace Support Grant and £2.8m from the Lateral Flow Testing Grant which make up its gross budget.

3 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 outturn on this line reflects the 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.

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

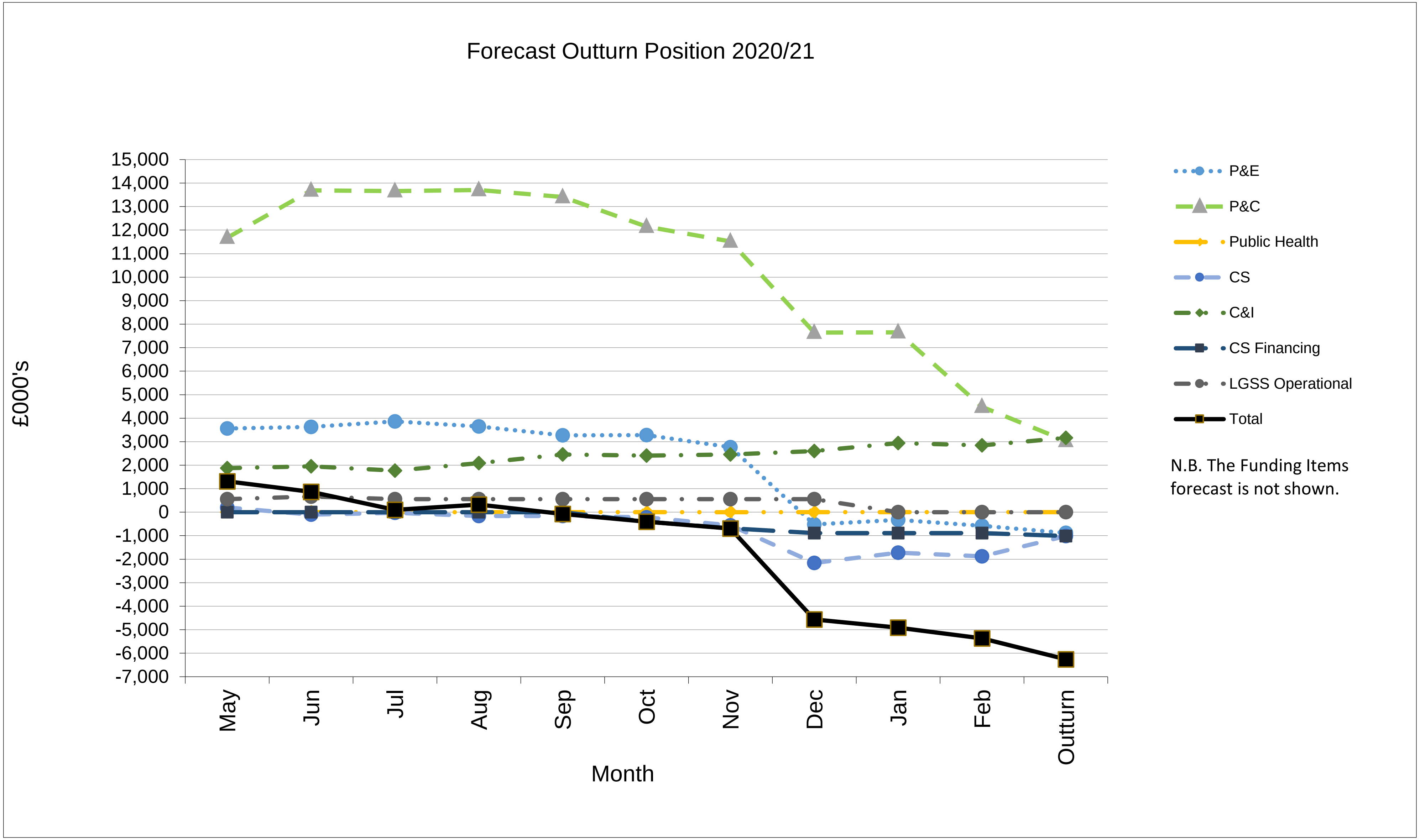
5 For budget virements between Services throughout the year, please see Appendix 1.

3.2 Summary of Outturn Variances showing split between Covid-19 pressures and Other Financial Impacts

Service	Outturn Variance £000	Covid-19 Pressure £000	Lost Sales, Fees & Charges Compensation	Other Financial Impact[1] £000
Place & Economy	-882	5,021	-3,168	-2,735
People & Communities	3,035	15,141	-3,226	-8,880
Public Health	0	180	0	-180
Corporate Services	-1,011	1,963	-12	-2,962
Commercial & Investment	3,161	2,935	-63	289
CS Financing	-1,012	0	0	-1,012
Service Net Spending	**3,291**	**25,240**	**-6,469**	**-15,480**
Funding Items	-9,548	-7,907	0	-1,640
Subtotal Net Spending	**-6,257**	**17,333**	**-6,469**	**-17,120**
Memorandum items: LGSS Operational	0	0	0	0
Grand Total Net Spending	**-6,257**	**17,333**	**-6,469**	**-17,120**

[1] Other Financial Impact includes underspends both Covid-19 related and non-Covid-19 related, as well as non-Covid-19 related pressures. The main items are shown below:

- P&E- Street Lighting underspend mainly due to a prior year contract adjustment (£1.2m)
- P&C- Reduced expenditure levels in Older People's Services & Physical Disabilities due to NHS funded hospital discharge (£2.1m), Mental Health (£1.1m), Children in Care (£1.9m), over-achievement of vacancy savings target and delayed service restructure Strategic Management- Children & Safeguarding (£1.2m) and directorate-wide staff travel savings due to Covid (£1.3m).
- Corporate Services- Reduced draw required on Investment in Social Care Capacity budget due to additional grant funding (£2.4m) (see also section 3.3.4)
- CS Financing- Debt charges underspend mainly on Interest Payable (see also section 3.3.5)



Forecast Outturn Position 2020/21
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
-5,000
-6,000
-7,000
£000's
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
C&I
CS Financing
LGSS Operational
Total
N.B. The Funding Items forecast is not shown.

3.3 Key exceptions this month are identified below.

3.3.1 Place & Economy:

-£0.882m (-1.5%) underspend is being reported at year-end.

- Lost Sales, Fees & Charges Compensation

Outturn Variance £m	Outturn Variance %
-3.168	(-%)

-£3.168m in compensation has been received from MHCLG for lost sales fees and charges. This is an increase of £0.284m on the position previously reported in December and relates in full to a change since last month. There have been significant pressures within the service relating to the Covid-19 virus. The majority of these are for the loss of income which is used to fund existing services. Grant has been received for the loss of income, although not totally covering the shortfall.

- Traffic Management

Outturn Variance £m	Outturn Variance %
-0.326	(-175%)

A -£0.326m underspend is being reported at year-end. Income from road closures was significantly higher than budgeted due to an increase in the number of emergency road closures during the year.

- Community Transport

Outturn Variance £m	Outturn Variance %
-0.291	(-11%)

A -£0.291m underspend is being reported at year-end. This is due to a number of routes which were funded by S106 developer contributions.

- Waste Management

Outturn Variance £m	Outturn Variance %
+0.579	(+2%)

A +£0.579m pressure is being reported at year-end. This is a decrease of £0.391m on the position previously reported in August, of which £0.270m relates to a reduction since last month. Although COVID related impacts created an additional pressure on the service budget of £1.140m (due to additional Household Recycling Centre running costs, increased recycling credit payments to district and city councils and reduced trade waste collections), this additional pressure was partly offset by reduced contract costs due to an overall reduction in total waste collected, resulting in an outturn pressure of £0.579m.

- Major Infrastructure Delivery

Outturn Variance £m	Outturn Variance %
+0.453	(+23%)

A +£0.453m pressure is being reported at year-end. Funding was allocated to pay for work related to Guided Busway defects and legal work based on previous years' expenditure. The amount required in 2020/21 was higher than in previous years.

- A combination of more minor variances sums with the above to lead to an overall outturn of -£882k. For full and previously reported details, see the P&E Finance Monitoring Report.

3.3.2 People & Communities:

+£3.035m (+1.1%) pressure is being reported at year-end.

- Strategic Management - Adults

Outturn Variance £m	Outturn Variance %
+7.045	(+125%)

A +£7.045m pressure is being reported at year-end. This is an increase of £0.253m on the position previously reported last month. This line contains the cost of the 10% resilience payment (£2.6m) made to most providers of adult social care for much of the first quarter of the year as well as some projected under-delivery of savings due Covid-19 that cannot be apportioned specifically to other budget (£1.8m). This line also contains a proposed £2.6m transfer to earmarked reserves to mitigate risks in 2021/22 of increased costs due to the pandemic (see also section 14).

- Learning Disability Partnership (LDP)

Outturn Variance £m	Outturn Variance %
+1.079	(+2%)

A £1.079m pressure is being reported at year-end. This is a decrease of £0.617m on the position previously reported in January and relates in full to a change since last month. The decrease is primarily due to the NHS agreeing to fund £798k of expenditure incurred by the LDP because of the Covid-19 pandemic.

- Physical Disabilities

Outturn Variance £m	Outturn Variance %
+1.285	(+10%)

A +£1.285m pressure is being reported at year-end. This is an increase of £0.485m on the position previously reported last month. The service has provided increased volumes of community-based support to clients since the start of the financial year which resulted in higher than budgeted spend. Further, the Council's response to the Covid pandemic included reprioritising the activities of preventative services and this contributed to the increase in demand in the first part of the year.

The year-end position also reflects an under-recovery of income due from clients contributing towards the cost of their care compared to budgeted assumptions at the start of the year, mainly due to financial reassessments under the new contributions policy being delayed during the pandemic period.

- Older People's Services

Outturn Variance £m	Outturn Variance %
-3.356	(-6%)

This budget area has seen particularly high levels of change due to the pandemic. In total the Council spent an extra 10% on Adults Services during the pandemic, however due to the ongoing care costs being lower than originally expected for people discharged from hospital during the pandemic, there has been a reduced expenditure level on the core budget of £3.356m. We do nevertheless predict a rising cost of care for older people over the medium-term linked to increased complexity of need and funding arrangements with the NHS returning to how they were pre-Covid. We are also anticipating some increased demand in the community as a result of restricted access to NHS services during the pandemic and increased frailty and reduced mobility as a result of lock downs as well as carers needing some respite.

- SEND Specialist Services (0 - 25 years)

Outturn Variance £m	Outturn Variance %
+12.397	(+19%)

A £12.397m pressure is being reported at year-end. This is a decrease of £0.417m on the position previously reported in January and relates in full to a change since last month. The pressure relates to an underlying pressure on the High Needs Block of the DSG. During 2020/21 there has been a continued increase in the number of pupils with Education, Health and Care Plans (EHCP), taking the total number of pupils above 5,500 (compared to just under 4,900 in April 2020). This continued growth, along with an increase in complexity of need, has resulted in a pressure on all demand-led elements of the service.

- Financing DSG

Outturn Variance £m	Outturn Variance %
-11.980	(-17%)

An -£11.980m required contribution from the Dedicated Schools Grant (DSG) is being reported at year-end. This is a decrease of £0.285m on the position previously reported in January and relates in full to a change since last month. This contribution represents the amount that will be added to the DSG deficit (negative reserve). Within P&C, spend of £69.6m is funded by the ring-fenced Dedicated Schools Grant. Net pressures on SEND services (as 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.

- Home to School Transport – Special

Outturn Variance £m	Outturn Variance %
+0.549	(+4%)

A +£0.549m pressure is being reported at year-end. This is a decrease of -£0.251m on the pressure position previously reported in May, of which -£0.151m relates to a change since last month. The year-end pressure is mainly due to the continued impact of the significant increase in transport costs in the latter part of 2019/20. 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 more than available budget. This is because of price inflation as well as complexity of need meaning that more pupils require individual taxis, passenger assistants or a specialised vehicle. The service has also not been able to implement measures to reduce the spend due to the Covid-19 pandemic.

- Home to School Transport – Mainstream

Outturn Variance £m	Outturn Variance %
-0.261	(-3%)

A -£0.261m underspend is being reported at year-end. Following a review of the current commitments the requirement for additional routes in the last quarter of the year has been lower than previously anticipated.

- Executive Director- includes directorate-wide staff travel savings due to Covid

Outturn Variance £m	Outturn Variance %
-0.866	(-38%)

A -£0.866m underspend is being reported at year-end. This is a decrease of £0.404m on the underspend position previously reported in December, of which £0.311m relates to a change since last month. Mileage spend increased over quarter 4, so this line has a lower underspend than previously forecast.

- Lost Sales, Fees & Charges Compensation

Outturn Variance £m	Outturn Variance %
-3.226	(-%)

-£3.226m in compensation has been received from MHCLG for lost sales fees and charges. This is an increase of -£0.464m on the position previously reported in December and relates in full to a change since last month. In 2020/21 a grant was made available from the Ministry of Housing Communities and Local Government (MHCLG) to compensate for lost sales, fees and charges income relating to the pandemic. Local authorities were expected to absorb losses up to 5% of budgeted sales, fees, and charges income, after which the government reimbursed 75p in every pound of relevant losses. P&C have seen significant income losses, especially in certain Education services and the Registration service in Communities, and so has received £3.2m of funding.

- A combination of more minor variances sums with the above to lead to an overall outturn of +£3.035m. For full and previously reported details, see the P&C Finance Monitoring Report.

3.3.3 Public Health:

A balanced budget is being reported at year-end.

- Children Health

Outturn Variance £m	Outturn Variance %
-0.321	(-3%)

A -£0.321m underspend is being reported at year-end. While activity levels on the core part of this service were as expected, this budget line has underspent due to grant funding previously agreed for additional work and transferred into the budget remaining unspent in 2020/21 as response to the pandemic took priority. This funding will transfer back to reserves but will be re-allocated to this service in 2021/22.

- A combination of more minor variances sums with the above to lead to an overall balanced budget outturn; -£1,686k 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 PH Finance Monitoring Report.

3.3.4 Corporate Services:
-£1.011m (-3.1%) underspend is being reported at year-end.

- Transformation Team

Outturn Variance £m	Outturn Variance %
+0.672	(+436%)

A £0.672m pressure is being reported at year-end. This is an increase of £0.409m on the position previously reported in December, of which £0.322m relates to a change since last month.

Following a review of capital flexibility regulations, the Council's Section 151 Officer has determined that some staff costs which were forecast to be capitalised should be reallocated as revenue costs. This is the result of the need to focus more on policy and strategy issues this year due to the complex and new requirements on Local Authority, driven primarily by the impacts of the coronavirus pandemic. The total revenue staff cost impact was £370k.

The remaining pressure consists primarily of £5k for costs related to the Best Start in Life project, £27k on Ambition work, £6k pressure on SEND project, £180k of professional fees for strategic work and £20k spent on funding research carried out to understand the impact of COVID-19 on communities.

- Investment in Social Care Capacity

Outturn Variance £m	Outturn Variance %
-2.425	(-93%)

A -£2.425m underspend is being reported at year-end. This is an increase of 0.475m on the underspend position previously reported in December, which relates in full to a change since last month. At budget setting for 2020-21, Council agreed a social care capacity and investment sum to be held by GPC in case of demand pressures. As a result of the pandemic significant additional grant funding has been received and the impact of the restrictions on daily life is to initially decrease demand. This underspend reflects the very small amount required this year. This has been re-planned as part of business planning for 2021-26 with this budget permanently reduced and an additional investment made in the demand impact of the pandemic recovery.

- Authority-wide Miscellaneous

Outturn Variance £m	Outturn Variance %
+1.151	(+271%)

A £1.151m pressure is being reported at year-end. This is due to an adjustment made to the bad debt provision of £1.5m partially offset by a saving from September 2020 of £376k for the discontinuation of the New Homes Bonus contribution to the Greater Cambridge Partnership. The previously reported costs of an external independent investigation are also reported under this heading.

- A combination of more minor variances sums with the above to lead to an overall outturn of -£1.011m. For full and previously reported details, see the [CS & LGSS Finance Monitoring Report].

3.3.5 CS Financing:

-£1.012m (-3.4%) underspend is being reported at year-end.

- Debt Charges

Outturn Variance £m	Outturn Variance %
-1.012	(-3.4%)

A -£1.012m underspend is being reported at year-end. This is an increase of £0.322m on the underspend position previously reported in November, of which £0.122m relates to a change since last month.

The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the MRP). Following analysis of capital schemes completed in 2019/20 and how they were funded, the MRP payment for 2020/21 has been recalculated and the year-end position is £370k higher than budgeted. The Interest Payable budget underspent by £2,464k; the final capital spend was significantly lower at year-end than previously forecast, and combined with lower interest rates, this resulted in a lower year-end interest payable final position. Whilst the cost of PWLB borrowing has been higher over the past 12 months, the Council has been able to take advantage of lower rates on Local Authority borrowing in refinancing some of its existing loans. The Interest Payable underspend was partially offset by a £1,223k 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. Finally, there was a net £159k underspend across brokerage fees.

- For full and previously reported details, see the CS & LGSS Finance Monitoring Report.

3.3.6 Commercial & Investment:

+£3.161m (-%) pressure is being reported at year-end.

- Property Investments

Outturn Variance £m	Outturn Variance %
+1.291	(+35%)

A +£1.291m pressure is being reported at year-end. This is an increase of £0.363m on the position previously reported in October, of which £0.128m relates to a change since last month. This is due to increase in the loss from rental income for two of the Council's properties due to the impact of the Covid-19 pandemic.

- County Farms

Outturn Variance £m	Outturn Variance %
-0.517	(-12%)

A -£0.517m underspend is being reported at year-end. This is due to an increase in rental income for the second part of the year following rent reviews.

- A combination of more minor variances sums with the above to lead to an overall outturn of +£3.161m. For full and previously reported details, see the C&I Finance Monitoring Report.

3.3.7 Funding Items:

A -£9.548m underspend is being reported at year-end. £7.907m relates to the usage of the unbudgeted Covid-19 support grant from MHCLG in relation to pressures as a result of the Covid-19 pandemic. The amount of Covid-19 grant identified as required this financial year has decreased by £1.4m since the previous report last month. General Purposes Committee earmarked the amounts for responding to the pandemic and unused amounts at year-end will remain earmarked for this purpose, taking account of the significant pressures included within the 2021-26 business plan. The £1.47m Business Rates Retention 20-21 Pool Dividend (as reported in section 6.1 below) and other more minor and previously reported corporate grants' variances make up the remainder of the -£9.548m underspend.

3.3.8 LGSS Operational:

A balanced budget is being reported at year-end. During 2020-21 the services previously delivered by LGSS either repatriated to the Council or are part of the new Lead Authority sharing arrangements with Milton Keynes Council and Northamptonshire County Council. On the transition of the final services and closure of LGSS budgets, an underspend for CCC for the 2020-21 financial year was reported of £22k. This has been transferred to the LGSS earmarked reserve for use in dealing with any issues arising from the move to the new Lead Authority model. There are no exceptions to report this month; for full and previously reported details, see the CS & LGSS Finance Monitoring Report.

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 2020-21 Business Planning process. For 2020/21, the Council has delivered £8.9m of savings against its original plan. Blue rated savings totalled £0.5m, exceeding the target on those initiatives. Green rated savings totalled £7.7m. The year-end Savings Tracker is included as Appendix 4 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
TOTAL	130.9	103.6	27.3

4.2 A summary of 2020-21 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	-250	-214	Green	27	-7,983	250	Amber	2	-200	155	Red	2	-5,200	4,577	Black	8	-2,296	2,296	-15,929	7,064

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 Finance Monitoring Report (section 5).

6. Funding Changes

6.1 Business Rates Retention 2020-21 Pool Dividend

Since April 2020 Cambridgeshire has been a member of a Business Rates pool with district councils and Cambridgeshire Fire Authority, administered by South Cambridgeshire District Council. The pool operates on the principle that wherever possible no authority will be worse off than if they had not pooled, subject to sufficient funds being available. The pool dividend is defined as the additional money the pool receives over and above what each council would have received if there had not been a pool. The forecast 2020-21 pool dividend applicable to the Council is estimated to be £1.47m due to be paid in May/June 2021. An accrual has been made for this amount to apply the income to revenue in 2020-21. This has not been budgeted for and is shown as part of the underspend in the ‘Funding Items’ section of this report.

Strategy & Resources Committee is asked to note the allocation of the accrued £1.47m Business Rates Retention 2020-21 Pool Dividend to the corporate grants account within Funding Items. This has improved the outturn position and the overall underspend as a result.

7. Schools

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

7.2 Total schools' balances as at 31st March 2021 are as follows:

	31st March 2020 £m (original published balances)	31st March 2020 £m (amended for in-year academy conversions)	31st March 2021 £m	Change £m
Nursery Schools	0.8	0.8	0.6	-0.2
Primary Schools	10.6	10.5	14.1	3.6
Special Schools	0.5	0.5	0.9	0.4
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0
Sub Total	**12**	**11.9**	**15.7**	**3.8**
Other Revenue Balances (Community Focused)	1.1	1.1	1.1	0
TOTAL	**13.1**	**13**	**16.8**	**3.8**

It must be noted that further to the DSG and other grants such as Pupil Premium, this year schools' budgets also include additional Covid-19 related grants 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 2021/22 to maintain current staffing levels and class structures.
- Due to Covid-19, 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 stands in contrast.

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:

Sector	**Schools with Reported Deficit Balances as at 31st March 2021**
Nursery	1
Primary	4
Special	0
Total Schools	**5**

Value of revenue deficits at 31st March 2021:

Deficit	**Nursery**	**Primary**	**Special**	**Total**
£100k+	0	0	0	**0**
£60k - £100k	0	0	0	**0**
£20k - £60k	1	4	0	**5**
£10k - £20k	0	0	0	**0**
£1k - £10k	0	0	0	**0**

Value of surplus revenue balances held by schools at 31st March 2021:

Surplus	**Nursery**	**Primary**	**Secondary**	**Special**	**Total**
£0k - £10k	0	0	0	0	**0**
£10k - £20k	0	3	0	0	**3**
£20k - £60k	2	26	0	0	**28**
£60k - £100k	1	35	0	0	**36**
£100k - £150k	1	24	0	0	**25**
£150k - £200k	2	9	0	0	**11**
£200k - £300k	0	12	0	2	**14**
£300k - £400k	0	3	0	0	**3**
£400k+	0	4	0	1	**5**

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 31st March 2021 are £26.1m as set out below:

General Reserve Balance	2020/21 Final Outturn £m
Balance as at 31st March 2020	17.658
Changes Arising:-	
Planned Business Plan adjustments	1.829
Additional pensions contributions net underachievement	-0.185
Business Rates Retention 17/18 Growth pilot	0.351
Corporate Grants	9.733
Commercial & Investment	-3.161
People & Communities	-3.035
Debt Charges	1.012
Corporate Services	1.011
Public Health	0.000
Place & Economy	0.882
LGSS Operational	0.000
Balance as at 31st March 2021	**26.094**

8.2 As a minimum, it is proposed that the General Reserve should be no less than 3% of the gross expenditure of the Council (excluding schools' expenditure). At year-end, the General Reserve was 4.0% of budgeted 2021-22 gross non-school expenditure.

9. Review of Other Reserves

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

10. Treasury Management Activity

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

	Budget £m	Outturn £m	Variance £m
Interest payable on Borrowing	21.943	19.359	-2.584
Interest payable charged to/from Other Funds	-6.414	-6.294	0.120
Interest receivable	-0.462	-0.469	-0.007
Capitalisation of Interest Costs	-2.455	-1.232	1.223
Technical & Other	0.678	0.545	-0.134
MRP	16.279	16.649	0.370
Total	**29.570**	**28.558**	**-1.013**

10.2 The Interest Payable on Borrowing underspent by £2,584k. The overall interest rate on the market loans (from local authorities) was very low, driven by the pandemic (local authority cashflows were favourable during the year as well as the low price of gilts as a comparator); this was also the case for short-term loans. Due to the PWLB consultation outcome, PWLB lowered interest rates by 100 basis points on all new standard and certainty rate loan arrangements from 26 November 2020.These overall factors contributed to a lower interest rate on borrowings in 2020/21. Following analysis of capital schemes completed in 2019/20 and how they were funded, the MRP payment for 2020/21 has been recalculated and the year-end position is £370k higher than budgeted. The Interest Payable underspend was partially offset by a £1,223k 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.

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

	1st April 2020 £m	**31st March 2021 £m**	**Difference**
Long Term Debt	526.7	561.3	**34.6**
Short Term Debt	237.2	251.3	**14.1**
	763.9	**812.6**	**48.7**
Less: Investments	65.8	98.3	**32.5**
Less: 3rd Party Loans & Share Capital	5.5	5.3	**-0.2**
Net Debt	**692.6**	**709.0**	**16.4**

10.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 2.91%. The average rate paid on short term debt was 1.44%. The overall average rate on total borrowing was 2.37% at 31.03.2021.

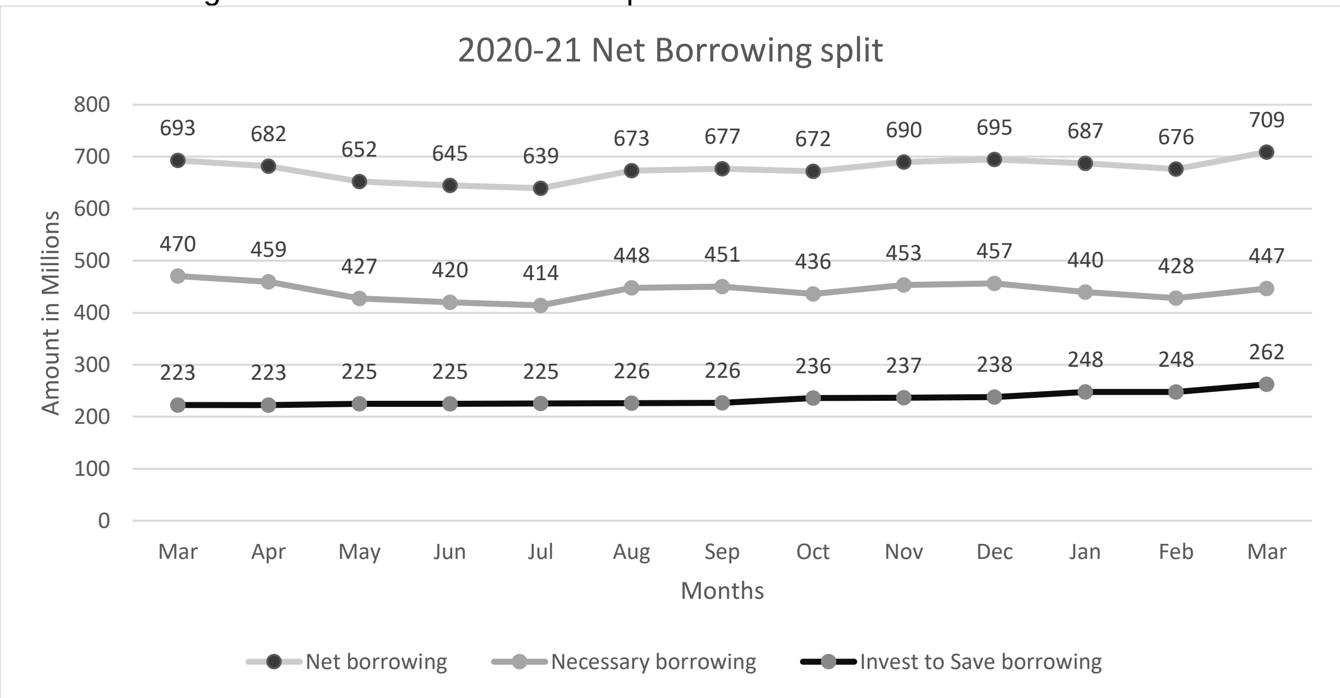
10.5 Each year the Council must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2020/21 compares with approved limits as follows:

	Approved	Actual
Financing Costs		
% of Net Revenue Stream	8.40%	3.47%
Authorised Limit for Debt	£1,093.0m	£812.6m
Operational Boundary for Debt	£1,063.0m	£812.6m
Interest Rates Exposure (as % of total net debt)		
Fixed Rate	150%	112%
Variable Rate	65%	-12%
Debt Maturity Range (as % of total debt) *		
Under 1 year	0 to 80%	30.76%
1 – 2 years	0 to 50%	12.03%
2 – 5 years	0 to 50%	8.19%
5 – 10 years	0 to 50%	12.42%
Over 10 years	0 to 100%	36.60%

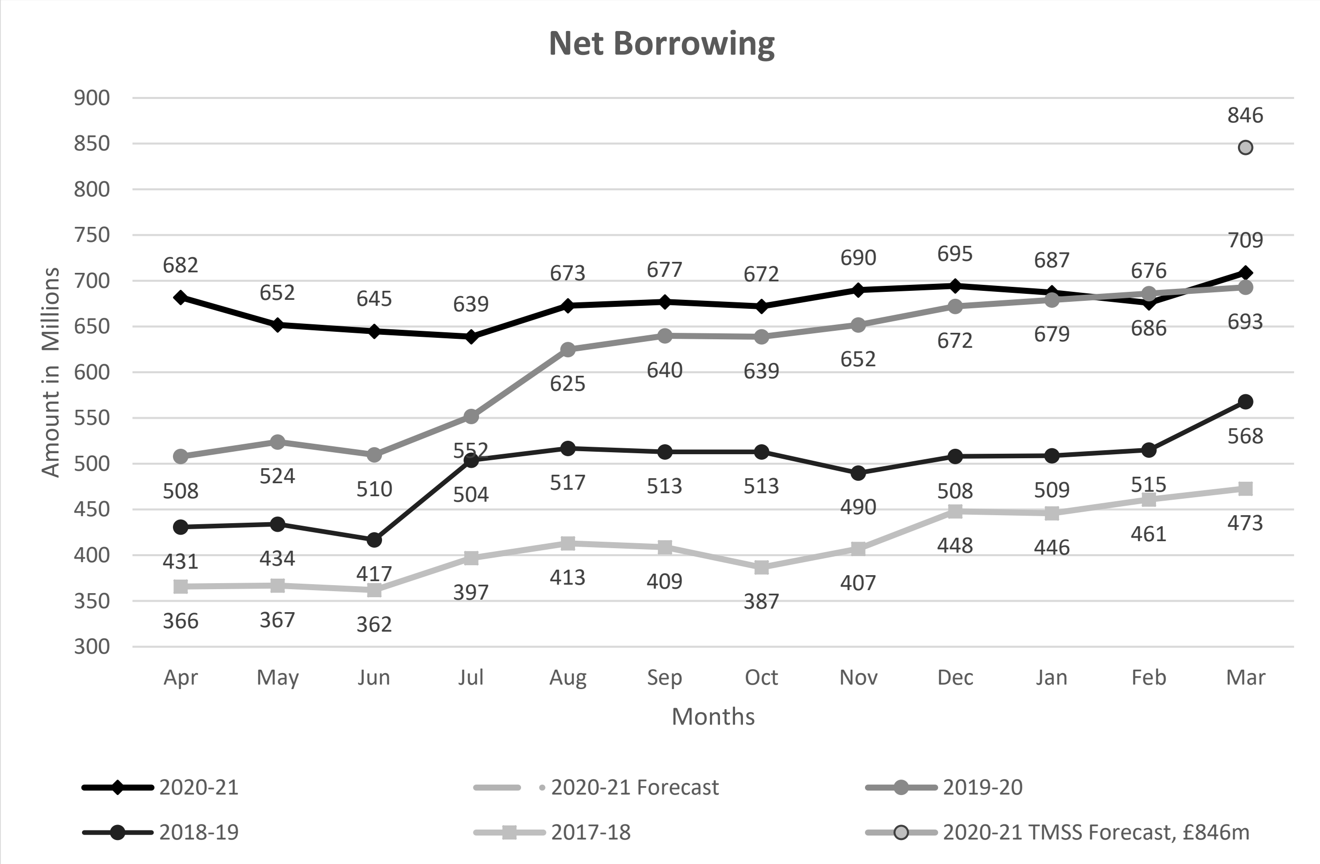
* The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity, regardless of likelihood of this option being exercised.

11. Balance Sheet

11.1 The graph below shows 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 £262m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



11.2 The 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 March 2021, investments held totalled £103.6m (excluding all 3rd party loans) and gross borrowing totalled £812.6m, equating to a net borrowing position of £709.0m.



11.3 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 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 has taken a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

11.4 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 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, and a further decrease in C&I and CS of £19.4m, the net borrowing was predicted to be below this, at £787.0m by the end of this financial year. The actual net borrowings at 31/03/2021 were £709.0m, £78m lower than previously forecast.

11.5 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.

11.6 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

11.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

11.8 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.

12. Debt Management & Prompt Payment

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

Measure	**Year End Target**	**Actual as at the end of Mar 2021[1]**
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£8.14m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£2.94m
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	97.5%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	81.7%

[1] The debt figures 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 £6.10m. 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.

12.2 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 £1.558m.

12.3 Summary Final Position:

Overall debt outstanding has decreased since February. Overdue debt (total less current) has decreased by £1m from £25m to £24m.

91 days + KPI debt balances have decreased by £0.80m since February. The target of £5.08m was not achieved, with the final balance being £11.08m.

12.4 Adults Social Care

Adult Social Care (ASC) and Older People– 91 days + debt has decreased by £395k since February. Final balances are £8.14m against a target of £3.37m. Audit & Accounts Committee members are receiving a detailed paper in July (by circulation) considering progress being made with the debt management position.

12.5 Sundry (non- Adult Social Care)

Overall sundry 91 days + debt has decreased by £400k since February. This consists primarily of debt decreases of £328k in Place & Economy. This has resulted in the final sundry 91 days + debt balance being £2.94m against a target of £1.71m.

13. Capital Programme

13.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2020/21 Budget as per Business Plan £000	Forecast Variance - Outturn (Feb) £000	Service	Revised Budget for 2020/21 £000	Actual- Year to Date (Outturn) £000	Actual Variance - Outturn 2020/21 £000	Actual Variance - Outturn 2020/21 %	Total Scheme Revised Budget (Outturn 2020/21) £000	Total Scheme Forecast Variance (Outturn 2020/21) £000
29,051	-1,817	P&E	61,197	52,851	-8,346	-13.6%	434,370	-
61,817	-2,804	P&C	50,754	43,623	-7,131	-14.1%	574,180	-2,428
11,006	-2,922	Corporate Services	16,134	12,528	-3,606	-22.4%	74,043	-1,363
74,569	-25,286	C&I	76,906	45,515	-31,392	-40.8%	434,146	-11,413
-	-	Outturn adjustment	-	-	-	-	-	-
176,443	**-32,830**	**Total Spending**	**204,992**	**154,517**	**-50,475**	**-24.6%**	**1,516,739**	**-15,204**

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 13.2.

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2020/21 of £38.0m and is reporting an in-year underspend of -£14.2m at year-end.

3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

13.2 2020-21 capital programme variations budgets

13.2.1 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduced the programme budget for 2020/21. This was allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage.

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

Service	Capital Programme Variations Budget £000	Actual Variance - Outturn 2020/21 £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Actual Variance Against Revised Budget - Outturn 2020/21 £000
P&E	-12,043	-20,389	12,043	100.00%	-8,346
P&C	-6,523	-13,654	6,523	100.00%	-7,131
CS	-4,010	-7,616	4,010	100.00%	-3,606
C&I	-17,625	-49,017	17,625	100.00%	-31,392
Outturn adjustment	-	-	-	-	-
Total Spending	**-40,201**	**-90,676**	**40,201**	**100.00%**	**-50,475**

13.2.2 As at year-end, all services have exceeded the capital programme variations budget allocated to them. Place & Economy (P&E), People & Communities (P&C), Corporate Services and C&I schemes are reporting in-year underspends of -£8.3m, -£7.1m, -£3.6m, and -£31.4m respectively after full utilisation of the capital programme variations budget. Overall expenditure on the 2020/21 capital programme is therefore underspent by -£50.5m compared to the position originally anticipated when the capital variations budget was set. By comparison, the underspend in 2019-20 was £83.8m.

13.3.3 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 Place & Economy directorate has commissioned a training programme for its management staff, including a focus on capital budgeting, and the capital programme board is reviewing the position Council wide to identify areas where delivery of forecasting needs to be accelerated.

13.3.4 The largest areas where spend varied from planned budgets were Housing Schemes (£12.5m), Commercial Investments (£11.3m) and Shire Hall relocation, asset review and data centre relocation (£13.7m).

The expenditure on Housing Schemes relates to the loans made to This Land, and this reduced level of lending reflects the level of progress through planning and construction undertaken by the Company, and that the company has access to its own cashflows. Plans for commercial investment were changed as a result of the economic conditions and following the change in the PWLB stipulations announced in November 2020. The Shire Hall relocation and asset review schemes underspent in-year primarily due to the initial impact of Covid-19 on planned construction works and preparatory works; completion is now expected in late summer-early autumn 2021.

13.3 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.

13.3.1 Place & Economy:

An -£8.3m (-13.6%) in-year underspend is being reported at year-end.

- Delivering the Transport Strategy Aims- Highway schemes

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,501	522	-1,979	-1,574	-405	0	-1,979

An in-year underspend of -£2.0m is being reported at year-end. This is an increase of £0.5m on the underspend position previously reported in January, of which £0.4m relates to a change since last month. A number of schemes within this area were delayed and will be completed in 2021/22.

The main schemes are:-

- Cambridge Victoria Ave/Maids Causeway – Pedestrian & Cycle Improvements – design and consultation difficulties have delayed delivery on site.
- Cambridge –Oxford Rd/Windsor Rd traffic calming – Consultation delays – revised plan upon public consultation comments. Further consultation to take place.
- Meldreth – Footpath 9 – work being done in conjunction greenway project and land purchase is required.
- Cambridge, new footpath Worts Causeway – delays due to Covid pressures.
- Cambridge, West Road traffic calming – delays due to Covid pressures.
- Godmanchester to Hinchingbrooke Park – cycle improvements – delays due to Covid pressures.
- Cambridge, Barton Rd/Grantchester St – crossing improvement – delays due to Covid pressures.
- Cambridge, Storeys Way – Traffic control measures and improve cycle route – work currently being done as part of the Emergency Active Travel fund.

- Girton to Oakington

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
450	194	-256	-50	-206	0	-256

An in-year underspend of -£0.3m is being reported at year-end. Work was delayed and only started in late March. The scheme will be completed in 2021/22.

- Carriageway Maintenance – Safety fencing renewals

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
740	10	-730	-351	-379	0	-730

An in-year underspend of -£0.7m is being reported at year-end. This is an increase of £0.4m on the underspend position previously reported in January, of which £0.379m relates to a change since last month. This is mainly due to the A505 Road Safety audits – the scheme was delayed as responses were required from the Road Safety Audit and the Street Lighting Audit before the project could proceed. Highways will then need to get road space approval from Highways England before the work can commence. This scheme will now take place in 2021/22.

- Carriageway Maintenance –Prep patching for Surface Dressing programme

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
992	915	-77	231	-308	0	-77

An in-year underspend of -£0.1m is being reported at year-end. This is a decrease of -£0.3m from the pressure position previously reported in January, of which -£0.308m relates to a change since last month. Less surface dressing took place in 2020/21 due to Covid restrictions; additional prep patching took place to ensure a full programme is carried out in 2021/22.

- Carriageway & Footway Maintenance schemes under £500k

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,882	3,176	-706	-59	-647	0	-706

An in-year underspend of £0.7m is being reported at year-end. This relates primarily to the following schemes:

- 3 schemes have been rescheduled to be delivered in 2021/22 £288k
  - Unc Huntingdon, Chequers Ct Footway resurfacing
  - Castle Camps
  - St Neots, Cambridge Street
- 2 schemes were delayed as they are awaiting full design and will be delivered in 2021/22, £236k
  - A1123 Haddenham, West End Footway Improvements
  - Unc March, Eastwood Ave Footway repairs
- March, Regent Avenue Footway – a consultation is required so the project will now be delivered in 2021/22 £112k
- There has also been some rephasing in the delivery of Countywide patching which will be delivered in 2021/22

- Bridge Strengthening – Schemes under £400k

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,769	2,642	-127	374	-501	0	-127

An in-year underspend of -£0.1m is being reported at year-end. This is a decrease of £0.5m from the pressure position previously reported in January and relates in full to a change since last month. The change relates primarily to:

- A -£270k in-year underspend on Gravel Head Bridge, Downham Common which has experienced delays due to the presence of water voles impacting the booking of road space.
- An -£80k in-year underspend on the replacement of the parapets on Stokes Bridge at Holme where the work didn't start until February 2021 and is not expected to complete until early 2021/22.
- The remainder relates to a reduction in the expenditure looking at design work for future schemes.

- Traffic Signal Replacement

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,736	1,186	-550	193	-693	0	-550

An in-year underspend of -£0.6m is being reported at year-end. This is due to the road space allocation being affected; work started in January 2021 but will be completed in quarter 1 2021/22.

- £90m Highway maintenance – B1050 Willingham, Shelford Road

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
839	76	-763	-322	-441	-250	-513

An in-year underspend of -£0.8m being reported at year-end. This is an increase of £0.4m on the position previously reported in January and relates in full to a change since last month. The scope of the work was reduced by £250k to compensate for funding required for the B1044 Huntingdon scheme (see below under £90m Highway Maintenance – Other schemes).

- £90m Highway maintenance – B198 Wisbech, Cromwell Road Carriageway

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
550	55	-495	95	-590	0	-550

An in-year underspend of -£0.5m is being reported at year-end. Additional issues arose regarding the drainage element of the scheme, requiring further design work prior to commencing on site. The work has been rescheduled for 2021/22.

- £90m Highway Maintenance – Other schemes

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,062	2,954	-108	410	-518	0	-108

An in-year underspend of -£0.1m is being reported at year-end. This is a decrease of -£0.5m on the pressure position previously reported in January, which relates in full to a change since last month. Underspends on other £90m schemes (e.g. the B1050 Willingham, Shelford Road scheme reported above) were used to fund pressures on these schemes. This includes the B1044 Huntingdon, Stukeley Road, Ermine Street scheme. Funding for other schemes will carry forward to 2021/22.

- Pothole Grant Funding- Additional Surface Treatments 2020/21

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,000	2,679	-321	-2	-319	0	-321

An in-year underspend of -£0.3m is being reported at year-end. Phase 2 of the scheme will be delivered in 2021/22 due to the delay in the availability of the new Eastern Highways Alliance Framework contract; this work will be delivered early 2021/22

- Pothole Grant Funding- Additional DfT Allocation (surface treatments)

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
4,201	2,043	-2,158	-1,822	-336	0	-2,158

An in-year underspend of -£2.2m is being reported at year-end. This is an increase of -£0.3m on the underspend position previously reported in January and relates in full to a change since last month. Three projects will now be delivered in 2021/22 due to the delay in the new Eastern Highways Alliance Framework contract being operational.
The schemes are:
C134 Ely - Branch Bank / Padnal Bank Carriageway overlay £550k.

B1093 Manea Wimblington Road Carriageway reconstruction £640k.
B1093 Manea, Fifty Road – carriageway shaping £390k

- Energy Efficiency Fund

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
422	116	-306	-52	-254	0	-306

An in-year underspend of -£0.3m is being reported at year-end. Funding was allocated to schemes which will now take place in 2021/22.

- Fendon Road Roundabout

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
996	721	-275	-1	-274	-1	-274

An in-year underspend of -£0.3m is being reported at year-end. The project has experienced some significant challenges with underground utility equipment and also been impacted by the Covid-19 pandemic. A specific report detailing how these issues and the budget now required to complete the project was presented to the Highways & Transport Committee on 7th July. On 16th June 2020, Highways & Transport Committee approved the transfer of £304k from Cherry Hinton Road (in South Cambs S106 budget) to Fendon Road roundabout.

- King's Dyke

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
10,400	9,789	-611	-1,038	427	0	-611

An in-year underspend of -£0.6m is being reported at year-end. This is a decrease of £0.4m on the underspend position previously reported last month. More work was able to be carried out in the last months of the financial year than previously anticipated. The construction is due to complete by December 2022.

- Lancaster Way

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,307	1,797	-510	-218	-292	0	-510

An in-year underspend of -£0.5m is being reported at year-end. This is an increase of £0.3m on the underspend position previously reported last month. This scheme is still within the overall agreed budget of £2,589k, however the scheme is now expected to be completed in May 2021.

- A14

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
0	322	322	0	322	0	322

An in-year pressure of £0.3m is being reported at year-end. This is for work relating to the A14 that is fully re-imbursed by Highways England.

- For full and previously reported details, see the P&E Finance Monitoring Report.

13.3.2 People & Communities:

A -£7.1m (-14.1%) in-year underspend is being reported at year-end.

- Basic Need- Primary

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
13,178	12,120	-1,058	-474	-584	232	-1,290

- An in-year underspend of -£1.1m is being reported at year-end across Basic Need-Primary schemes. This is an increase of £0.7m on the underspend position previously reported in January, of which £0.6m relates to a change since last month. This is primarily due to a change in the scheme below, together with other more minor variances below £250k:

  - St Neots, Wintringham Park primary

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
3,900	4,098	198	450	-252	282	-84

There was a year-end pressure of £198k due to additional costs incurred by the contractor due to the Covid-19 pandemic. The 2021-22 Business plan has included additional budget of £282k as a result.

- Basic Need - Early Years

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,297	845	-452	0	-452	-0	-452

An in-year underspend of -£0.5m is being reported at year-end across Basic Need - Early Years Schemes. This is primarily due to changes on the schemes outlined below:

  - LA Early Years Provision

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,000	535	-465	0	-465	0	-465

Rephasing has taken place due to delays in a small number of schemes; these will conclude in 2021-22.

- Condition & Maintenance

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,055	2,917	-2,138	-1,261	-877	-0	-2,138

An in-year underspend of -£2.1m is being reported at year-end across Condition & Maintenance Schemes. This is due to changes on the schemes outlined below:

  - School Condition, Maintenance & Suitability

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
4,905	2,383	-2,522	-1,641	-881	-384	-2,138

A number of schemes expected to be completed this financial year were not completed by the end of the financial year. These are all funded by the school conditions funding which will carry forward into next year, 2021-22.

- Specialist Provision

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
2,951	2,497	-454	-268	-186	-0	-454

An in-year underspend of -£0.5m is being reported at year-end across Specialist Provision Schemes. This is primarily due to changes on the scheme outlined below:

  - Spring Common Special School

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,500	1,205	-295	-200	-95	0	-295

The in-year underspend is due to a delay in the completion of phase 1 works by the contractor, causing rephasing and delay in phase 2 being progressed.

- Cultural & Community Services

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
7,909	3,058	-4,851	-3,580	-1,271	0	-4,851

An in-year underspend of -£4.9m is being reported at year-end across Cultural & Community Services Schemes. This an increase of -£1.3m on the underspend position previously reported last month. This is primarily due to changes on the schemes outlined below:

  - Libraries - Open access & touchdown facilities (hub libraries)

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
567	25	-542	0	-542	0	-542

The project has incurred £542k rephasing. A report was approved by the Communities and Partnerships Committee in October 2020 to expand the pilot with updated financial information. The project has moved forward and is currently in the process of awarding a tender for the full technology needed to facilitate the project. The scheme will progress in 2021-22.

  - Libraries - Open access & touchdown facilities - further 22 Libraries

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
605	0	-605	0	-605	0	-605

This project has been amalgamated with the hub libraries open access & touchdown facilities scheme above and will be progressed in 2021-22.

- Capitalised Interest

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,513	479	-1,034	0	-1,034	-1.034	0

An in-year underspend of -£1.0m is being reported at year-end. This is due to lower capital spend than budgeted and lower interest rates in 2020/21 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 Finance Monitoring Report.

13.3.3 Corporate Services:

A -£3.606m (-22.4%) underspend is being reported at year-end.

- Data Centre Relocation

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,204	2,295	-2,909	-2,440	-469	0	-2,909

An in-year underspend of -£2.9m is being reported at year-end. This is an increase of £0.5m on the underspend position previously reported in August and relates in full to a change since last month. Due to the impact of Covid-19 the requirement for connectivity within the Shire Hall campus has been extended which has also resulted in the final move date for the Data Centre being moved to June 2021. The programme and budget have therefore been re-profiled.

- Investment in Connecting Cambridgeshire

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
8,790	6,125	-2,665	-2,174	-491	0	-2,665

An in-year underspend of -£2.7m is being reported at year-end. This is an increase of £0.5m on the underspend position previously reported in December and relates in full to a change since last month. Due to the nature of the contract with BT, the majority of the costs are being extended with expenditure being incurred into 2021/22. The total scheme budget is currently committed.

- Capitalisation of interest

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
96	433	337	0	337	337	0

An in-year pressure of £0.3m is being reported at year-end. This is primarily due to a scheme being in the Place & Economy directorate at the time the capitalisation budget was calculated. There is a corresponding year-end underspend in the equivalent Place & Economy capitalisation of interest budget.

- For full and previously reported details, see the CS & LGSS Finance Monitoring Report.

13.3.4 Commercial & Investment:

A -£31.392m (-40.8%) underspend is being reported at year-end.

- Housing Schemes

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
42,300	29,798	-12,501	-12,886	385	0	-12,501

An in-year underspend of -£12.5m is being reported at year-end. This is a decrease of £0.4m on the underspend position previously reported in January and relates in full to a change since last month. As a result of positive cashflows into the company, lending to This Land has been lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. This has reduced the borrowing requirement in year by £12.1m and the capital receipts requirement by £0.4m.

- Stanground Closed Landfill Energy Project

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
491	172	-319	-155	-164	0	-319

An in-year underspend of -£0.3m is being reported at year-end. In January 2021 the Stanground Project was placed on hold after securing planning consent. This decision was taken due to a combination of resourcing challenges for the Energy Investment Unit and the Council's Energy Performance Contractor and constraints due to Covid-19. Consequently, commencement of construction is expected to be delayed for a year from June 2021 to June 2022.

- North Angle Solar Farm

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,014	149	-4,865	-4,040	-825	0	-4,865

An in-year underspend of -£4.9m 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 planning timetable for the North Angle project has been revised due to additional planning requirements and the incorporation of some design changes which has resulted in a minor delay to the construction timetable. Pre-mobilisation works, including road reinforcement, were expected to take place during 2020/21 but will now occur in early 2021/22.

- Investment in the CCC asset portfolio

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
4,793	1,145	-3,648	-1,663	-1,985	0	-3,648

An in-year underspend of -£3.6m is being reported at year-end. This is an increase of £2.0m on the underspend position previously reported in November and relates in full to a change since last month. The underspend is due to delays, mainly due to the impact of Covid on planned construction works and preparatory works. The Spokes programme is well underway, and savings have been seen on existing projects. The Hawthorns budget of £771k is no longer required since it was agreed not to enhance this property for use as part of the Spokes programme. This has reduced the borrowing requirement in year by £3.6m and the budget available moved over to 2021-22, however a full update will be submitted to Commercial and Investments Committee in early 2021-22 outlining the savings/budget required for the remainder of the programme.

- Decarbonisation Fund

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
4,500	516	-3,984	-3,317	-667	0	-3,984

An in-year underspend of -£4.0m is being reported at year-end. This is an increase of £0.7m on the underspend position previously reported in January and relates in full to a change since last month. Several major projects have been delayed due to a combination of factors including practical issues onsite due to Covid-19, planning permission and supplier delays also linked to the pandemic. Some projects have also been cancelled due to uncertainty surrounding long term use of the sites. However, 20 projects totalling £4.4m in value are currently in progress and a further £2.4m of schemes are cleared to proceed.

- Shire Hall Relocation

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
14,076	6,950	-7,126	-6,076	-1,050	0	-7,126

An in-year underspend of -£7.1m is being reported at year-end. This is an increase of £1.1m on the underspend position previously reported in November and relates in full to a change since last month. The underspend is mainly due to the initial impact of Covid-19 on planned construction works. The building is now watertight with completion of the roof and glass façade, as well as the internal walls, allowing the first fix of electrical, plumbing, and mechanical installations to get underway. Completion is now expected in late summer-early autumn.

- Capitalisation of interest

Revised Budget for 2020/21 £'000	Actual Spend (Outturn 20-21) £'000	Actual Variance (Outturn 20-21) £'000	Variance Last Month (Feb) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
603	306	-297	0	-297	-297	0

An in-year underspend of -£0.3m is being reported at year-end. This is due to lower capital spend than budgeted and lower interest rates in 2020/21 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 C&I Finance Monitoring Report.

13.4 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:

13.4.1 Place & Economy:

A total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&E Finance Monitoring Report.

13.4.2 People & Communities:

A -£2.4m (-0.4%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&C Finance Monitoring Report.

13.4.3 Corporate Services:

A -£1.363m (-1.8%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the CS & LGSS Finance Monitoring Report.

13.4.4 Commercial & Investment:

An -£11.413m (-2.6%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the C&I Finance Monitoring Report.

13.5 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 Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	17.8	-	5.2	4.6	**27.6**	25.6	-2.0
Basic Need Grant	20.6	-	-	-	**20.6**	0.0	-20.6
Capital Maintenance Grant	3.9	-	-	1.2	**5.1**	2.8	-2.2
Devolved Formula Capital	0.8	1.4	-	-0.0	**2.2**	0.9	-1.3
Specific Grants	9.0	0.1	2.7	5.2	**17.1**	28.5	11.5
S106 Contributions & Community Infrastructure Levy	8.5	2.7	-2.9	7.0	**15.4**	23.2	7.8
Capital Receipts	7.3	11.3	0.0	-5.1	**13.5**	3.4	-10.1
Other Contributions	11.4	0.0	1.7	8.7	**21.8**	15.6	-6.3
Revenue Contributions	-	-	-	-	**-**	1.8	1.8
Prudential Borrowing	97.1	46.0	-59.7	-1.8	**81.7**	52.6	-29.1
TOTAL	**176.4**	**61.6**	**-52.9**	**19.9**	**205.0**	**154.5**	**-50.5**

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.

13.6 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, and Prudential Borrowing)	All	-£3.5 (Grants & Contributions) +£3.5 (Prudential Borrowing)	For accounting reasons, the Council recognises income against the capital programme at the earliest opportunity: Funds received in 2020/21 for the Greater Cambridge Partnership (£17.9m) 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 2021/22. 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. Funds previously received for Basic Need (£20.0m) and from the Combined Authority for the Wisbech Access Strategy (£1.4m) that have already been initially accounted for in place of borrowing are now required to fund expenditure in 2020/21. The Council has therefore accounted for the borrowing to repay these funds in 2020/21. This £21.4m additional borrowing in 2020/21 has then been partially offset by the £17.9m Greater Cambridge Partnership funding accounted for in place of borrowing as described above. This results in a net funding swap for 2020/21 of £3.5m. (This is then offset by the use of £9.6m Section 106 contributions described in the next section below.) This does not affect the actual balances available and all funds are used for the original purpose as intended. Strategy & Resources Committee is asked to approve the accounting of £17,914k Greater Cambridge Partnership funding in place of borrowing, to partially offset the additional borrowing required to repay the use in previous years of £19,963k Basic Need funding and £1,401k Combined Authority funding for the

Funding	Service	Amount (£m)	Reason for Change
			Wisbech Access Strategy, and also approve the resulting increase of £3,450k in the prudential borrowing requirement.
Additional / Reduction in Funding (Section 106 contributions)	All	+£9.6 (S106 contributions) -£9.6 (Prudential Borrowing)	Section 106 contributions applicable to projects which have already completed in prior years (£9.6m) due to a timing issue between expenditure and receipt of funding have been allocated to those projects in 2020/21. This has the effect of reducing prudential borrowing across other projects in 2020/21 (as the completed projects were funded by £9.6m prudential borrowing in prior years). Strategy & Resources Committee is asked to note the use of £9,569k Section 106 contributions for applicable schemes where expenditure was incurred in prior years, and the resulting reduction of £9,569k in the prudential borrowing requirement for 2020/21.

14. Approval of Earmarked Reserves Carry-forwards

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

Fund Description	Transfer to reserves £000s	Notes
Director of Children & Safeguarding	200	Social Work Grant- to provide contingency in the event of increased costs in 2021-22 in Children's Social Care.
Coroners	375	Reserve for high cost inquests due to start 2021/22. A number of complex inquest cases are expected to be investigated in the coming financial year, which will entail higher costs through the need for specialist reports, witnesses or jury inquests. This is a one-off provision funded from a carry forward of underspend in 2021/22 put forward by the Communities directorate.
Service Director - Adults and Safeguarding	2,664	Mitigating risks in adult social care through 2021/22 as the effects of the pandemic on budgets are fully determined. This reserve is funded by a carry forward of underspend from 2020/21. By making provision in this way it is anticipated that some of the permanent budget allocation made in 2021/22 can be released (see next report)
Adults and NHS debt	2,824	Related to payments made by the Clinical Commissioning Group ahead of a settlement of debt expected in 2021/22. The level of debt owed by the CCG is concerning and referred to in section 12 of this report. Negotiations with the NHS to settle the total sum and reduce the potential for reoccurrence in future are progressing, but in the meantime the NHS have paid an advanced sum to offset part of the debt. The Council is holding this amount in reserve, rather than applying this to the debt position until there is a wider settlement.
Cambridgeshire Skills	670	Consolidation of previous brought forward balances of external income, 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 in 2021-22.
Shire Hall Relocation	590	Shire Hall Relocation – to mitigate against one-off revenue costs in Cambs 2020- further detail can be found in Appendix 3, section 2.4.3 of the May Integrated Finance Monitoring Report.
Total	**7,323**	

Strategy & Resources Committee is asked to approve the transfers to earmarked reserves listed above, totalling £7,323k.

15. External and Contextual Issues

15.1 The financial challenges facing the Council have increased during 2020/21 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 include the following, totalling £63.6m:

Grant	Awarding Body	Amount, £000
Covid-19 Support Grant	Ministry of Housing, Communities & Local Government (MHCLG)	20,282[1]
Contain Outbreak Management Fund	DHSC	15,311
Infection Control Grant	Department of Health and Social Care (DHSC)	11,577
Lost Sales, Fees & Charges Compensation	MHCLG	6,469
Test and Trace Support Grant	DHSC	2,493
Covid - rapid testing fund	DHSC	1,514
Covid Catch up premium	Department for Education (DFE)	1,416
Covid Winter Grant Scheme	Department for Work and Pensions (DWP)	1,286
Covid - workforce capacity grant	DHSC	1,162
Funding for support to Clinically Extremely Vulnerable (CEV) individuals	DWP	889
Lateral Flow Testing Grant	DHSC	656
COVID-19 Emergency Assistance Grant for Food and Essential Supplies	Department for Environment, Food & Rural Affairs (DEFRA)	541

1 In addition to the £14.612m received in 2019-20.

15.2 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, lead to a savings requirement of £66m from 2020/21 to 2024/25.

15.3 While numbers of Children in Care are continuing to decline, albeit more slowly, there has been a small increase in the number of young people in care with extremely complex needs. There is a shortage of placements for this group of young people, and placement costs have been increasing from an already very high unit cost. The Covid-19 pandemic has also affected the full implementation of Family Safeguarding, with a small number of adult practitioner posts remaining vacant. Family Safeguarding is associated with lower numbers of children in the care system; the full benefit of the model requires all posts to be recruited, and it is therefore possible that overall numbers in care may reduce more slowly than anticipated over coming months.

15.4 Similarly to councils nationally, cost pressures have been faced by Adult Services in Cambridgeshire for a number of years, in particular the rising cost of care homes and home care provision due in part to the requirement to ensure compliance with the national living wage, as well as the increasing complexity of needs of people in receipt of care. Adult services generally benchmark as low cost and good outcomes. Despite this, for 2020/21, Adults Services had a balanced starting budget with no un-mitigated pressures carried-forward from the previous year. Revised arrangements during the first months of the pandemic for funding discharge from hospital initially led to a significant drop in weekly expenditure on Adult Social Care. This re-bounded somewhat later in the year although the longer-term impacts on demand in Adults Services and the care market are yet to be fully realised. As restrictions on daily activity persisted during the fourth quarter of the year, the anticipated increase in demand for long term Adult Social Care funded by the Council was not apparent by year end. We do expect significant increase in future, exceeding our pre-pandemic estimate.

15.5 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 3.3.2. Although that deficit is ring-fenced (at least for until 2023) the increase this year is particularly concerning given it now exceeds the balances held elsewhere within dedicated schools grant by individual schools (see section 7) and the limited measures the Council can take to control expenditure in this area. Work continues to mitigate and understand these risks. A small number of authorities have now received a "safety valve" package of additional funding from Department for Education alongside agreeing to mitigating actions locally. CCC is keen to explore this and is in touch with DfE about the local deficit.

15.6 Despite the scale of the challenge the Council has faced this year, the 2020-21 year-end outturn position was a £6.3m underspend. This means that the Council's non-earmarked reserves were topped up by £6.3m, 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.

15.7 The financial outlook for 2021/22 remains extremely constrained. The Coronavirus pandemic has transformed the environment in which local authorities operate with wide ranging repercussions for service provision and the financial resources required to deliver services. The longer-term impacts of COVID are expected to extend considerably into the Medium Term Financial Strategy period. Some of the specific challenges that the Council expects to face over the next five years are:

- Potential for growing regional and more local inequalities as a result of the economic fallout from the pandemic
- Significant losses of fees and charges and precept income are anticipated due to supressed demand for some services and increases in Council Tax Support
- A number of new responsibilities for local authorities with significant resource implications, such as the provision of personal protective equipment, support to track and trace and outbreak management as well as infection control measures. As yet the extent of Government support for local authorities in funding these new burdens on an ongoing basis remains unclear.
- 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

15.8 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 to the international uncertainty, there are a number of Central Government consultations currently underway (or 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 green paper on the longer term funding of Adult Social Care. Local Authorities had expected these funding reforms to take effect from 2021-22 however Government has confirmed that these will now be deferred until 2022-23 at the earliest.

15.9 The Council expects to see an overall increase in funding (excluding schools grants) of 7.2% to 2025/26, 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 additional budget pressures of 19.9% of gross budget over the same period, resulting in a savings requirement of £81m over the next five years. In May 2021, a new joint administration took control of the Council and committed to a thoroughgoing financial review alongside its new policy priorities.

15.10 Looking ahead the Council faces a larger savings requirement for upcoming years than it has had to deal with for sometime. Although there is some additional short term flexibility resulting from the underspend in 2020-21 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 and pending the review and reset that the joint administration will herald.

16. Alignment with corporate priorities

16.1 Communities at the heart of everything we do

There are no significant implications for this priority.

16.2 A good quality of life for everyone

There are no significant implications for this priority.

16.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

16.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

16.5 Protecting and caring for those who need us

There are no significant implications for this priority.

17. Significant Implications

17.1 Resource Implications

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

17.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

17.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

17.4 Equality and Diversity Implications

There are no significant implications within this category.

17.5 Engagement and Consultation Implications

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

17.6 Localism and Local Member Involvement

There are no significant implications within this category.

17.7 Public Health Implications

There are no significant implications within this category.

17.8 Environment and Climate Change Implications on Priority Areas

17.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Neutral

Explanation: There are no significant implications within this category

17.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Neutral

Explanation: There are no significant implications within this category

17.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

17.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

17.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

17.8.7 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 LGSS 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

18. Source documents

18.1 Source documents

P&E Finance Monitoring Report (Outturn 2020-21)
P&C Finance Monitoring Report (Outturn 2020-21)
PH Finance Monitoring Report (Outturn 2020-21)
CS and LGSS Cambridge Office Finance Monitoring Report (Outturn 2020-21)
C&I Finance Monitoring Report (Outturn 2020-21)
Capital Monitoring Report (Outturn 2020-21)
Report on Debt Outstanding (March 2021)
CCC Prompt Payment Report (March 2021)

18.2 Location

1st Floor,
Octagon**,**
Shire Hall,
Cambridge

Appendix 1 – transfers between Services throughout the year

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

Budgets and Movements	**P&C £’000**	**Public Health £’000**	**P&E £’000**	**CS Financing £’000**	**Corporate Services £’000**	**C&I £’000**	**LGSS Op £’000**	**Financing Items £’000**
Opening Cash Limits as per Business Plan	275,096	0	56,470	29,570	29,441	-9,277	6,286	16,844
Greater Cambridge Partnership budgets not reported in CCC budget					-649			
Cambridgeshire Music and Outdoor Education - moving from C&I to P&C	-72					72		
Integrated Finance- moving from LGSS to Corporate Services					6		-6	
Transfer re Social Work recruitment	31				-31			
Transfer for temporary relocation of Babbage House staff					-15	15		
Transfer from Democratic Services to School Organisation and Planning Service	29				-29			
Transfer from Fostering to Communications	-34				34			
Transfer of IT trainer budgets from LGSS to Corporate Services IT & Digital Service					262		-262	
Transfer of IT CCC SLA, Customer Services, Desktop and laptop charges to LGSS to replace annual recharging	-20				-655		675	
Transfer of Ely Archives property costs from P&C to County Offices	-78					78		
County Offices and Early Help District Delivery Service adjustments	-5					5		
Transfer of Recruitment team from P&C to Corporately Managed	-212				212			
Transfer budget for additional Information Management storage					20	-20		
Transfer IT networks budget from IT Managed to IT Operations					-202		202	
Transfer Children's Centres CPSN and VOIP budgets	-9				9			
Transfer Desktop and Application support budgets to IT Operations					-175		175	
Centralisation of postage budgets	-93		-40		133	0		
Transfer of P&E Management restructure savings from PCC Shared Service			-22		22			
Transfer Non-Exec Director fees budget to C&I					35	-35		
Budget for New Homes Bonus contribution no longer required for Greater Cambridge Partnership					376			
Repatriation of Procurement from LGSS to Corporate Services					373		-373	
Repatriation of Finance Operations from LGSS to Corporate Services					45		-45	
Repatriation of Human Resources from LGSS to Corporate Services					1,340		-1,340	

Repatriation of Health, Safety & Wellbeing from LGSS to Corporate Services					182		-182	
Repatriation of Learning & Development from LGSS to Corporate Services					1,586		-1,586	
Repatriation of Finance Assessments from LGSS to P&C	569						-569	
Repatriation of IT & Digital Services from LGSS to Corporate Services					340		-340	
Repatriation of IT Managed from LGSS to Corporate Services					2,807		-2,807	
Budget allocation to cover extra 0.75% LGE pay increase	389	0	35		-440	4	12	
Allocation of Dec-Mar Lead Authority Service budgets for 20-21					172		-172	
Repatriation adjustments					-53		53	
Repatriation of Social Care Finance Operations from LGSS to Corporate Services					732		-732	
LGSS Transition project adjustments - Professional Finance					-531		531	
LGSS Transition project adjustments - Shared Services					-569		569	
Energy Efficiency Fund savings achieved by Cambridge Central Library			16			-16		
Transfer Insurance budgets in line with annual Insurance Fund processes	533		1,608		-2,203	62		
Current budget	**276,125**	**0**	**58,067**	**29,570**	**32,576**	**-9,112**	**88**	**16,844**
Rounding	0	0	0	0	0	0	1	0

Appendix 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2020 £000s	Movements in 2020-21 £000s	Balance at 31 March 2021 £000s	Notes
- County Fund Balance	17,658	8,436	26,094	
1 P&C	0	0	0	
2 P&E	0	0	0	
3 CS (LGSS Cambridge & Shared Services)	825	100	925	
General Reserves subtotal	18,483	8,536	27,019	
4 Insurance	4,165	665	4,830	
Specific Earmarked Reserves subtotal	4,165	665	4,830	
5 P&C	0	0	0	
6 P&E	0	0	0	
7 CS	3	-3	0	
8 C&I	0	0	0	
Equipment Earmarked Reserves subtotal	3	-3	0	
9 P&C	1,097	7,443	8,540	
10 PH	2,728	1,759	4,487	
11 P&E	4,669	515	5,184	
12 Corporate Services	5,423	-2,725	2,698	
13 C&I	709	464	1,173	
14 Transformation Fund	24,593	6,060	30,653	Savings realised through change in MRP policy.
15 Innovate & Cultivate Fund	972	-285	687	
16 Corporate- COVID	14,612	12,375	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
17 Specific Risks Reserve		2,140	2,140	Composite contingencies (row 21) divided between specific reserves
18 This Land Credit Loss & Equity Offset		5,850	5,850	
19 Revaluation & Repair (Commercial Property)		2,940	2,940	Composite contingencies (row 21) divided between specific reserves
20 Collection Fund Volatility & Appeals Account		3,690	3,690	
21 Composite contingencies	14,620	-14,620	0	Division to individual reserves set out above
22 Grant carry forwards	3,632	16,700	20,332	Carry forward of unspent grant to spend in accordance with purposes for which the grant was given. £14.6m relates to specific Covid related grants.
Other Earmarked Funds subtotal	73,055	42,306	115,361	
SUBTOTAL	**95,706**	**51,504**	**147,210**	
23 P&C	2,518	1,074	3,592	
24 P&E	5,024	2,291	7,315	
25 C&I	11,632	-771	10,861	
26 Corporate	60,761	-10,945	49,816	Section 106 and Community Infrastructure Levy balances.
Capital Reserves subtotal	79,935	-8,351	71,584	
GRAND TOTAL	**175,641**	**43,154**	**218,795**	

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 £000s	Movements in 2020-21 £000s	Balance at 31 March 2021 £000s	Notes
1 P&E	0	0	0	
2 P&C	224	1,731	1,955	
3 Corporate Services	2,093	0	2,093	
4 C&I	0	0	0	
Short Term Provisions subtotal	2,317	1,731	4,048	
5 Corporate Services	3,613	0	3,613	
Long Term Provisions subtotal	3,613	0	3,613	
GRAND TOTAL	**5,930**	**1,731**	**7,661**	

Appendix 3 – Recommendations from February 2021 report

The February Integrated Finance Monitoring Report included one recommendation to General Purposes Committee (GPC) that has not yet received approval, as the last Integrated Finance Monitoring Report to be presented at a meeting of GPC was the January report, on 23rd March 2021.

Strategy & Resources is asked to approve the recommendation from the February report.

February 2021 Integrated Finance Monitoring Report

One recommendation concerning capital funding changes, found in section 5.6:

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

Funding	Service	Amount (£m)	Reason for Change
Additional/ Reduction in Funding (Specific Grants)	P&E	+£1.0	A second tranche of Emergency Active Travel Funding has been awarded to CCC by the Department for Transport (DfT). The Government recently announced the Tranche 2 allocation of Emergency Active Travel Funding for Cambridgeshire and Peterborough. The Council is currently working with the Combined Authority to shape how this is allocated and spent and this will take account of the Government's guidance on the process to follow. We have now been notified the details of the funding split; the capital amount is £1,006k. This funding will be used this year and next financial year. Strategy & Resources Committee is asked to note the additional funding for the Emergency Active Travel scheme as above.

Appendix 4 – Savings Tracker 2020-21 Year-end

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
Blue	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.	1,536	1,520	0	0	-5,681	-62	-63	-62	-63	-250	-4,558	-138	-77	-33	-216	-464	**-214**	No	**-85.60**	↑	Four high value out of area continuing healthcare cases were concluded in Q4.
Red	A/R.6.176	Adults Positive Challenge Programme	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.	2,000	2,213	0	0	-3,800	-950	-950	-950	-950	-3,800	-3,102	-230	-47	-70	-48	-415	**3,385**	No	**89.08**	↔	Delivery of the APC demand management saving has been heavily impacted by Covid. The focus on hospital discharges and emergency work has resulted in saving delivery within assistive technology and reablement (two key areas) to be significantly below the pre-Covid profile. Work has been undertaken to evaluate what savings can still be delivered next year, and a portion has been removed in business planning. A key focus for delivering the remaining saving will be in reablement, as well as a cross-cutting workstream to ensure changing the conversation principles are being used in all parts of the service.
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.	0	0	0	0	0	-120	0	-12	-12	-144	0	-120	0	-12	-12	-144	**0**	Yes	**0.00**	↔	Complete
Black	A/R.6.181	Review of commissioned domiciliary care	A review will be undertaken to ensure that the hours of domiciliary care we provide are required to meet people's needs, particularly ensuring that care is tailored to individuals' lifestyles. This should allow fewer hours to be commissioned, for example, where there are care calls that are not needed, and release some capacity to use elsewhere. This is associated with a transformation fund investment, providing capacity to undertake this work.	0	0	0	0	0	-75	-75	-75	-75	-300	0	0	0	0	0	0	**300**	No	**100.00**	↔	Impaired due to Covid-19.
Green	A/R.6.182	Improved Better Care Fund	A review has been conducted of expenditure funded by ringfenced social care grants, particularly the IBCF. A number of areas of spend (those not achieving sufficient outcomes) are proposed to be discontinued, with funding redirected to meet demand pressures.	0	0	0	0	0	-170	0	0	0	-170	0	-170	0	0	0	-170	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.201	Cambridgeshire Skills	'Cambridgeshire Learning & Skills' is being transformed into 'Cambridgeshire Skills' a new stand-alone, self-financing service which aims to deliver more substantial, direct delivery of adult learning and skills, particularly targeted at those furthest away from learning and work to support their social and economic wellbeing.	0	0	0	0	0	-180	0	0	0	-180	0	-180	0	0	0	-180	**0**	Yes	**0.00**	↔	Saving complete
Green	A/R.6.202	Youth Justice / Youth Support	A reduction in staff capacity (£15k) and grants to external organisations (£15k) across the Youth Offending and Youth Support Services.	0	0	0	0	0	-30	0	0	0	-30	0	-30	0	0	0	-30	**0**	Yes	**0.00**	↔	Saving complete
Green	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 2020/21.	2,271	1,367	0	0	-1,311	-783	-784	-783	-784	-3,134	-1,311	-783	-784	-783	-784	-3,134	**0**	No	**0.00**	↔	Complete
Green	A/R.6.257	Early Help offer within Children's services	This saving will be achieved by ensuring that early help services are targeted in as effective and efficient a way possible.	0	0	0	0	0	-187	-188	-187	-188	-750	0	-187	-188	-187	-188	-750	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.266	Children in Care Stretch Target - Demand Management	Please see A/R.6.255 above.	2,271	1,367	0	0	0	-375	-375	-375	-375	-1,500	0	-375	-375	-375	-166	-1,291	**209**	No	**13.93**	↔	Final CiC Placements overspend of £857k, offset by £648k underspend in-house. Increased pressures in the final quarter of the year.
Green	A/R.6.267	Children's Disability 0-25 Service	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.	0	0	0	0	0	-12	-13	-12	-13	-50	0	-12	-13	-12	-13	-50	**0**	Yes	**0.00**	↔	Complete
Green	A/R.6.268	Utilisation of Education Grants	Contribution from the LAC Pupil Premium Grant to fund work with children in care	0	0	0	0	0	-12	-13	-12	-13	-50	0	-12	-13	-12	-13	-50	**0**	Yes	**0.00**	↔	Saving complete
Green	A/R.6.269	Review of Education support functions	Review of Education support functions including business support.	0	0	0	0	0	-43	-43	-43	-42	-171	0	-43	-43	-43	-42	-171	**0**	Yes	**0.00**	↔	Saving complete
Black	A/R.6.270	Home to School Transport	Review of Home to School Transport processes and provision to include procurement, shared services, demand management and supporting independence	0	0	129	0	0	0	-200	-200	-200	-600	0	0	0	0	0	0	**600**	No	**100.00**	↓	Savings were due to be achieved through a number of workstreams including route reviews and independent travel training. Travel training requires pupils to be in school and to be trained on public buses which has not been possible for the majority of the year. A decision was also taken to delay tender rounds recognising the pressure on the transport sector, reducing available savings from route reviews.
Green	A/R.7.102	Registration Service - Certificate Income	An increase in statutory charges for certificates has resulted in an increase in income collected by the Registration Service.	0	0	0	0	0	-35	-35	-35	-35	-140	0	-35	-35	-35	-35	-140	**0**	Yes	**0.00**	↔	Saving complete
Amber	A/R.7.105	Income from utilisation of vacant block care	We currently have some vacancies in block purchased provision in care homes. Income can be generated to offset	0	0	0	0	0	-37	-38	-37	-38	-150	0	0	0	0	-12	-12	**138**	No	**92.00**	↓	This saving has been impaired by the change in the care home market as a result of covid 19. There are now more vacancies in care

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
		provision by self-funders	the vacancy cost by allowing people who pay for their own care to use these beds																					home beds across the market than previously. This reduces the liklehood of being able to sell our vacant block beds to people who pay for their own care as there is more choice across the market and it is anticipated only minimal savings will be delivered this year.
Red	A/R.7.106	Client Contributions Policy Change	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.	0	0	153	0	0	-350	-350	-350	-350	-1,400	0	0	0	-183	-25	-208	**1,192**	No	**85.14**	↑	Delivery of the saving in-year is expected to be significantly impaired. The impact of the pandemic in conjunction with resourcing issues has impacted on timescales for commencing the programme of reassessments following amendment of the contributions policy.
Green	B/R.6.102	Waste	Reduction in the amount of Waste being landfilled.	0	0	0	0	0	-100	-100	-100	-100	-400	0	-100	-100	-100	-100	-400	**0**	No	**0.00**	↔	
Green	B/R.6.204	Road Safety	H&CI committee members approved the implementation of a new transformative model for delivering all elements of road safety (education, engineering, school crossing patrols, safety cameras, audits etc). The approach is an integrated model with Peterborough, built around core and commercial activities. The £50k will be achieved through more efficient working practices (moving resource online and co-location)	0	0	0	0	0	-12	-13	-12	-13	-50	0	-12	-13	-12	-13	-50	**0**	No	**0.00**	↔	
Green	B/R.6.214	Street Lighting - contract synergies	Every year the budget is changed to reflect the level of synergy savings which will be achieved from the joint contract. This will not lead to any reduction in street lighting provision.	800	228	0	0	-216	5	5	5	6	21	-216	5	5	5	6	21	**0**	No	**0.00**	↔	
Black	B/R.7.119	Income from Bus Lane Enforcement	Utilising additional bus lane enforcement income to fund highways and transport works, as allowed by current legislation.	0	0	0	0	0	-162	-163	-162	-163	-650	0	0	0	0	0	0	**650**	No	**100.00**	↔	Due to COVID, existing income target not being met.
Black	B/R.7.120	Deployment of current surpluses in civil parking enforcement to transport activities	Deploymentof current surpluses in civil parking enforcement to transport activities, including a contribution to Park & Ride, as allowed by current legislation.	0	0	0	0	0	-85	-85	-85	-85	-340	0	0	0	0	0	0	**340**	No	**100.00**	↔	Due to COVID, existing income target not being met.
Black	C/R.6.103	External Auditor fee	Saving to be achieved from reduction in expenditure on External Audit, as per fees set by Public Sector Audit Appointments	0	0	0	0	0	-3	-4	-4	-4	-15	0	0	0	0	0	0	**15**	No	**100.00**	↔	No further reduction this year, after a number of years of falling external audit prices for local government, the Redmond Review and auditor action is likely to lead to increases.
Green	C/R.6.106	Reduction in costs on Redundancy, Pensions & Injury budget	Reduction in costs on Redundancy, Pensions & Injury budget, held within Corporate Services.	0	0	0	0	-30	0	0	0	-10	-10	-20	0	0	0	-10	-10	**0**	Yes	**0.00**	↔	
Green	C/R.6.108	Democratic Services	Savings from efficiencies in the Democratic Services team and additional income from public sector partners.	0	0	0	0	0	0	0	0	-30	-30	0	-30	0	0	0	-30	**0**	Yes	**0.00**	↔	Long term increase in income
Green	C/R.7.102	Business rates income from Alconbury Enterprise Zone	Cambridgeshire County Council's shared of retained business rates income from the Alconbury Weald Enterprise Zone.	0	0	0	0	0	-22	-23	-22	-23	-90	0	-22	-23	-22	-23	-90	**0**	No	**0.00**	↔	Rates paid over 10 months of the year
Green	E/R.6.033	Drug & Alcohol service - funding reduction built in to 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.	0	0	0	0	-162	-32	-32	-32	-31	-127	-162	-32	-32	-32	-31	-127	**0**	No	**0.00**	↔	On track
Green	E/R.6.034	Recommissioning of the Integrated Contraception and Sexual Health (iCASH) Service contract	This saving has been deferred from 2019/20 into 2020/21 and refers to the recommissioning of integrated sexual and reproductive health services described under saving E/R.6.042	0	0	0	0	0	-4	-4	-4	-3	-15	0	-4	-4	-4	-3	-15	**0**	No	**0.00**	↔	On track
Green	E/R.6.042	Joint re-procurement of Sexual Health Services	The re-commissioning of Integrated Sexual and Reproductive Health Services (SRH) for one service across Cambridgeshire and Peterborough. Peterborough City Council will delegate authority to Cambridgeshire County Council to commission, contract and performance manage the successful bidder on its behalf. Service efficiencies and transformational changes will secure the planned savings.	0	0	0	0	0	-12	-12	-12	-14	-50	0	-12	-12	-12	-14	-50	**0**	No	**0.00**	↔	On track
Amber	E/R.6.043	Joint re-procurement of Integrated Lifestyle Services	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.	0	0	0	0	0	-12	-12	-12	-14	-50	0	0	-7	-12	-14	-33	**17**	No	**34.00**	↓	Delivery of this saving has been delayed due to Covid-19
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.	369	239	0	0	0	-99	-99	-99	-100	-397	0	0	0	-397	0	-397	**0**	Yes	**0.00**	↔	Babbage House is now closed.
Green	F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal B/C.5.029	0	0	0	0	-58	0	0	0	-8	-8	-58	0	0	0	-8	-8	**0**	No	**0.00**	↔	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs.
Green	F/R.7.105	Renewable Energy Soham - Income Generation	Income generation resulting from capital investment in solar farm at Soham. Links to capital proposal C/C.2.102 in BP 2016-17.	0	0	0	0	-282	-4	-5	-4	-5	-18	-282	-18	0	0	0	-18	**0**	Yes	**0.00**	↔	Increased income received
Black	F/R.7.106	Utilisation/commercialisation of physical assets	One Public Estate	0	0	0	0	-21	-9	-9	-9	-9	-36	21	0	0	0	0	0	**36**	No	**100.00**	↔	Income from parking – not met in 2020/21
Black	F/R.7.110	Return on Commercial Property Investments	The Council is developing a portfolio of commercial property investments. This is the rental income generated from the leases of these properties.	1,000	145	257	0	-4,700	-26	-26	-26	-27	-105	-2,600	0	0	0	0	0	**105**	No	**100.00**	↔	This was an extension of the current target, which has not been met due to delayed investment.
Green	F/R.7.113	Invest to Save Housing Schemes - Income Generation	The Council is a major landowner in Cambridgeshire and this provides an asset capable of generating both revenue and capital returns. This will require CCC to move from being a seller of sites to being a developer of sites, through a Housing Company. In the future, CCC will operate to make best use of sites with development potential in a co-ordinated and	0	0	0	0	-8,406	0	0	0	54	54	-3,575	0	0	0	54	54	**0**	Yes	**0.00**	↔	Net reduction in income from loans from This Land expected in 20/21

RAG	Reference	Title	Description	Budgeted Investment - Prior Years £000	Actual Investment - Prior Years £000	Budgeted Investment - 20-21 £000	Actual Investment - 20-21 £000	Original Saving - Prior Years	Original Phasing - Q1	Original Phasing - Q2	Original Phasing - Q3	Original Phasing - Q4	Original Saving 20-21	Savings Achieved - Prior Years	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 20-21	Variance from Plan £000	Saving complete ?	% Variance	Direction of travel	Forecast Commentary
			planned manner to develop them for a range of development options, generating capital receipts to support site development and significant revenue and capital income to support services and communities.																					
Green	F/R.7.127	County Farms - Commercial uses	Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.	0	0	0	0	0	-18	-19	-19	-19	-75	0	-38	0	-37	0	-75	**0**	Yes	**0.00**	↔	Rental income increased, but not due to commercial investment
Green	F/R.7.129	Pooled Property Fund Investment (CCLA)	In accordance with the Council's treasury management strategy, the Commercial & Investment Committee has supported a pooled property fund investment. The Local Authorities' Pooled Property Fund, managed by CCLA, has over £1.1bn invested spread across property classes throughout the UK. The Council has funds available to invest with a long-term horizon and the expected net returns are shown on this line.	0	0	0	0	0	-105	-105	-105	-105	-420	0	-95	-80	-80	-124	-379	**41**	Yes	**9.76**	↑	The return from the CCLA fund improved later in the year, after initially granting rental breaks
Black	F/R.7.130	Increase in ESPO dividend	Increase in ESPO dividend						0	0	0	-250	-250		0	0	0	-250	0	**250**	No	**100.00**	↓	ESPO dividend saving is expected to be achieved; however, it was not declared in time..
Green	G/R.6.004	Capitalisation of interest on borrowing	Through a change in the Council's accounting policy in 2017-18, the cost of borrowing within all schemes will be capitalised. This will help to better reflect the cost of assets when they actually become operational.					-308	0	0	0	-49	-49	-319	0	0	0	-49	-49	**0**	Yes	**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

Integrated Finance Monitoring Report for the period ending 31 May 2021

To:	Strategy & Resources Committee
Meeting Date:	6 July 2021
From:	Chief Finance Officer
Electoral division(s):	All
Key decision:	Yes
Forward Plan ref:	2021/021
Outcome:	The Committee will receive financial and related information and assess progress in delivering the business plan. The Committee will consider variations & budget amendment requests, promoting stewardship of public funds and deciding allocation of resources.
Recommendation:	Strategy & Resources Committee (S&R) is recommended to:

a) Approve allocating £25k in order that all directly employed staff are paid at least the living wage throughout 2021-22 and to commence work to explore achieving the Real Living Wage Foundation accreditation, with the full implications to be considered by this Committee in collaboration with Staffing & Appeals Committee, as set out in section 2.3.4;

b) Approve allocating up to £537k, from the Transformation Fund reserve, to People & Communities (Education) in order to provide children eligible for free school meals with that provision in Summer 2021, as set out in section 2.3.5;

c) Approve the net the budget revision and redistribution set out in the table at 2.3.6: deducting £2.7m budget for items that are not currently required and investing £956k for additional pressures;

d) Approve the carry forward of £33.8m capital funding from 2020/21 to 2021/22 and beyond as set out in section 5.6;

e) Approve the -£25.4m revised phasing of funding in relation to schemes as set out in section 5.6;

f) Note the changes in capital grants of £2.8m, and the associated reduction of £3.6m in the prudential borrowing requirement as set out in section 5.6;

g) Approve £869k virement between property budgets, as set out in section 5.6;

h) Note the changes in other contributions and Section 106 funding of £6.8m as set out in section 5.6 and

i) Note the £0.3m reduction in capital receipts funding in 2021/22 as set out in section 5.6.

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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 forecast outturn		Capital programme forecast outturn
+£0.3m (+0.1%) forecast year end variance, however there continues to be uncertainty about the pandemic impact in the coming months Green		A balanced budget forecast year end variance Green

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	-	May-21	Trend since May 21
Nursing	-	492	-
Residential	-	864	-
Community	-	1,932	-

Adults aged 18+ receiving long term services	-	May-21	Trend since May 21
Nursing	-	69	-
Residential	-	358	-
Community	-	2,868	-

Children open to social care	May-21	Apr-21	Trend since Apr 21
Children in Care	664	660	Stayed the same
Child Protection	445	443	Stayed the same

Further details can be found in the quarterly service committee performance reports.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£0.3m. The forecast pressures are largely within People & Communities (P&C) (+£0.3m) and Corporate Services (CS) (+£1.2m). These are offset by forecast underspends in Funding Items (-£1.1m) and Place & Economy (P&E) (-£0.2m). 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 5 for details

2.3 Joint Administration

2.3.1 The new administration has initiated a review of Council finances. This includes commissioning an LGA Peer Challenge including a dedicated finance module to provide external insight. This will feed into the revision of the medium term financial strategy to be considered by this Committee in Autumn 2021 alongside the resourcing and implementation of policy initiatives in the agreement through the first joint administration budget to be proposed to Full Council in 2022.

2.3.2 The joint administration comes to power at a time of

- Significant budget change and uncertainty as a result of the pandemic
- National funding uncertainty due to the existing one-year settlement and a piecemeal approach to funding of additional activity through a large number of non-recurrent grants
- A recurrent funding gap next year of more than £22m, with significant gaps thereafter
- Some short term flexibility through higher levels of reserve/grant carryforward due to some increases in demand not yet materialising

2.3.3. Although the joint administration will adopt a comprehensive approach to setting its first full budget, it is also recognised that additional investment in Cambridgeshire could make a more immediate impact in the following areas set out under paragraphs 2.3.4 and 2.3.5:

2.3.4 The real living wage is currently £9.50 per hour. At the time of writing local government scale points 1 and 2 are below this level. There is currently a national pay award pending, however the Joint Administration have indicated they wish to mitigate any uncertainty or delay connected to this for directly/centrally employed staff by allocating funds of £25k in order to bring these staff up to at least the living wage throughout 2021-22.

The Joint Administration Agreement also commits the Council to working towards achieving Real Living Wage accreditation. This will be a longer process with wider implications that will be subject to consideration by both this Committee, in terms of allocating resources, and the Staffing and Appeals Committee with respect to workforce policy. Alongside the additional funding, the Committee is therefore invited to adopt the commitment to that further exploration of the accreditation.

Strategy & Resources Committee is asked to approve allocating £25k in order that all centrally employed staff are paid at least the living wage throughout 2021-22 and to commence work to explore achieving the Real Living Wage Foundation accreditation, with the full implications to be considered by this Committee in collaboration with Staffing & Appeals Committee;

2.3.5 At its meeting on 29 June 2021, the Children's & Young People's Committee will consider a proposal to support vulnerable families during the Summer 2021 school break – this includes continuing the voucher approach to free school meals which has operated in recent school holidays.

That report to the CYP Committee (available here) sets out the nationally available funding which has supported vulnerable families since last winter during previous phases of the pandemic. In the medium term, the joint administration is committed to implementing an anti-poverty strategy that will consider how those families entitled to free school meals, and other vulnerable groups, can access food and other basic essentials, debt management support and employment and training opportunities. In the short term however, there is an important opportunity to respond to need this Summer during the current phase of the pandemic. The report to the CYP Committee sets out that in the short term continuation of a voucher based approach is the available option and gives further details of the procurement approach and logistics for implementing this with local schools.

At the time of writing, the Secretary of State has just announced that additional funds will be allocated to this priority for the period up to 30 September. The CYP Committee will consider an addendum to take account of that announcement, and subject to that Committee's recommendation, S&R Committee is requested to utilising up to £537k of local resources to supplement the national funding for this priority.

Strategy & Resources Committee is asked to approve re-allocating up to £537k from the Transformation Fund reserve to People & Communities (Education) in order to provide children eligible for free school meals with that provision in Summer 2021.

2.3.6 In recent years a budgeting review has been undertaken in the early part of the Summer to check for significant opening budget variances as a result of developments since the budget was set. This reflects a dynamic approach to budgeting that acknowledges the complexity and uncertainty in making forward looking financial estimates. It supports an agile allocation of resources responding to the latest circumstances whilst ensuring budget manager accountability. Initial budget review has identified a number of budget areas where circumstances have changed since the budget was set. The proposals in this section are distinguished from the other exceptions in this report due to their *permanent* nature. There are favourable changes resulting from contingencies which have not been realised (court judgment and economic indicator led policy, as well as how risk is addressed in the Adults (demand-led) budgets). These amount to £2.7m.

At the same time, permanent budget increases are proposed in three areas: Coroners, Collective Investment Funds and the TotalMobile system. There is a pressure in the Coroners budget due to the increasing complexity of cases referred to the Coroner in the jurisdiction, leading to longer investigation and inquest durations. Complexity relates to the number of specialist hospitals, mental health facilities and prisons in the locality (for instance five inquests have been opened in the past 12months relating to deaths in prisons). As well as complexity, the number of cases requiring action by Her Majesty's Coroner is 25% greater than 10 years ago. The Council has already taken steps to mitigate the service pressures in this area in a sustainable and cost effective way (such as the appointment of Area Coroners), a previous budget increase was also agreed through business planning however the joint management team has now supported a detailed case that leads to this further allocation request.

The Collective Investment Fund budget has a pressure of £670k due to an overall reduction in the anticipated value of the returns from 5.7% to 2.9% reflecting the environmental, social and governance factors used in selecting an appropriate investment fund for multi-class credit. The actual income yield generated by that fund in the last 10 months has been lower than expected (yield is <1%) and although there is some prospect this will improve over time, this budget adjustment also allows for a similar emphasis on ESG throughout the wider treasury portfolio. Finally, an additional £46k is required for additional hosting mobilisation/carelinks support costs in the TotalMobile system as part of enabling delivery of the Adults Positive Challenge Programme.

In total, re-allocating the available amounts towards the new pressures means that these can be funded alongside redirecting a further £1.695m in future. Should the committee approve this request, the re-allocation will proceed as set out in the table below with the balance of £1.695m held centrally in reserve during 2021-22 and reflected into business planning for future years. This will initially reduce the ongoing budget gap, pending anticipated further pressures, and is set against the non-recurrent funding used at budget setting.

A table of the proposed budget adjustments is shown below (permanent):

Budget Adjustment	**£000**	**Policy Line**
Covid demand scenario funding set aside for Adults Services (provision sufficient through grant)	-1,331	Strategic Management - Adults
Social Care Market Support Provision not required (provision sufficient through grant)	-600	Strategic Management - Adults
Budget held pending Supreme Court case outcome – no longer required	-400	Strategic Management - Adults
Office for Budget Responsibility economic estimates in budget higher than required	-320	Strategic Management - Adults
Coroners: Increasing complexity and volume of cases	240	Coroners
Collective Investment Funds & Commercial: Reduction in budgeted net yield	670	Collective Investment Funds & Commercial
TotalMobile: Increase in investment required	46	IT & Digital Service
Total Adjustment Required	**-1,695**	

Strategy & Resources Committee is asked to approve the budget revision and redistribution set out in the table above: deducting £2.7m budget for items that have been realised and investing £956k for additional pressures.

3. Revenue Budget

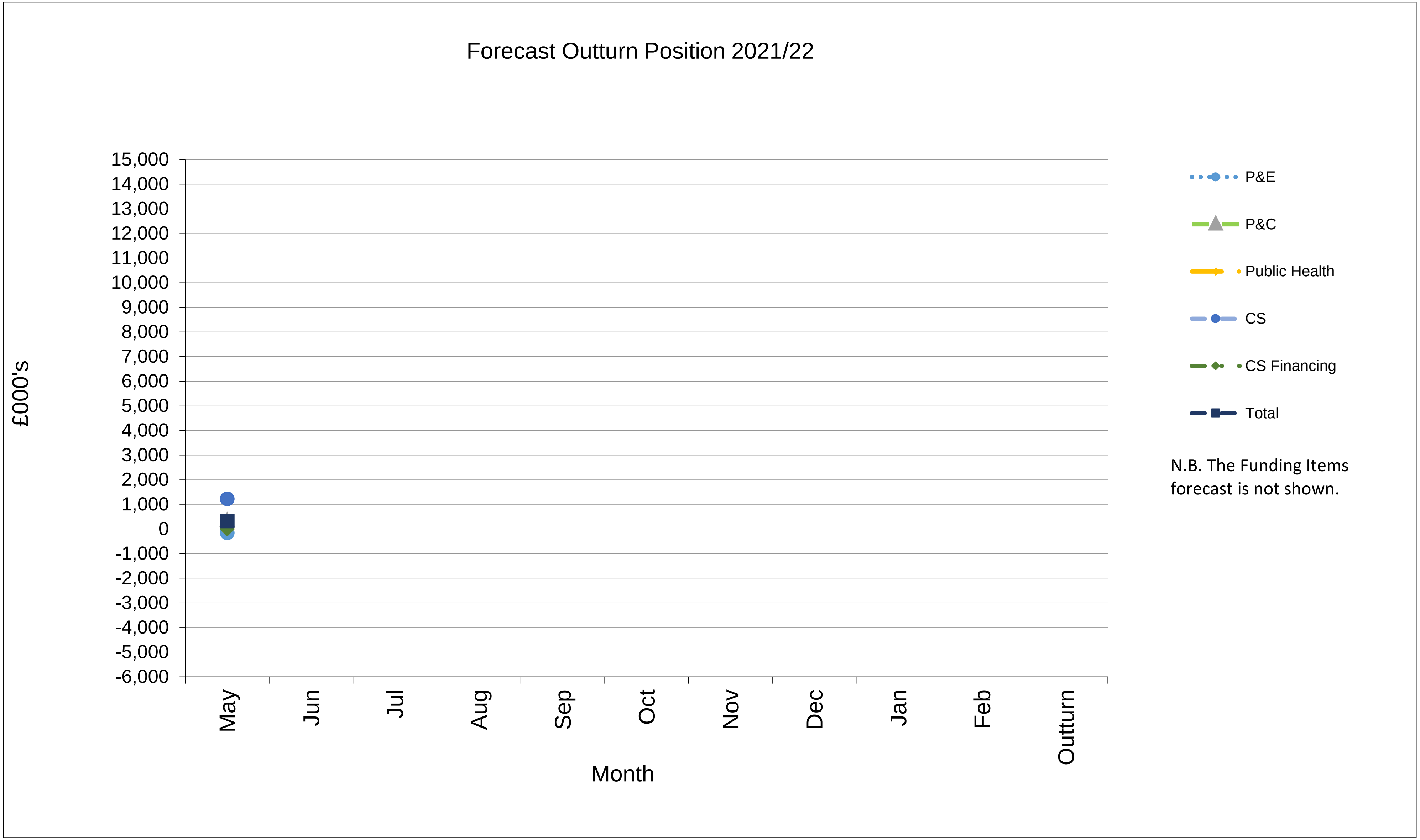
3.1 A more detailed analysis of financial performance is included below:

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 2021/22 £000	Actual (May) £000	Forecast Variance (May) £000	Forecast Variance (May) %	Overall Status	DoT	Covid-19 Pressure £000	Other Financial Impact £000
64,317	Place & Economy	64,034	1,849	-162	-0.3%	Green	↑	3,751	-3,913
302,530	People & Communities	302,742	18,730	326	0.1%	Amber	↓	14,349	-14,023
0	Public Health	0	-21,432	0	-	Green	↓	0	0
25,489	Corporate Services	25,561	7,919	1,226	4.8%	Red	↓	4,302	-3,076
31,295	CS Financing	31,295	-3,083	0	0.0%	Green	↔	0	0
423,632	**Service Net Spending**	**423,632**	**3,984**	**1,391**	**0.3%**	Red	↓	**22,402**	**-21,011**
11,745	Funding Items	11,745	9,670	-1,070	-	Green	↑	0	-1,070
435,377	**Grand Total Net Spending**	**435,377**	**13,654**	**321**	**0.1%**	Green	↓	**22,402**	**-22,081**
155,583	Schools	155,583							
590,960	**Total Spending 2021/22**	**590,960**							

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 its cash limit budget. In addition to this, Public Health has a budget of £26.8m from ring-fenced public health grant, £15.6m from the Contain Outbreak Management Fund, £1.8m from the Community Testing Grant, £1.1m from Test and Trace Support Grant and £0.5m from other grants which make up its gross budget.
4 The 'Funding Items' budget comprises the £9.2m Combined Authority Levy, the £424k Flood Authority Levy and £2.1m 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.

Forecast Outturn Position 2021/22



3.2 Key exceptions this month are identified below.

3.2.1 Place & Economy:

-£0.162m (-0.2%) underspend is forecast.

- Lost Sales, Fees & Charges Compensation

Outturn Variance £m	Outturn Variance %
-3.113	(-100%)

-£3.113m compensation is forecast. Budget has been set aside to cover expected shortfalls in income due to COVID. The budget has been built on assumptions on the level of income and these will be closely monitored during the year.

- Traffic Management

Outturn Variance £m	Outturn Variance %
+0.604	N/A

A +£0.604m pressure is forecast. Income from permitting is projected to be lower than the budget set due to COVID. This is currently projected on certain assumptions and these assumptions will be closely monitored during the year. Currently we do not have enough data to change the assumptions when the budget was set. This is offset by the ‘Lost Sales, Fees & Charges Compensation’ line.

- Parking Enforcement

Outturn Variance £m	Outturn Variance %
+1.500	N/A

A +£1.500m pressure is forecast. Income is projected to be lower than the budget set due to COVID. This is currently projected on certain assumptions and these assumptions will be closely monitored during the year. This is offset by ‘Lost Sales, Fees & Charges Compensation’ line.

- Bus Operations including Park & Ride

Outturn Variance £m	Outturn Variance %
+0.700	N/A

A +£0.700m pressure is forecast. Income is projected to be lower than the budget set due to COVID. This is currently projected on certain assumptions and these assumptions will be closely monitored during the year. Currently we do not have enough data to change the assumptions when the budget was set. This is offset by the ‘Lost Sales, Fees & Charges Compensation’ line.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£0.162m. For full details, see the P&E Finance Monitoring Report

3.2.2 People & Communities:

+£0.326m (+0.1%) pressure is forecast at year-end.

- Learning Disabilities

Outturn Variance £m	Outturn Variance %
+0.410	(+1%)

A +£0.410m pressure is forecast. Learning Disabilities (LD) have cost pressures that are driving a forecast pressure for the year. Levels of need have risen greatly over the last year, and this is exacerbated by several new LD care packages with very complex health needs that cost much more than we budget for an average new care package. LD services in Cambridgeshire work in a pooled budget with the NHS, so any increase in cost in-year is shared.

- Older People's Services

Outturn Variance £m	Outturn Variance %
-1.000	(-1%)

A -£1.000m underspend is forecast. As was reported throughout 2020/21, sadly the impact of the pandemic has led to a notable reduction in the number of people having their care and support needs met in care homes, and this short-term impact has carried forward into early forecasting for 2021/22. We remain significantly below budget at the end of May for spend on older people's care.

The financial position of this service is uncertain. There is a risk of an increase in care packages as Covid restrictions ease, and as NHS discharge funding ends in the middle of the year, as well as evidence of a rising complexity of need which will increase costs. Market support may also be required if government funding is not aligned to how long infection control requirements last. The forecast underspend assumes a lot of growth in cost from this month to the end of the year.

We will review in detail on a quarterly basis the activity information and other cost drivers to validate this forecast position, and so this remains subject to variation as circumstances change.

- Mental Health Services

Outturn Variance £m	Outturn Variance %
+0.300	(+2%)

A +£0.300m pressure is forecast. It was reported last year that the Covid pandemic had a significant impact on elderly clients with the most acute needs in the short-term. However, there was a significant increase in placements into care homes over the final quarter of 2020-21, and this has continued into the early part of 2021-22 with current placement numbers returning to pre-pandemic levels. Similar to Older People's Services, there is considerable uncertainty around the impact of the pandemic on longer-term demand for services, and so it is not yet clear whether the recent increase in placements is indicative of an emerging trend or a one-off outcome of the second wave.

Mental Health care teams are reporting a significant increase in demand. It is anticipated that this may result in an increase in the provision of packages for working age adults with mental health needs above budgeted expectations, both in terms of numbers and complexity of needs.

Detailed monitoring of placement activity continues to be maintained to inform financial reporting

- Coroners

Outturn Variance £m	Outturn Variance %
+0.311	(+20%)

A +£0.311m pressure is forecast. This is as a result of:
  - Required changes to venues to make them Covid-19 compliant.
  - Increased costs of postmortems owing to additional Personal Protective Equipment (PPE) and more staff required to reflect the high risk nature of potential Covid-19 related deaths.
  - Increasing complexity of cases referred to the Coroner in the jurisdiction, leading to longer investigation and inquest durations.

- Outdoor Education (includes Grafham Water)

Outturn Variance £m	Outturn Variance %
+0.639	(-%)

A +£0.639m pressure is forecast. This is due to the loss of income as a result of school residential visits not being allowed until mid-May and a reduction in numbers following the opening up in order to adhere to Covid-19 guidance. More than 50% of the centres' income is generated over the summer term and so the restricted business at the start of the financial year has a significant impact on the financial outlook for the year. Approximately 70% of the lost income until June can be claimed back through the local Government lost fees and charges compensation scheme. The figures above also allow for the small number of staff still being furloughed.

- SEND Financing - DSG

Outturn Variance £m	Outturn Variance %
+11.244	(-100%)

An +£11.244m pressure is forecast. Due to the continuing increase in the number of children and young people with an Education, Health and Care Plan (EHCP), and the complexity of need of these young people the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. The current forecast in-year pressure reflects the initial identified shortfall between available funding and existing budget requirements.

- Financing - DSG

Outturn Variance £m	Outturn Variance %
-11.244	(-100%)

An -£11.244m required contribution from the Dedicated Schools Grant (DSG) is forecast. This contribution 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 £90.5m is funded from the ring-fenced Dedicated Schools Grant. Net pressures on Special Educational Needs and Disability (SEND) services (as above) will be carried forward as a deficit on the DSG. The final DSG balance brought forward from 2020/21 was a deficit of £26.4m.

This 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 reduce spend. Work is underway to develop system wide improvements and deliver reductions in costs where identified. However, we continue to lobby for fairer funding in this area, as it is our view that we have a structural deficit and we cannot deliver plans to reduce budget pressure without impacting adversely services and outcomes for our most vulnerable and complex pupils.

- Executive Director – directorate wide protective equipment

Outturn Variance £m	**Outturn Variance %**
-0.432	(-24%)

A -£0.432m underspend is forecast. A provision of £900k was made against this budget line on a one-off basis in 2021/22 for the costs of Personal Protective Equipment (PPE) that is needed to deliver a variety of services across social care and education services. When budgets were agreed for 2021/22 there was uncertainty about what, if any, PPE would be provided directly by government rather than having to purchase it ourselves. The government subsequently confirmed that their PPE scheme would continue, and therefore over the first quarter of the year PPE spend by the Council will be minimal. As infection control measures are expected to loosen over the rest of the year, we expect to underspend by at least this much on PPE.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£0.326m. For full details, see the P&C and PH Finance Monitoring Report.

3.2.3 Public Health:

- A balanced budget is forecast for year-end.

- Public Health Strategic Management

Outturn Variance £m	**Outturn Variance %**
-0.294	(-31%)

A -£0.294m underspend is forecast. The budget for this service line consists of parts of the increase in Public Health Grant in both 2020/21 and 2021/22 where these have not yet been allocated to specific services (either because it remains unallocated or because the service has not yet started). The forecast underspend is approximately half of the available grant uplift and reflects the likelihood that the first part of the year will continue to be disrupted by Covid and therefore plans to spend this funding may be delayed. It also provides for a more general likelihood that there will be some underspend across Public Health over the first part of the year even if services are not reporting that yet.

- A combination of more minor variances sum with the above to lead to an overall balanced budget forecast; the -£294k 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 details, see the P&C and PH Finance Monitoring Report.

3.2.4 Corporate Services:
+£1.226m (4.8%) pressure is forecast for year-end.

- Property Investments

Outturn Variance £m	Outturn Variance %
+0.474	(+13%)

A +£0.474m pressure is forecast. The reduction in rental income anticipated from the leisure property and the student accommodation property within the portfolio is higher than expected at budget setting. Income from the office/research, retail and manufacturing properties remains on target.

- Collective Investment Funds

Outturn Variance £m	Outturn Variance %
+0.290	(+30%)

A +£0.290m pressure is forecast. There is an overall reduction in the anticipated value of the returns from 5.7% to 2.9% reflecting the environmental, social and governance factors used in selecting an appropriate investment fund. In addition, the pandemic has impacted on the returns being achieved in the early part of the year. This pressure will be mitigated if the investment in section 2.3.6 is approved.

- Facilities Management

Outturn Variance £m	Outturn Variance %
+0.400	(+8%)

A +£0.400m pressure is forecast. This is the estimated pressure expected due to the continued increase in the cost of maintaining libraries, and other corporate properties.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£1.226m. For full details, see the CS Finance Monitoring Report.

3.2.5 CS Financing:
A balanced budget is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the CS Finance Monitoring Report.

3.2.6 Funding Items:

-£1.070m underspend is forecast for year-end. This relates to a forecast additional £290k to be received above the £1.47m Business Rates Retention 2020-21 Pool Dividend accrual reported in the Outturn 2020-21 report, and an estimated additional £780k Local tax losses 2020-21 grant due later in 2021.

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 and PH Finance Monitoring Report (section 5).

5. Capital Programme

5.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2021/22 Budget as per Business Plan £000	Forecast Variance - Outturn (Apr) £000	Service	Revised Budget for 2021/22 £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
96,983	-	P&E	119,948	-847	-	0.0%	546,403	-
44,588	-	P&C	43,154	-125	0	0.0%	534,814	-319
10,261	-	Corporate Services	15,404	3,143	-	0.0%	191,143	-
-	-	Outturn adjustment	-	-	-	-	-	-
151,832	**-**	**Total Spending**	**178,506**	**2,170**	**0**	**0.0%**	**1,272,360**	**-319**

Notes:

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

2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2021/22 of £40.0m 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.

5.2 2021-22 capital programme variations budgets

5.2.1 A summary of the use of the 2021-22 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 rephasing exceeds this budget.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (May) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (May) £000
P&E	-12,737	-1,156	1,156	9.08%	0
P&C	-5,957	-2,590	2,590	43.47%	0
CS	-13,757	-6,624	6,624	48.15%	0
Outturn adjustment	-	-	-	-	-
Total Spending	**-32,451**	**-10,370**	**10,370**	**31.95%**	**0**

5.3 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.

5.3.1 Place & Economy:

A balanced budget is forecast at year-end.

In February 2021, Roads Fund/Pothole grant allocations were announced by the Department for Transport. The County Council will receive £8.3m, via the Combined Authority. This is the second year of a funding programme announced over three years by government. Expenditure of these funds is underway as part of the Council's commitment to investment in roads, footways and cycleways.

- Decarbonisation Fund

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
4,846	4,059	-787	0	-787	0	-787

An in-year underspend of -£0.8m is forecast. Twenty low carbon heating projects are currently underway, one of which is now completed. Any unspent funding will roll forward to 2022/23.

- P&E Capital Variation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-12,737	-11,581	1,156	0	1,156	0	1,156

As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £1.2m underspend is balanced by use of the capital variations budget. This relates primarily to the underspend on the Decarbonisation Fund as reported above, together with more minor variances.

- For full details, see the P&E Finance Monitoring Report.

5.3.2 People & Communities:

A balanced budget is forecast at year-end.

- Basic Need- Secondary

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
5,822	4,100	-1,722	0	-1,722	219	-1,940

- An in-year underspend of -£1.7m is forecast across Basic Need- Secondary schemes. The main schemes included in the variance are the ones outlined below, together with other more minor variances below £250k:

  - Northstowe Secondary

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
537	250	-287	0	-287	0	-287

Rephasing has taken place due to further review and decision that the build element including the Sixth Form provision is no longer required until 2024.

- New secondary capacity to serve Wisbech

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,984	600	-1,384	0	-1,384		-1,384

Rephasing has taken place following the project recommencing after delays in the announcement of Wave 14 free school applications. Design work is expected in 2021/22 with start on site not expected until late March 22.

- P&C Capital Variation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-5,957	-3,367	2,590	0	2,590	0	2,590

- As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £2.6m underspend is balanced by use of the capital variations budget. This relates primarily to the underspends on Northstowe Secondary and the New secondary capacity to serve Wisbech scheme as reported above, together with more minor variances.

- For full details, see the P&C and PH Finance Monitoring Report.

5.3.3 Corporate Services:

A balanced budget is forecast at year-end.

- Housing Schemes

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
6,674	50	-6,624	0	-6,624	0	-6,624

An in-year underspend of -£6.6m is forecast. This Land's cashflow position is such that they do not currently require any further loan financing, the next loan request is expected in mid-2022.

- CS Capital Variation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (May) £'000	Forecast Spend - Outturn Variance (May) £'000	Variance Last Month (Apr) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
-13,757	-7,133	6,624	0	6,624	0	6,624

As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £6.6m underspend is balanced by use of the capital variations budget. This relates to the underspend on the Housing Schemes as reported above.

- For full details, see the CS Finance Monitoring Report.

5.4 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:

5.4.1 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.

5.4.2 People & Communities:

A -£0.3m (-0.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full details, see the P&C and PH Finance Monitoring Report.

5.4.3 Corporate Services:

A total scheme balanced budget is forecast. There are no exceptions to report this month; for full details, see the CS Finance Monitoring Report.

5.5 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 Funding1 £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	-0.1	4.0	**23.5**	23.5	-
Basic Need Grant	-	1.0	-	-	**1.0**	1.0	-
Capital Maintenance Grant	3.1	2.2	-	0.7	**6.1**	6.1	-
Devolved Formula Capital	0.8	1.3	-	-0.0	**2.0**	2.0	-
Specific Grants	20.3	4.0	-4.2	4.6	**24.7**	21.8	-2.9
S106 Contributions & Community Infrastructure Levy	23.5	-0.3	-5.0	0.4	**18.6**	18.6	-
Capital Receipts	1.6	-	-	-0.3	**1.3**	1.3	-
Other Contributions	16.0	0.6	-1.9	6.7	**21.4**	21.1	-0.2
Revenue Contributions	-	-	-	-	**-**	-	-
Prudential Borrowing	70.4	21.6	-14.2	-4.0	**73.8**	76.9	3.1
TOTAL	**151.8**	**33.8**	**-25.4**	**12.1**	**172.4**	**172.4**	**-0.0**

1 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.

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

Funding	Service	Amount (£m)	Reason for Change
Rolled Forward Funding	All Services	+£33.8	The Capital Programme Board has reviewed overspends and underspends at the end of 2020/21, 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 2021/22 to complete projects. Of the £33.8m funding to be carried forward, £21.6m relates to prudential borrowing. Further details are available in Appendix 4, which shows capital roll-forwards. **Strategy & Resources Committee is asked to approve the carry forward of £33.8m capital funding from 2020/21 to 2021/22 and beyond.**
Revised Phasing	All Services	-£25.4	There have been some changes to schemes since the 2021/22 Business Plan was finalised. The following schemes have been rephased resulting in the following changes to their 2021/22 funding requirement: **P&E, -£17.6m:** • Bar Hill to Northstowe Cycle Route (-£819k) • Boxworth to A14 cycle route (-£550k) • Dry Drayton to NMU link cycle route (-£251k) • Hilton to Fenstanton cycle route (-£500k) • Buckden to Hinchingbrooke cycle route (-£780k) • Guided Busway (-£4,079k) • King's Dyke (+£1,189k) • Wisbech Town Centre Access Study (-£3,359k) • Waste - Household Recycling Centre (HRC) Improvements (-£2,975k) • Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride (-£2,388k) • Babraham Smart Energy Grid (-£662k) • North Angle Solar Farm, Soham (-£2,457k) **P&C, -£7.6m** • Littleport Community Primary (-£591k) • WING Development - Cambridge (new primary) (+£604k) • St Philips Primary School (-£710k) • North West Fringe secondary (-£250k) • Cambourne Village College Phase 3b (-£5,276k) • Duxford Community C of E Primary School rebuild (-£300k) Other schemes below the de minimis make up the difference. **Strategy & Resources Committee is asked to approve the -£25.4m revised phasing of funding in relation to schemes as set out above.**

Additional/ Reduction in Funding (Grants and Prudential borrowing)	P&E, P&C	+£2.8 (grants) -£3.6 (prudential borrowing)	**P&E, £0.4m** **Highways England +£0.4m** Additional grant funding of £388k is anticipated from Highways England for the NMU Cycling Scheme - Longstanton Bridleway as part of funding towards A14 cycling schemes. **P&C, +£2.4m** **School Conditions Allocation +£0.7m:** The School Conditions grant allocation from Central Government has increased by £715k. **Additional Special Educational Needs (SEN) funding +£2.7m, prudential borrowing -£2.7m** Additional SEN funding of £2,709k was announced in Feb 2021. It is anticipated that this funding will be used toward the capital cost of the new area special school to be established in Alconbury Weald now known as Prestley Wood. The prudential borrowing requirement will reduce by £2,709k. **East Cambridgeshire Adult Service Development -£1.0m grant, -£0.9m prudential borrowing** As of Feb 2021 the East Cambridgeshire Adult Service Development scheme is no longer going ahead. Associated grant funding of £1.0m will therefore no longer be received, and prudential borrowing of £875k will no longer be required. **Strategy & Resources Committee is asked to note the changes in capital grants of £2.8m as outlined above, and the associated reduction of £3.6m in the prudential borrowing requirement.**
Additional/ Reduction in Funding (Prudential borrowing)	CS	+£0.9 -£0.9	Capital Programme Board (CPB) have considered a virement to move budget from Cambs 2020 Spokes Asset Review to the Building Maintenance budget to better reflect the 2021/22 requirements. This is principally related to spokes provision at Huntingdon Youth Centre and Buttsgrove Day Centre. These projects are managed outside the original scope of the Cambs 2020 but stem from connected accommodation decisions. Additionally, the virement enables essential capital maintenance activity, proactively, at several other operational locations, reflecting flexed priorities across the estate. CPB was provided with schedules of works for the two budgets and is recommending the approval of this virement to S&R. (There is further information in Appendix 3 section 2.2.5)

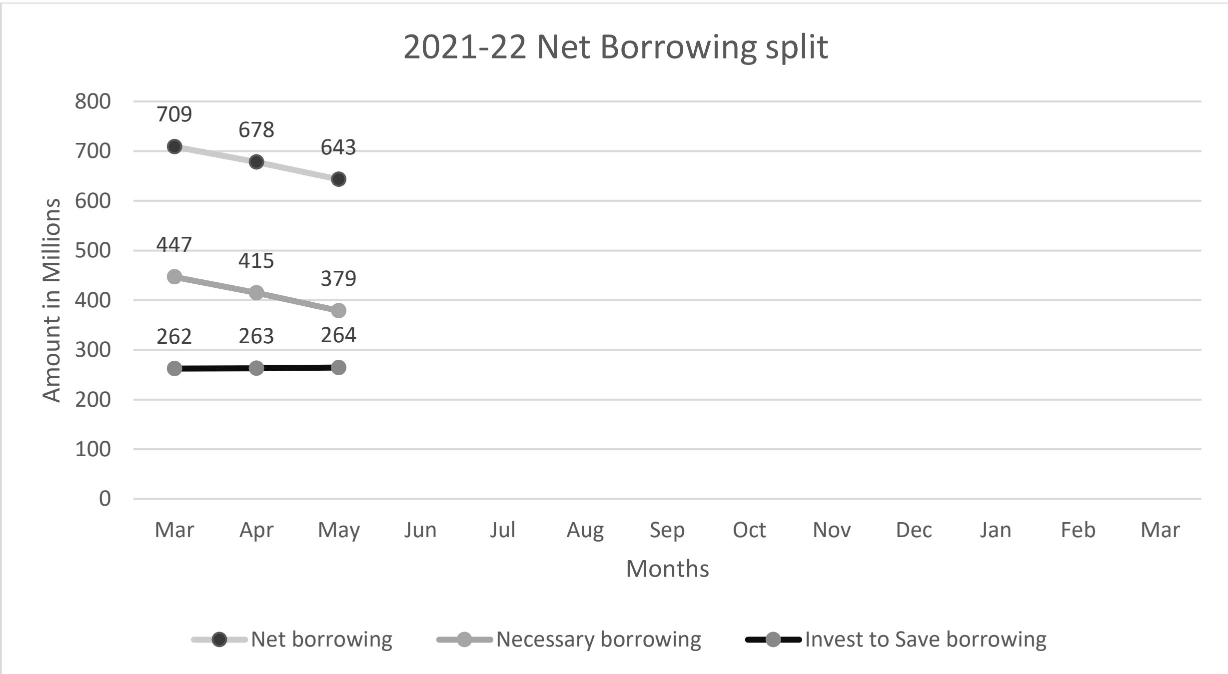
			Strategy & Resources Committee is asked to approve the £869k re-allocation between property budgets.
Additional/ Reduction in Funding (Other contributions and Section 106 contributions)	P&E	+£6.8	Additional contributions are anticipated in relation to the following schemes: • Carriageway & Footway Maintenance (+£420k) consisting of £250k relating to a rebate from the Highways contractor and £170k revenue contributions • Pothole funding (+£4,000k)- revenue contributions • Combined Authority Schemes- March Area Transport Study (+£2,072k)- contributions from the Combined Authority • S106 Cherry Hinton Road (+£330k)- S106 developer contributions **Strategy & Resources Committee is asked to note the changes in other contributions and Section 106 funding of £6.8m as outlined above.**
Additional/ Reduction in Funding (Capital Receipts)	CS	-£0.3	**CS, -£0.3m:** A reduction of £0.3m in the use of capital receipts is anticipated in relation to Capitalisation of Redundancies as at this stage no redundancies are linked to current savings in 2021-22. **Strategy & Resources Committee is asked to note the £0.3m reduction in capital receipts funding in 2021/22 in relation to the above scheme.**

6. Balance Sheet

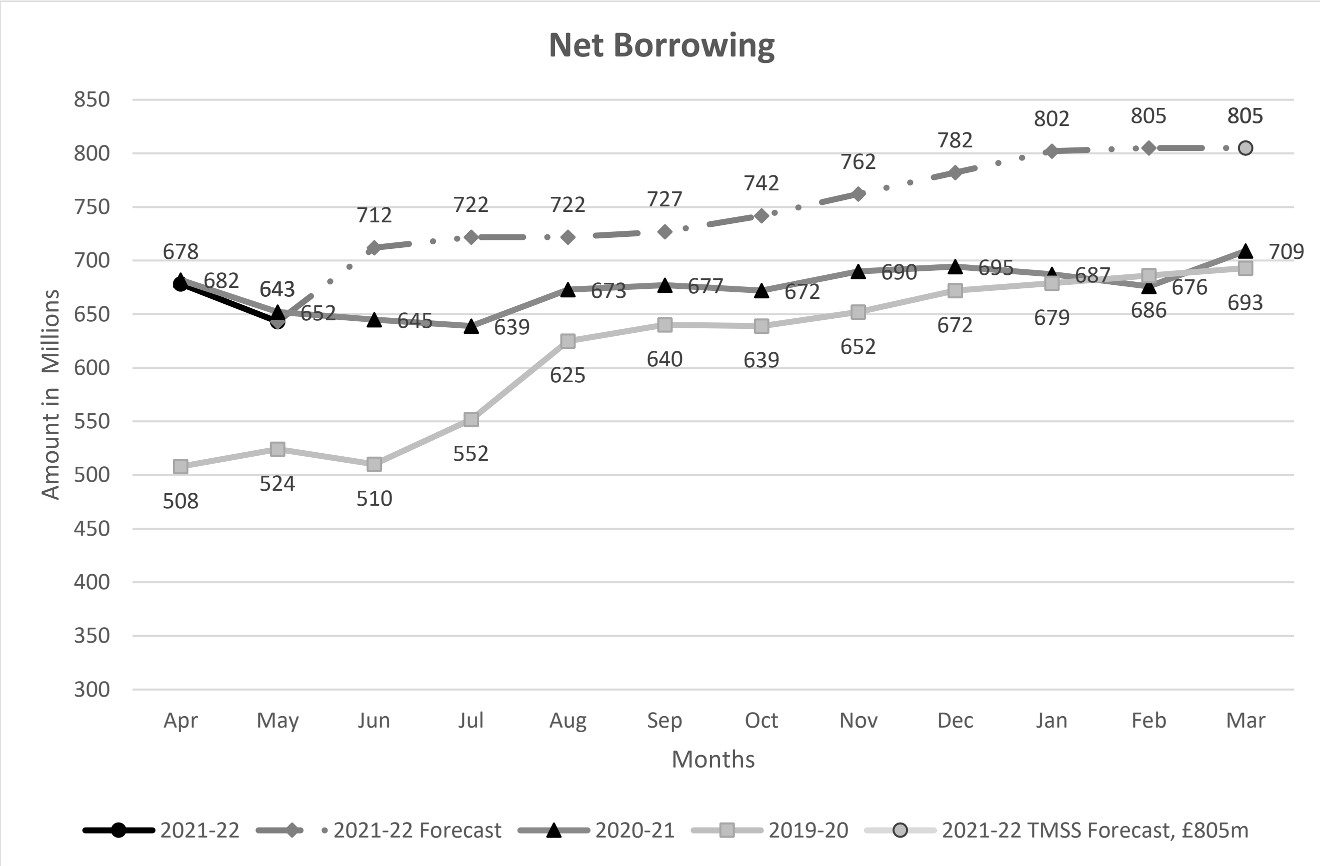
6.1 A more detailed analysis of balance sheet health issues is included below:

Measure	**Year End Target**	**Actual as at the end of May 2021[1]**
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	10%
% of income collected (owed to the council) within 90 days: Sundry	90%	12%
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	91.7%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	77.7%

6.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2021-22, it is estimated that £264m 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.



6.3 The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of May 2021, investments held totalled £163.5m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £806.6m, equating to a net borrowing position of £643.1m.



6.4 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 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 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.

6.5 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 2021-22 TMSS was set in February 2021, it anticipated that net borrowing would reach £805.0m by the end of this financial year.

6.6 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 Councils 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.

6.7 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.

6.8 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

6.9 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.

7. Alignment with corporate priorities

7.1 Communities at the heart of everything we do

There are no significant implications for this priority.

7.2 A good quality of life for everyone

There are no significant implications for this priority.

7.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

7.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

7.5 Protecting and caring for those who need us

There are no significant implications for this priority.

8. Significant Implications

8.1 Resource Implications

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

8.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

8.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

8.4 Equality and Diversity Implications

There are no significant implications within this category.

8.5 Engagement and Consultation Implications

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

8.6 Localism and Local Member Involvement

There are no significant implications within this category.

8.7 Public Health Implications

There are no significant implications within this category.

8.8 Environment and Climate Change Implications on Priority Areas

8.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Neutral

Explanation: While this paper proposes no significant implications within this category, it should be noted that section 6.6 under “Reserved Phasing” includes renewable energy generation schemes which will aid in decarbonisation of those sites and neighbouring businesses.

8.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: While this paper proposes no significant implications within this category, it should be noted that section 6.6 under “Revised Phasing” includes a range of cycle-way related projects whose delivery will assist in modal shift towards low carbon options.

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

Status: Neutral

Explanation: There are no significant implications within this category

8.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

8.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

8.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: While this paper proposes no significant implications within this category, it should be noted that section 6.6 under “Revised Phasing” includes a range of cycle-way related projects whose delivery will assist in modal shift towards non-polluting transport options.

8.8.7 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

9. Source documents

9.1 Source documents

P&E Finance Monitoring Report (May 21)
P&C and PH Finance Monitoring Report (May 21)
CS Finance Monitoring Report (May 21)
Capital Monitoring Report (May 21)
CCC Debt Reporting Pack (May 2021)
CCC Prompt Payment Report (May 2021)

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
Opening Cash Limits as per Business Plan	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	
Renewable Energy Investments transfer from CS to P&E		-239		239	
ICT Service (Education) transfer from CS to P&C	-200			200	
Current budget	**302,742**	**64,034**	**31,295**	**25,561**	**11,745**
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 May 2021 £000s	Forecast Balance at 31 March 2022 £000s	Notes
- County Fund Balance	26,094	-76	26,018	25,698	
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	925	0	925	925	
General Reserves subtotal	27,019	-76	26,943	26,623	
4 Insurance	4,830	-117	4,713	4,713	
Specific Earmarked Reserves subtotal	4,830	-117	4,713	4,713	
5 P&C	0	0	0	0	
6 P&E	0	0	0	0	
7 Corporate Services	0	0	0	0	
Equipment Earmarked Reserves subtotal	0	0	0	0	
8 P&C	8,540	0	8,540	3,266	
9 PH	4,487	0	4,487	1,212	
10 P&E	5,184	0	5,184	3,626	
11 Corporate Services	3,871	0	3,871	3,366	
12 Transformation Fund	30,653	-3,517	27,136	22,364	Savings realised through change in MRP policy.
13 Innovate & Cultivate Fund	687	0	687	83	
14 Corporate- COVID	26,987	0	26,987	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
15 Specific Risks Reserve	2,140	0	2,140	2,140	
16 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
17 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
18 Collection Fund Volatility & Appeals Account	3,690	0	3,690	3,690	
19 Grant carry forwards	20,332	0	20,332	0	Carry forward of unspent grant to spend in accordance with purposes for which the grant was given. At 2020-21 year-end £14.6m related to specific Covid related grants.
Other Earmarked Funds subtotal	115,361	-3,517	111,844	75,524	
SUBTOTAL	**147,210**	**-3,710**	**143,500**	**106,860**	
20 P&C	3,592	0	3,592	0	
21 P&E	7,315	1,276	8,591	0	
22 Corporate Services	10,861	0	10,861	10,861	
23 Corporate	49,816	4,807	54,623	42,809	Section 106 and Community Infrastructure Levy balances.
Capital Reserves subtotal	71,584	6,083	77,667	53,670	
GRAND TOTAL	**218,795**	**2,373**	**221,167**	**160,529**	

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 2021 £000s**	**Movements in 2021-22 £000s**	**Balance at 31 May 2021 £000s**	**Forecast Balance at 31 March 2022 £000s**	**Notes**
1 P&E	0	0	0	0	
2 P&C	1,955	0	1,955	1,955	
3 Corporate Services	2,093	0	2,093	2,093	
Short Term Provisions subtotal	4,048	0	4,048	4,048	
4 Corporate Services	3,613	0	3,613	3,613	
Long Term Provisions subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	**7,661**	**0**	**7,661**	**7,661**	

Appendix 3 – Financial Update on Cambs 2020

1. Background

1.1 This appendix is presented alongside the separate report at this Committee concerning the future of the Shire Hall campus.

1.2 In May 2018 Full Council agreed to support the Council changing its overarching service delivery model to one that is based upon Hub and Spokes. This model is predicated on the Council moving to a smaller modern headquarters, with Spokes locations across the County to support front facing service delivery. Members wanted to ensure that this Programme should not just be about buildings but should be broadened to provide the necessary infrastructure to support a new community service based delivery model. The Programme's focus is on the provision of delivering the infrastructure necessary to provide services within the communities that we serve, whilst rationalising the cost of that service provision.

1.3 In October 2019 Commercial and Investments Committee approved the overall Spokes programme capital expenditure and anticipated revenue costs as a result of the programme.

2. Main Issues

2.1 Civic Hub Capital Expenditure

2.1.1 Regular updates were provided to C&I Committee to confirm that the project is still anticipated to come within the £18.337m budget agreed and this remains the case. Actual expenditure to 7th June 2021 totals £12.355m.

2.1.2 In July 2020, C&I Committee supported the provision of a separate specific £400k Covid-19 risk contingency budget, funded by Prudential Borrowing. The current total additional costs associated with the impact of Covid-19 is £192,624 and this is not currently expected to increase.

2.1.3 A separate capital budget is in place for the solar array at the new Civic Hub which is not part of the budgets included in this report.

2.1.4 The current position on the Civic Hub capital budget is summarised in Table 1 below:

Table 1: Civic Hub capital budget position June 2021

Budget Item	Agreed MS5 Budget £ 000s	Actual Spend to Date £ 000s	February 2021 Forecast Outturn £ 000s	June 2021 Forecast Outturn £ 000s
Feasibility	137	137	137	137
Construction cost	13,282	10,129	14,075	14,161
ICT & FF&E	1,600	122	1,596	1,600
Land	1,474	1,541	1,541	1,541
Other	779	427	630	634
Sub total	17,272	12,355	17,979	18,073
Construction risk allowance remaining	863		329	258
Employers Change Contingency remaining	202		29	6
Total before Covid contingency	18,337	12,355	18,337	18,337
Additional Covid risk contingency budget	400	Included above	400	193
Total	18,737	12,355	18,737	18,530

2.2 Spokes Capital Expenditure

2.2.1 The Spokes capital budget agreed at Committee in October 2019 totalled £5.99m. An additional £388k was agreed in 2020/21 in relation to Babbage House and Oak Court bringing the total budget to £6.387m.The investment required in many of the buildings would have been required regardless due to an under-investment in corporate buildings over the years. There have been delays to the Spoke projects due to the impact of Covid-19 on the priorities of the organisation, capacity internally, as well as the ability to move forwards with various elements at the anticipated speed (for example, planning).

2.2.2 Completed projects are as follows:

- Bernard Sunley Centre, Papworth
- Scott House, Huntingdon
- Noble House, Ely - underspend £85k due to a decision not to invest in additional car parking

2.2.3 Significant changes to project scopes of note are as follows:

- Hawthorns, Cambridge City. This project looked to refurbish an existing freehold asset to create a suitable space for supervised contact in addition to space for additional teams to work from. However, the pre-tender estimate returned higher than anticipated, and this gave the Council pause to consider whether work on the site was worthwhile given the condition of the building and investment needed to bring it up to an acceptable standard, or if a more suitable alternative location could be found. An options appraisal was completed in conjunction with service representatives, and it was agreed that the teams proposed to work from the site would instead be based from two existing freehold assets: Bottisham Locality Centre and CPDC. Works required to the two alternative sites to accommodate service requirements have been estimated at £189k (CPDC) and £77k (Bottisham Locality Centre) which is significantly below the original budget for the Hawthorns site of £771k.

- Library Service (Oak Court). A decision was made in agreement with the service to acquire a new site in St Ives. Agreement was made for the total revised project value of £788k, which included the acquisition and fit out costs for the building. This was an increase of £370k in comparison to the previous £418k budget approved, however this has allowed for an additional freehold asset to be acquired, rather than investing in a temporary solution with little residual value.

2.2.4 The overall forecast for the Spokes capital programme is an underspend of £718k against the budget of £6.387m. Underspends and overspends per property are set out in Table 2 below:

Table 2: Spokes capital budget position June 2021

Item	Previously estimated funding required £000's	Re-allocated funding £000's	Updated estimated funding required £000's	Outturn Variance estimated (if applicable) £000's
Bernard Sunley Centre, Papworth	1,755		1,737	-18
Scott House, Huntingdon	45		17	-28
Noble House, Ely	90		5	-85
Hawthorns, Cambridge	771	-339	11	-760
CPDC, Cambridge	488	189	677	189
Oak Court, St Ives	788	-10	778	-10
Stanton House, Huntingdon	70		30	-40
South Cambs Hall, Cambourne	7		0	-7
Buttsgrove & Hill Rise, Huntingdon	150		110	-40
Huntingdon Youth Centre	98		40	-58
Hot-Desking Mobile Unit, Cambridge	216		216	0
Roger Ascham, Cambridge	931	-34	897	-34
Signet Court, Cambridge	41		48	7
Sackville House, Cambourne	365		365	0
Fenland Supervised Contact	55		55	0
Eastfield House, Huntingdon	79		66	-13
Bottisham Supervised Contact	0	77	77	77
IT & Furniture	328		328	0
Risk Budget	15		15	0
Babbage House decant	18		3	-15
Project Management	77	117	194	117
Total expenditure	6,387	0	5,669	-718

2.3 Civic Hub and Spokes Ongoing Revenue Expenditure

2.3.1 Revenue expenditure is an expected ongoing annual cost (e.g. utilities, lease costs etc.).

2.3.2 The following changes have been made to the revenue budgets for the Council's Hub and Spokes buildings compared to previous reporting:

- £126k income budget for the Shire Hall Car Park has been removed as this will no longer be received;
- £60k revenue costs for the Papworth Site are in relation to an increase in business rates; and
- £55k has been added for Eastfield House which was previously omitted in error.

2.3.3 The ongoing revenue requirements following these changes are set out in Table 3 below. The ongoing annual revenue commitment recognised in the Business Plan for the Council's Hub and Spokes buildings is £1,632k per annum as opposed to previous costs of £2,196k per annum – an annual saving of £564k. However, the savings from Shire Hall will not be achieved until such time as the sale is complete and there is therefore currently an in year pressure on the budget. This is being partially offset by savings on the new Civic Hub until such time as the building is occupied. The estimated in year net pressure is around £500k with a further pressure of £240k anticipated in 2022/23.

Table 3: Civic Hub and Spokes forecast revenue costs

Site/Item (recurring costs/savings)	Previous Revenue Commitment p.a. £000's	Change to Revenue Commitment £000's	Updated Commitment 21/22 £000's	Ongoing Annual Revenue Commitment £000's
Shire Hall site	1,189	-1,189		0
Shire Hall Car Park	-126		126	0
Babbage House	595	-595		0
Alconbury Hub	0	526		526
Papworth site	0	88	60	148
Toft	15	-15		0
Roger Ascham	72	7		79
Library Service (Oak Court)	0	65		65
CPDC	37	64		101
Hawthorns	33	26		59
Sackville House	173	17		190
Scott House	267	75		342
Fenland Supervised Contact	12	13		25
Hot-Desking Mobile Unit	0	22		22
Eastfield House			55	55
Off-site storage costs	0	20		20
CPDC (income)	-71	71		0
Total	2,196	-805	241	1,632
Total Savings				-564

2.4 Civic Hub and Spokes One off costs

2.4.1 In addition to the capital project costs and ongoing revenue costs set out above, there are also one off costs related to the Cambs2020 programme. Costs directly attributable to vacating the Shire Hall building will be offset against the receipt from the sale of the building. In addition, a reserve has been set aside to cover the one off costs of the move to the new Civic Hub. The balance on this reserve at the end of 2020/21 was £483k.

2.4.2 The latest forecast of one-off costs is set out in table 4 below:

Table 4: One off costs

Site/Item (one-off costs)	Previously Estimated £000's	Updated Estimate £000's	Difference £000's
Reorganisation Allowance	450	450	0
Cleaning Contract Redundancy Costs	20	20	0
Vehicles and Crate Hire	43	73	30
Contribution to staff transport costs	0	70	70
Additional Shire Hall costs to August 2022	0	750	750
Total One off Costs	513	1,363	850
Agreed funding	-513	-513	
Remaining pressure	0	850	

2.4.3 Approval was requested from Strategy & Resources Committee in the Outturn 2020-21 Integrated Finance Monitoring Report, section 14.1, for additional funding of £590k to be transferred from general reserves to the earmarked reserve for Shire Hall relocation to contribute to this pressure. The balance will seek to be managed through offsetting underspends elsewhere in the Property budgets.

2.5 Overall Programme Financial Update

2.5.1 The overall expected costs of the Cambs2020 programme compared to budgets allocated are set out in Table 5 below. There are forecast one off savings of £925k on the capital budgets for the Civic Hub and Spokes. One off revenue costs are now estimated at £850k more than previously anticipated principally due to the expected continuing costs for Shire Hall through to 2022 including business rates, insurance and security costs.

2.5.2 Ongoing revenue costs are reduced by £564k per annum. This reduction has already been fully reflected in the Business Plan for 2021/22. However, these savings will not be fully achieved until the disposal of Shire Hall is complete.

Table 4: Overall Programme financial update

Item	Budget £000's	Forecast £000's	Variance £000's
One off and project costs			
Civic Hub (cost of capital)	18,737	18,530	-207
Spokes asset programme (cost of capital)	6,387	5,669	-718
Programme resources (staff costs)	646	646	0
One-off costs not chargeable against receipt	513	1,363	850
Total One off and project costs	26,283	26,208	-75

Ongoing revenue costs	Previous annual revenue impact £000's	Forecast annual revenue impact £000's	Change Per annum £000's
Civic Hub and Spokes buildings	2,196	1,632	-564

Appendix 4 Capital Rephasing compared to 2021-22 Business Plan

CHANGE IN FIGURES

		EXPENDITURE								FUNDING					Reason for Change in Spend / Rephasing	Is there a detailed plan for spend in place? Y/N
Scheme Ref.	Scheme Name	Up to 2020-21 (£k)	2021-22 (£k)	2022-23 (£k)	2023-24 (£k)	2024-25 (£k)	2025-26 (£k)	Later Yrs (£k)	TOTAL (£k)	Grants (£k)	Dvp Cont. (£k)	Other Cont. (£k)	Capital Receipts (£k)	Borrowing (£k)		
A/C.01.021	North West Cambridge (NIAB site) primary	-93	-	93	-	-	-	-	-	-	-	-	-	-	Rephasing due to carry forward	Y
A/C.01.029	Sawtry New Primary	-30	-	30	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.034	St Neots, Wintringham Park primary	-252	182	70	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.041	Barrington Primary	-32	32	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.043	Littleport Community Primary	9	-600	591	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.044	Loves Farm primary, St Neots	-	-240	240	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.048	Histon Additional Places	-79	79	-	-	-	-	-	-	308	-	-	-	-308	change of funding - Basic Need C/F	Y
A/C.01.062	Waterbeach Primary School	-176	176	-	-	-	-	-	-	165	-	-	-	-165	change of funding - Basic Need C/F	Y
A/C.01.065	New Road Primary	-77	77	-	-	-	-	-	-	371	-	-	-	-371	change of funding - Basic Need C/F	Y
A/C.01.066	Bassingbourn Primary School	-13	13	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.01.067	WING Development - Cambridge (new primary)	4	600	-604	-	-	-	-	-	-	-	-	-	-	Rephasing due to works progressing ahead of schedule	Y
A/C.01.068	St Philips Primary School	-70	-640	710	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.070	St Ives, Eastfield / Westfield	-39	39	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.01.071	Kennett Primary School	-5	-150	155	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.072	Genome Campus - New Primary	-	-180	180	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.074	Soham Primary Expansion	-20	-100	120	-	-	-	-	-	-	-	-	-	-	Rephasing due to c/f	Y
A/C.01.077	Waterbeach New Town Primary	-70	70	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.006	Northstowe secondary	-37	37	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.007	North West Fringe secondary	-	-250	250	-	-	-	-	-	-	-	-	-	-	Rephasing completion will be later than 2024 forecast	Y
A/C.02.009	Alconbury Weald secondary and Special	-145	145	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.011	New secondary capacity to serve Wisbech	-284	284	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.012	Cromwell Community College	419	-419	-	-	-	-	-	-	132	-	-	-	-132	change of funding - Basic Need C/F	Y
A/C.02.013	St. Neots secondary	-23	23	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.015	Sir Harry Smith Community College	-20	20	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.02.016	Cambourne Village College Phase 3b	-176	-5,100	5,276	-	-	-	-	-	-	-	-	-	-	Rephasing due to shortened build period on site means later on site start date	Y
A/C.03.003	LA Early Years Provision	-911	911	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.03.004	Cottenham Early Years	13	-13	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.04.007	William Westley Primary	-1	1	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.04.008	Duxford Community C of E Primary School rebuild	47	-347	300	-	-	-	-	-	-	-	-	-	-	Rephasing	Y
A/C.04.009	Sawtry Infants Adaptations	-12	12	-	-	-	-	-	-	-	-	-	-	-	Rephasing due to C/F	
A/C.05.001	School Condition, Maintenance & Suitability	-2,232	2,947	-	-	-	-	-	**715**	715	-	-	-	-	Carryforward from 2020-21 - Additional grant paid in 2020-21.	Y
A/C.07.001	School Devolved Formula Capital	-1,254	1,223	-	-	-	-	-	**-31**	-31	-	-	-	-	Carryforward from 2020-21 - 3 year rolling programme	Y

A/C.08.003	SEN Pupil Adaptations	-	-	-	-	-	-	-	**-**	2,709	-	-	-	-2,709	New SEN allocation announced Feb 2021	
A/C.08.005	Spring Common Special School	-295	295	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
A/C.08.006	Highfields Special School Phase 2	-10	10	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
A/C.08.007	Samuel Pepys Special School	-199	-	199	-	-	-	-	**-**	-	-	-	-	-	Rephasing	Y
A/C.12.006	East Cambridgeshire Adult Service Development	-375	-1,500	-1,125	-	-	-	-	**-3,000**	-2,000	-	-	-	-1,000	Scheme removed - Decision taken in February 2021	Y
A/C.12.007	Care Suites : East Cambridgeshire	-190	190	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
A/C.13.004	Community Fund	-194	194	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
A/C.13.005	Histon Library Rebuild	-10	10	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
A/C.13.006	Libraries - Open access & touchdown facilities	-105	105	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
B/C.1.009	Major Scheme Development	-360	488	-	-	-	-	-	**128**	-	128	-	-	-	Rephasing of Stuntney Cycleway scheme and delay with the Northstowe busway link until funding is confirmed.	Y
B/C.1.011	Local Highway Improvements (includes Accessibility & New Paths)	-161	161	-	-	-	-	-	**-**	-	-	-	-	-	Scheme slippage - schemes to be completed in 2021/22	Y
B/C.1.012	Safety Schemes	-730	730	-	-	-	-	-	**-**	-	-	-	-	-	Scheme slippage - schemes to be completed in 2021/22	Y
B/C.1.015	Strategy Development & Integrated Transport Schemes	-	149	-	-	-	-	-	**149**	-	-	149	-	-	3rd party contributions	
B/C.1.019	Promoting Economic Growth - Delivering Strategy Aims	-1,775	1,775	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of schemes	Y
B/C.1.020	Bar Hill to Northstowe Cycle Route	-37	-730	819	-	-	-	-	**52**	-	-	52	-	-	Additional funding from Highways England. Slight rephasing of scheme.	Y
B/C.1.021	Girton to Oakington Cycle Route	96	-96	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y
B/C.1.022	Busway to Science Park	-16	16	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y
B/C.1.023	Boxworth to A14 cycle route	-	-550	550	-	-	-	-	**-**	-	-	-	-	-	Funding yet to be confirmed with Highways England	
B/C.1.024	Dry Drayton to NMU link cycle route	21	-272	251	-	-	-	-	**-**	-	-	-	-	-	Funding yet to be confirmed with Highways England	
B/C.1.025	Hardwick path widening	-20	20	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y
B/C.1.026	Hilton to Fenstanton cycle route	-	-500	500	-	-	-	-	**-**	-	-	-	-	-	Funding yet to be confirmed with Highways England	
B/C.1.027	Buckden to Hinchingbrooke cycle route	-	-780	780	-	-	-	-	**-**	-	-	-	-	-	Funding yet to be confirmed with Highways England	
B/C.2.001	Carriageway & Footway Maintenance including Cycle Paths	-2,428	2,848	-	-	-	-	-	**420**	-	-	420	-	-	Scheme slippage - schemes to be completed in 2021/22	Y
B/C.2.004	Bridge strengthening	-562	562	-	-	-	-	-	**-**	-	-	-	-	-	Scheme slippage - schemes to be completed in 2021/22	Y
B/C.2.005	Traffic Signal Replacement	-557	557	-	-	-	-	-	**-**	-	-	-	-	-	Scheme slippage - schemes to be completed in 2021/22	Y
B/C.3.001	Highways Maintenance (carriageways only from 2015/16 onwards)	-2,163	3,843	-	-	-	-	-	**1,680**	-	-	-	-	1,680	Scheme slippage - schemes to be completed in 2021/22. Additional funding agreed for 21/22 budget.	
B/C.3.002	Footpaths and Pavements	-	-	-	-	-	-	-	**-**	4,000	-	-	-	-4,000	Funded by Dft Pothole funding	
B/C.4.001	Ely Bypass	-40	40	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	
B/C.4.006	Guided Busway	-	-4,079	4,079	-	-	-	-	**-**	-	-	-	-	-	Spend dependent on final settlement	
B/C.4.021	Abbey - Chesterton Bridge	2,063	-2,063	-	-	-	-	-	**-**	-	-	-	-	-	All further will be part of Chisholm trail	
B/C.4.023	King's Dyke	-611	1,800	-1,189	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y
B/C.4.025	Wisbech Town Centre Access Study	-2,304	-1,055	3,359	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y
B/C.5.012	Waste - Household Recycling Centre (HRC) Improvements	-81	-2,894	2,975	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	Y

B/C.5.013	Swaffham Prior Community Heat Scheme	-163	163	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
C/C.1.001	Essential CCC Business Systems Upgrade	-33	33	-	-	-	-	-	**-**	-	-	-	-	-	carry forward request for spend in future years	
C/C.1.006	Data Centre Relocation	-469	469	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	
C/C.1.007	IT Strategy	55	-114	59	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	
C/C.2.010	IT Infrastructure Refresh	45	9	-28	-26	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme.	
C/C.3.001	Capitalisation of Transformation Team	-795	-	-	-	-	-	-	**-795**	-	-	-	-795	-	underspend, time spent on revenue projects/re-deployment/vacancies	
C/C.3.002	Capitalisation of Redundancies	-647	-300	-	-	-	-	-	**-947**	-	-	-	-947	-	at this stage no redundancies linked to current savings in 21-22	
F/C.1.118	Smart Energy Grid Demonstrator scheme at the St Ives Park and Ride	-221	-2,167	3,064	-	-	-	-	**676**	-214	-	-	-	890	Rephasing due to C/F, project timelines have been impacted by grant funding negotiations with BEIS, Covid impacts and PPA negotiations with potential customers. Updated scheme budget and grant funding per revised business case taken to E&GI Committee in July 2021.	
F/C.1.119	Babraham Smart Energy Grid	90	-752	1,169	-	-	-	-	**507**	-	-	-	-	507	Rephasing to reflect actual spend in 20-21 and scheme slippage. Increased budget required due to increased costs of materials, including solar panels.	
F/C.1.121	Stanground Closed Landfill Energy Project	-109	109	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
F/C.1.122	Woodston Closed Landfill Energy Project	-65	-	-	-	-	-	65	**-**	-	-	-	-	-	Rephasing due to C/F	
F/C.1.123	North Angle Solar Farm, Soham	-826	-1,631	2,457	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F, some slippage due to extended connection timetable to install a private wire to supply Swaffham Prior	
F/C.1.124	Fordham Renewable Energy Network Demonstrator	-85	85	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing due to C/F	
F/C.1.240	Housing schemes	-353	353	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	
F/C.1.243	Development Funding	-188	188	-50	-50	-50	-50	-	**-200**	-	-	-	-	-200	funding started in 20-21, rephasing future years	
F/C.1.244	Lower Portland Farm	-236	50	-	-	-	-	-	**-186**	-	-	-	-	-186	purchase price known/planning fees estimated for 21-22	
F/C.2.112	Building Maintenance	-438	1,307	-	-	-	-	-	**869**	-	-	-	-	869	20-21 work schedule not completed, £438k roll forward required in 21-22, plus £869k transferred from F/C.3.119	
F/C.2.113	Decarbonisation Fund	-3,093	3,142	-17	-17	-15	-	-	**-**	50	-	-	-	-50	Rephasing due to C/F, funding adjusted to take account of revised grant amount	
F/C.3.109	Community Hubs - East Barnwell	-68	68	-	-	-	-	-	**-**	-	-	-	-62	62	Rephasing of scheme, work has not progressed to timescale	
F/C.3.116	Shire Hall Relocation	-1,050	1,050	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme, delays in 2020	
F/C.3.119	Cambs 2020 Spokes Asset Review	-1,985	1,116	-	-	-	-	-	**-869**	-	-	-	-	-869	Schemes have been revised, changes will be reported on at next committee meeting	
		-	-	-	-	-	-	-	**-**	-	-	-	-	-		
*****NEW SCHEMES*****		-	-	-	-	-	-	-	**-**	-	-	-	-	-		
B/C.1.019	Papworth to Cambourne	-747	747	-	-	-	-	-	**-**	-	-	-	-	-	Scheme carried over from 2020-21, delayed in order to reduce costs.	Y
B/C.1.019	Fenstanton to Busway	-14	14	-	-	-	-	-	**-**	-	-	-	-	-	Residual costs outstanding	Y
B/C.1.019	NMU Cycling Scheme - Washpit Road	3	97	-	-	-	-	-	**100**	100	-	-	-	-	Residual costs outstanding	Y
B/C.1.019	NMU Cycling Scheme - Longstanton Bridleway	32	356	-	-	-	-	-	**388**	388	-	-	-	-	Highways England scheme to be completed in 2021-22	Y
B/C.1.019	Swavesey Park & Ride	-28	28	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	Y
B/C.4.017	Fendon Road Roundabout	-275	275	-	-	-	-	-	**-**	-	-	-	-	-	Residual costs outstanding	Y
B/C.4.017	Ring Fort Path	-308	308	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	Y
B/C.4.017	S106 Cherry Hinton Road	-	330	-	-	-	-	-	**330**	-	330	-	-	-	S106 developer contributions	Y
0	Lancaster Way	-792	792	-	-	-	-	-	**-**	-	-	-	-	-	Residual costs outstanding	Y
B/C.1.019	Cycling Schemes	-2	2	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	Y
B/C.5.029	Energy Efficiency Fund	-306	306	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	Y
0	Northstowe Heritage Centre	-519	519	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme. Costs and funding to be reviewed	Y
0	Pothole Funding	-2,841	6,841	-	-	-	-	-	**4,000**	-	-	4,000	-	-	Rephasing of schemes plus pothole funding balance	Y
0	Abington Wood Adaptations	-	167	-	-	-	-	-	**167**	-	-	-	-	167	New scheme as per Feb CPB business case- approved by CFO via delegated authority.	
0	Isleham Primary	-	10	70	728	8,455	1,963	-	**11,226**	-	-	-	-	11,226	New scheme as per March CPB business case	

0	Arbury Road Site (Estates)	-	150	-	-	-	-	-	**150**	-	-	150	-	-	New scheme as per CPB business case presented	Y
0	Mill Road - Former Library	-319	489	-	-	-	-	-	**170**	-	-	-	-	170	New scheme approved by GPC in-year in 20-21 - cost expected to increase	Y
0	March Community Centre - Adult Learning	-365	365	-	-	-	-	-	**-**	-	-	-	-	-	New scheme approved by GPC in-year in 20-21 - rephasing	Y
0	Cambs Outdoor (Traded)	-37	37	-	-	-	-	-	**-**	-	-	-	-	-	Final work to be completed early 21	Y
0	Alconbury Solar Carports	-103	583	-	-	-	-	-	**480**	-	-	-	-	480	New scheme - construction budget approved by E&S Committee in March 2021, total £928k budget approved by GPC in March 2021.	Y
0	School Ground Source Heat Pump Projects	-79	3,224	-	-	-	-	-	**3,145**	1,888	-	-	-	1,257	New scheme - construction budget approved by E&S Committee in March 2021, £3.145m 21-22 budget approved by GPC in March 2021.	Y
B/C.4.032	Scheme Development for Highways Initiatives	-437	437	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	
0	Meldreth Caretaker House	-	15	284	1	-	-	-	**300**	-	-	-	-	300	New Scheme	Y
B/C.1.019	- Arbury Road	-12	12	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	
0	Emergency Active Fund	-785	785	-	-	-	-	-	**-**	-	-	-	-	-	Rephasing of scheme	
0	Combined Authority Schemes- March Area Transport Study	-	2,072	-	-	-	-	-	**2,072**	-	-	2,072	-	-	Combined authority funding	
0	A505	-	143	-	-	-	-	-	**143**	143	-	-	-	-	Combined authority funding	
0	Spencer Drove, Soham	-	158	-	-	-	-	-	**158**	-	-	158	-	-	Third party contributions	
		-35,170	**20,546**	**25,617**	**636**	**8,390**	**1,913**	**65**	**21,997**	**8,724**	**458**	**7,001**	**-1,804**	**7,618**		

Agenda Item No: 7

Future of the Shire Hall Campus, Cambridge

To: Strategy and Resources Committee

Meeting Date: 6 July 2021

From: Tom Kelly, Director of Resources

Electoral division(s): Castle

Key decision: Yes

Forward Plan ref: 2021/040

Outcome: If approved the outcome from this report will be an agreed commercial position that will enable officers to enter into formal contractual arrangements with Brookgate (the developer), a apart-hotel operator and a funder thereby resulting in the disposal of the original Shire Hall building on a long lease for hotel use, and the redevelopment of the Octagon and Old Police House buildings as modern office accommodation.

Recommendation: It is recommended that the Committee:

a) note the updated commercial arrangements as set out in the report;

b) note the due diligence report of the proposed hotel provider as set in confidential Appendix 3;

c) approve the commercial proposals as set out in confidential Appendix 2 including the revision of the revenue / capital split described in section 8 and 9 of this report;

d) note the resulting provision of office accommodation across the County as a result of the whole Cambs 2020 programme, and commit to keeping this closely under review as office usage changes post-pandemic, addressing areas where there is a shortage of service provision emerging, as described in section 1.5; and

e) delegate agreement of the final terms and consequential or minor amendments to the contractual documentation, as set out in paragraph 10.6, to the Director of Resources in consultation with the Chair & Vice Chair of this Committee.

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1. Background

1.1 In 2018, following analysis commissioned from external specialists the Council decided that the future options for Shire Hall could not include a "do nothing" approach of the campus remaining the largest operational office accommodation without redevelopment. Subsequently a new, much smaller, civic hub building has been constructed at Alconbury Weald and is due to come into the Council's possession during July. Plans are now well developed for investment and redevelopment into Shire Hall, Cambridge.

1.2 Initially, the reason for considering this were driven largely by the opportunity to gain better value from the asset portfolio and delivering an additional funding stream, taking account of the challenges set out in the Medium-Term Financial Strategy. The programme quickly evolved, however, into a more strategic review of how the property portfolio could more efficiently support the organisation's workforce to deliver services to the communities it serves. Through the Cambs 2020 programme the Council has acquired the Bernard Sunley Building in Papworth and invested in "spoke" assets at 16 other locations across the County. In some areas of the county, this aids an approach which will be more devolved, delivering services as part of neighbourhood working, locating services close to the communities they serve.

1.3 The principal details of commercial proposal now before the Council for Shire Hall, Cambridge is (in short) to:

- Convert the Shire Hall building and the Castle Lodge area to a **255 room apart-hotel** (the façade of Shire Hall is retained, however there would be a major reconstruction inside the building to achieve this and a new annex to replace Castle Lodge)

- Convert and refurbish the Old Police House and the Octagon **into modern office accommodation**, respecting the listed status of the Old Police House and significantly improving the outward aesthetic of the Octagon

- Remove the front pay & display car park facing Castle Street, enlarging and enhancing the green space in front of Shire Hall and improving the **public realm** around Castle Mound and access to it

- the Council retain the freehold of the whole site, with a lease to the hotel operator for the hotel area. The Council can **end the leases in 40 years' time for £1**. The project operates as an income strip (explained further in section 8).

1.4 In May 2021, a new joint administration took control of the Council. This provides an opportunity to check the assumptions and opportunities relating to this major commercial decision, alongside a recognition of operational and workforce changes the Council has already implemented and the other constraints at this stage at Shire Hall. This report therefore begins by exploring a range of alternative futures for Shire Hall, before proceeding to describe in more detail the worked-up proposition now before the Council for consideration.

`1.5 The wider Cambs 2020 programme is nearing completion for delivery of the new civic hub and a revised distribution of Council teams in localities through the spokes model. Reviewing the projected pattern of Council office accommodation across the County relative to district populations, this indicates a higher level of office presence or capacity in Huntingdonshire and Fenland compared to relatively less capacity in South Cambridgeshire, East Cambridgeshire and Cambridge City. As part of its approach to neighbourhood working, the Council is committed to ensuring its services are close to communities and aligned to best meet need. It is also recognised that actual utilisation of office accommodation is currently an uncertainty as working patterns develop emerging from the pandemic. The Council will keep this closely under review and take up opportunities to ensure further provision of space for services as appropriate particularly in those areas that are underserved by the Cambs 2020 distribution as it currently stands.

2. Future of Shire Hall: options considered

2.1 During 2018, the Council instructed Strutt & Parker to lead a marketing process for Shire Hall. 30 proposals were received, 10 organisations were long listed and 5 organisations were shortlisted. The initial proposals included a wide range of potential uses (hotel, private rental residential, student accommodation, retirement, residential sales and offices). The shortlisting was overseen by a four Member panel. The favoured option selected, which has developed into the detailed proposal at this meeting, had the most advantageous financial net present value and the details set out at paragraph 1.3 above. The following paragraphs present potential alternatives to this approach, drawing on rival bids at the shortlisting/longlisting stage, or the more detailed analysis which forms part of the worked up proposition.

2.2 **100% office space: Refurbishment & reinstatement of Shire Hall as a civic HQ**

2.2.1 In the original analysis conducted by consultants, from a non-financial perspective, retaining Shire Hall with its current use had outscored other locations for accessibility, place, time and build cost risk.

2.2.2 The accessibility and place of Shire Hall remain very strong (and core to its underlying value for any option) but by 2021 the situation with respect to the other factors has moved on. The imminent delivery of Alconbury Weald means that the Council now has an alternative hub available, whereas Shire Hall has been gradually decommissioned following the closure of the main building for much of the pandemic, commencement of some initial survey works and the relocation of staff previously based there.

2.2.3 It has long been problematic that Shire Hall (which is nearly 90 years old) is not configured as a modern working environment (this is exacerbated by covid-19 safety) nor is it a sustainable or environmentally friendly building. Shire Hall has poor space utilisation in its current configuration: the net internal area is 45,000 sf ft whereas the gross internal area is 71,000 sf ft. Our outline estimate is that it would cost in the region of £20m (with associated time and build cost risks) in order to refurbish and reinstate Shire Hall with a optimised use of space and a useful life as an office for the next quarter of a century or more.

2.2.4 The main proposal before the Committee includes provision of significant office space on the Shire Hall campus through the refurbishment and redevelopment of the Octagon and Old Police House buildings. At this stage, this is considered to be the best route to ensuring long-term and fit-for-purpose office accommodation on the current site. The Council will be the landlord for that accommodation once refurbished and it will be open to the Council to determine the best usage, including the possibility of occupying some of that space itself.

2.3 **Alternative uses: residential/residential/retirement**

2.3.1 Eight of the ten shortlisted proposals for redevelopment of Shire Hall included a hotel. Most of the hotel uses blended a mix of student accommodation, offices or residential alongside that, including the preferred bidder. Discussions with planners have generally favoured a hotel use. The preferred bidder's approach, which has progressed to the proposal before the Committee today, was favoured at selection stage as it offered both a capital sum and a recurring revenue return and the opportunity to 'buy-back' in 40 years for £1. Subsequently, the preferred team has also been able to demonstrate delivery at similar projects in North Cambridge and in London.

2.3.2 The highest scoring alternative proposals at longlisting stage for predominantly student accommodation, office-led, residential or retirement schemes were for outright sales of the site for capital sums ranging between £14m and £25m, reflecting the relative yields and typical design requirements of such schemes. These were therefore significantly worse prospects, in financial terms, than the leading proposal which offered a capital receipt of a similar or higher order, alongside a recurrent revenue income.

2.3.3 For the Council's part, there is already exposure within the County's asset portfolio to student accommodation at Castle Park (through the Castle Court scheme which was also redeveloped in the last decade) as well as competitor schemes in the vicinity (and the Council directly owns a large student accommodation complex on Newmarket Road). In its role as a commissioner of social care services, the Council is also encouraging the development of accommodation for Older People, however analysis suggests that there are more pronounced deficits of provision outside of Cambridge City. This contrasts to the advice we have received with respect to hotel (and apart-hotel) provision in Cambridge, with the city being nationally competitive from this perspective and where there is a significant deficit in supply and barriers to entry for hotel operators.

2.4 Alconbury Weald

2.4.1 The Council takes possession of the completed Alconbury Weald building during July 2021. The building will be fully equipped with modern technology enabling audio-visual conferencing and has significant environmental benefits (including a solar carport array). The building is designed to be fully accessible for people with disabilities, but it is also recognised that public transport access to Alconbury Weald is more restricted than expected at the time the location was selected. The Council is mindful of this and committed to ensuring accessibility for staff and citizens – we will monitor any difficulties that arise in that respect.

3. Project Appraisal

3.1 Although the Council has its own financial model that evaluates the overall deal throughout the 40-year period (a summary of which is set out below) there is also a formal financial appraisal framework. This provides a transparent process that uses all the constituent parts of the commercial deal to provide a net capital acquisition value.

3.2 Throughout the commercial discussions and the evolution of the design of the proposals, the financial appraisal has been updated to reflect these changes. This has included initial feedback from the City Council planners on the massing of the office accommodation in the original proposals. Since the Commercial and Investment (C&I) Committee last considered the financial appraisal in June 2020, several revisions to the proposal have taken place including changes to construction costs and rental streams and the residual capital value.

3.3 A comparison of the latest appraisal to that which was presented in summary form to the C & I Committee in June last year is set out in Appendix 2 of this report. The latest appraisal is supported by a Stage 1 design document produced by the developer. The design proposals will continue to evolve over the coming months but this document serves as a helpful position from which to monitor iterations.

4. Construction

4.1 The proposal considered by the Commercial & Investment Committee in 2020 was predicated on the internal reconstruction necessary to convert the current office accommodation into a hotel. This methodology would have retained the internal structures of the building that are 90 years old, leading to concern about the risk of latent defects. These liabilities would in turn become the responsibility of the hotel operator under a Full Repairing and Insuring lease which would be a major contractual hurdle. Neither the Council nor the developer was prepared to accept the risks associated with that proposal and, given the nature of the proposal, the ability to obtain insurance cover to negate this risk was not possible.

4.2 As a consequence of this and following feedback from planners, the developer revisited the complete design proposal for the site. This included the construct of the hotel, the positioning of the office accommodation and the creation of a hotel annex that could cater for longer stay bookings. It also provided the opportunity to revisit the communal areas of the site. A summary of the proposed construction is set out below.

4.3 The entire internal structure of the existing Shire Hall building shall be dismantled and removed from behind the retained facades. The new structure shall be a reinforced concrete (RC) framed structure. The retained facade shall be restrained at slab levels. A Ground Investigation shall be carried out to establish the details of the existing foundations and of the bearing capacity of the subsoil, to inform the design of the new foundations.

4.4 The existing Octagon robust 1970 RC framed structure is to be retained as offices. An additional floor shall be added over the entire building and the central area of the roof shall be used for plant. The existing Precast Concrete facade panels shall be removed and replaced with a lightweight cladding system. The central area of slab, contained by the four primary columns and linking beams, shall be removed and reconstructed to incorporate new lifts, stairs, and services risers. The basement shall accommodate plant and cycle stores and other ancillary use, with additional natural light.

4.5 The existing Registrars building shall be demolished and replaced by a new RC framed construction. The new structure shall be a reinforced concrete framed structure.

4.6 The design life for the new buildings and/or structural elements is 50 years as per Design Life Category 4, allowing for reasonable maintenance.

4.7 Shire Hall is one of the most environmentally inefficient buildings in the council’s property portfolio. Since the Council commenced this disposal process, it has declared a climate emergency and created a new strategic priority whereby all buildings owned and occupied by the Council should be heated without fossil fuels by 2025, and emit net zero carbon emissions by 2050. The original construction proposal put forward by the developer for the Shire Hall element of the proposal would have retained a significant proportion of the original building and the inherent carbon inefficiencies of the building.

4.8 It is possible to significantly improve the environmental quality of the building which aligns with the Council's strategic objectives in respect of the carbon footprint of the buildings that it is responsible for. As a consequence of the new proposal:

- The development is seeking to deliver BREEAM Excellent for both the hotel and the Octagon office.(BREEAM is a methodology for assessing building sustainability)

- The Old Police Station which will refurbish a grade 2 listed building will be more challenging and therefore BREEAM Very Good is likely to be achievable.

- The design life for the new buildings and or structural elements is 50 years as per Design Life Category 4 (design working life is the period of intended use, with maintenance but no major repair anticipated, for a structure).

- The hotel, the annex and the Octagon office will be air conditioned by Air Source Heat Pump (ASHP) utilising Virtual Routing and Forwarding (VRF) technology. The domestic hot water generation in both the hotel and office will similarly utilise ASHP's to generate the hot water. The only gas installation envisaged is for the hotel kitchen if confirmed as a requirement by the hotel operator in due course.

- In addition to utilising ASHP technology to provide heating, air conditioning and hot water generation the developer is currently investigating the potential to install Solar Panels.

5. Environmental Improvements

5.1 In addition to the structural improvements set out above, the latest proposal includes significant enhancements to the environmental layout of the site. These are summarised from the stage report as:

- Mixture of landscape character areas; formal & wild;
- Elevated views of Shire Hall from Castle Mound;
- Framed views of Castle Mound from Shire Hall;
- Castle Mound and Civil War Earthworks SM's to be maintained and enhanced, improving the statutory public right of access;
- Preserve the historic integrity of the Grade II-listed police station and 42 Castle Street, and enhance the landscape setting;
- Incorporate Buildings of Local Interest guidance and the conservation area management plan recommendations;
- Assess the value of the existing fauna, flora and wildlife and integrate them into the emerging proposals;
- Create a more functional, versatile public realm with a range of scales, character and purpose;

- Create new, welcoming and accessible public entrances into the site;
- Provide an integrated setting for all the buildings with ‘joined up’ pedestrian routes linking pocket parks to wider open spaces;
- Celebrate the rich historic value of the site while future-proofing it for the next generation;
- Review and retain key existing trees, and introduce an enhanced and diverse palette of plants;
- Make the most of the panoramic views from Castle Mound over the city;
- Create a new legible and ‘green’ approach to the Octagon;
- Enhance the public space between Castle Street and Shire Hall by removing the car park and creating new open green spaces;

5.3 A pictorial illustration of plans for the site is below:

As can be seen this design provides for much greater green space which will improve public access to the scheduled ancient monument and improve the thoroughfare by guests and the public through the site.

6. Hotel Rent Free Period

6.1 The commercial deal has always included a rent guarantee from the developer for the office accommodation for an initial period. The developer aligned a hotel provider at the early stages of the commercial negotiations. During the commercial discussions and particularly following the uncertainties in the hotel industry in a post Covid environment, the hotel provider has negotiated a rent-free period.

6.2 To ensure that the council is not exposed through reduction in revenue for that period, as the Council will still be required to make payments to the funder, provision has been made in the financial model to cover this sum. As a result, the Council will be capitalising this revenue cost against the capital receipt. We have not stated the length of the rent free period in this public report for commercial reasons.

7. Heritage

7.1 Given the special nature of the site, its heritage has always been an important consideration for the Council. When the original marketing was undertaken this point was highlighted and all proposals were asked to set out how public access and the visitor experience would be enhanced through their proposals.

7.2 The additional investment in landscaping is a significant element of the enhancements to the experience of visiting the site.

7.3 The approach to heritage issues on the Shire Hall site covers three main areas:

- Site Management and Access
- Development Related Archaeology
- Interpretation and Presentation

7.4 Discussions have taken place with the Council's Historic Environment Team and the developer's heritage contractor, Cambridge Archaeological Unit, to discuss the proposals as set out in their Design Stage 1 document. The following is a summary of the key matters highlighted by the Council's team.

7.5 Site Management & Access

7.5.1 The latest proposals contain a set of significant changes to the original plan as follows:

7.5.2 The removal of the front car parks and their replacement with grassed areas that forms a pocket park: removing the car parks will create a more welcoming aspect onto the whole site. There are however some archaeological issues that need to be clarified before any works commence.

7.5.3 A more defined public access route onto the site by changing the main pedestrian access to be more prominent.

The proposed location aligns roughly with the location of the gatehouse therefore discussions have taken place to mark the location of the gatehouse and use it as the 'main entrance' to draw visitors through thus raising the profile of the whole site.

7.6 Development Related Archaeology

7.6.1 The latest proposal includes additional investment in archaeological surveys and contingencies for any costs arising from them. These are required under the National Planning Policy Framework and administered by the Local Planning Authority. CCC Historic Environment Team is the archaeological adviser to the Greater Cambridge Shared Planning

Service and will require these surveys as part of their consideration of the planning application.

7.6.2 The new proposal for construction at Shire Hall includes more ground disturbance than the original remodelling and thus has greater archaeological implications. The planning process requires a process of assessment of significance, understanding of harm caused by the development and then mitigation of that harm, either by design or recording (fieldwork).

7.6.3 The change in design for Shire Hall means that areas that were originally to be left undisturbed, i.e., the inner courtyards, will no longer be so. The addition of a sub-basement will pierce an additional 3m into layers potentially previously undisturbed since Roman times. The revised scheme has greater archaeological impacts than that originally submitted, but it also represents a real opportunity to increase and enhance our understanding of the story of the site.

7.6.4 Assessment of significance is usually undertaken by a combination of remote sensing and desktop survey. Ground Penetrating Radar (GPR) has already been undertaken across the site and sufficient desktop assessment already exists. The only remaining aspect to understand is the extent of survival of deposits beneath Shire Hall and surroundings.

7.6.5 The GPR identified several areas of interest for further investigation to understand the signals received. The developer also requires some geo-technical test pitting to inform the structural designs for the hotel. The new proposals for the Octagon are however less intrusive than previously proposed, but there remains the intention to re-profile the Cromwellian earthworks back to their original shape (subject to approval by Historic England).

7.6.8 CCC's Historic Environment Team had agreed in principle to minimal pre-application fieldwork for this scheme. This was due to existing assessments of significance and a low level of intrusion arising from the development proposals at the time. The new proposals for the site, especially for works in and around Shire Hall itself are more intensive and potentially harmful.

7.7 Interpretation and Presentation

7.7.1 Improving the presentation and interpretation of the site is still under discussion but the general principles have been agreed. There are several elements to the proposals:

- Onsite interpretation materials (boards and possible supporting Augmented Reality (AR) items
- A 'landmarks board' on the top of the mound pointing out key features, again with possible AR
- Use of the hotel front of house areas for objects and images

7.8 Relations with Historic England

7.8.1 As the site contains two scheduled monuments, Historic England will need to be involved. Previous discussions with HE have confirmed that they are content for the detail to be agreed between ourselves and the developer and a full proposal to be given to them for final approval.

8. Income Strip and Financial Model

8.1 The commercial proposal is structured as an income strip. This is a forward funding arrangement, related to a property asset, which have been used by a number of local authorities. In the proposal for Shire Hall,

- the institutional investor (a pension fund) and developer delivers the asset and takes on the development risk. There is both a 999 year lease for all of the buildings and a 40 year sub-lease on to the hotel operator for the hotel area.
- the Council receives an annual income (through rent) from the Shire Hall campus,
- the Council retains responsibility for some overall management, maintenance and residual value of the asset
- the Council pays on to the institutional investor a proportion of the rent received, thereby providing an inflation linked income stream to investor, with a strong covenant backed by a local authority
- the Council retains the rent received over and above the proportion guaranteed to the investor (also known as “profit rent”)
- all the assets would return to the Council at the end of the hotel lease in 40 years

8.2 In order to evaluate the financial implications of the commercial proposal over the life of the deal, in net present value terms, and to consider the implications of any changes throughout the commercial negotiations the Council established a financial model. Net present value is a mechanism for calculating today’s value of future anticipated cashflows. The model has been used to provide a summary of the financial implications of the deal to the Committee on a number of occasions.

8.3 All of the issues set out in this report have been built into an updated version of the financial model. The Commercial and Investment Committee last considered the financial detail of the proposition in June of last year when considering the draft heads of terms.

8.4 There has been a £3.2m adverse change as a result of the Council’s inability to invest the capital receipt generated in income generating proposals as a result of the Public Works Loan Board (PWLB) changes as highlighted in the paper that the C&I Committee considered in 2020. The latest projections also make provision for the hotel rent free period, the enhanced construction costs, and the costs associated with the disposal.

8.5 Given the revised construction model proposed for Shire Hall it is likely that the value of this element of the site will have greater value than was proposed in the original financial model but given that this will not arise for 40 years no additional adjustments have been made. The financial model only takes account of the revenue and costs associated with the proposed development and therefore does not include any provision for the costs that the Council would have incurred had it retained the site. Shire Hall consumed more revenue and capital investment on an annual basis than any other property in the Council’s portfolio. Capital maintenance alone was running at around £600k per annum.

8.6 A summary of the financial projections over the life of the commercial deal are set out below. When last considered by a Council committee, the proposal was that the Council guaranteed 61.5% of the rent to the funder:

61.5% rent cover to Funder		
Capital Receipt (net of Council's costs)		29,344,109
Interest Income/Debt repayment	4.40%	51,645,632
Residual Value		124,196,187
Management Costs	200,000 pa	(15,080,252)
Letting Costs	10.00%	(797,339)
Void Costs	12.00 psf	(3,102,792)
Refurb Costs	50.00 psf	(5,540,700)
Council Income Strip Rent (RPI Increase)	(3,146,543)	(237,253,302)
3rd Party Income		
Ground Rent Receivable		n/a
Hotel (Subject to annual CPI increase)	3,823,500pa	241,367,616
Office (market value increases inc. Rent Cover)	35.00 psf	63,419,881
Net Profit / Loss		**248,199,040**
NPV	**5.00%**	**66,826,910**

8.7 The next section considers revising the approach to capital / revenue split, by reducing the rent cover paid to the funder alongside a reduction in the up front capital payment. The reasons for this are set out in more detail in the next section. Setting the rent cover at 50% produces the following result.

50% rent cover to Funder		
Capital Receipt (net of Council's costs)		13,658,814
Interest Income/Debt repayment	4.40%	24,039,513
Residual Value		124,196,187
Management Costs	200,000 pa	(15,080,252)
Letting Costs	10.00%	(797,339)
Void Costs	12.00 psf	(3,102,792)
Refurb Costs	50.00 psf	(5,540,700)
Council Income Strip Rent (RPI Increase)	(2,558,165)	(192,888,864)
3rd Party Income		
Ground Rent Receivable		n/a
Hotel (Subject to annual CPI increase)	3,823,500pa	241,367,616
Office (market value increases inc. Rent Cover)	35.00 psf	63,419,881
Net Profit / Loss		**249,272,064**
NPV	**5.00%**	**68,629,741**

9. Use of capital receipts and increasing revenue retained

9.1. Since the Commercial and Investment Committee last considered the financial model the Government have issued new rules regarding the use of borrowing from the Public Work Loans Board. Although this might appear to have no direct effect on the Council's ability to use capital receipts generated from the disposal of Shire Hall, the nature of the new rules has effectively removed any opportunity to make further commercial investments where the purpose is primarily to make profit. Councils are now prohibited from including any acquisition projects within their capital programmes that include investments primarily to generate profits.

9.2 Therefore any council wishing to borrow funds from the PWLB at any point cannot plan to make any such investments irrespective of whether they are funded through borrowing or any other funding sources. Given the level of borrowing that the Council has planned to support the delivery of schools, highways, carbon reduction schemes and other programmes, using the capital receipts to invest in commercial acquisitions is not a realistic option.

9.3 The financial model for the programme had assumed that investments in commercial acquisitions would generate an annual return of 5% on the capital value - that will no longer be possible. The Council can still use the capital receipt generated from the sale in order to fund other projects within the capital programme.

9.4 The Council has considered whether to convert the capital receipt to a reduced payment thereby creating an additional revenue stream directly from this project. The joint administration have requested detailed consideration of this alternative, mindful both of the direct financial impact on the Council, assuming full occupancy, as well as the potential for this adjustment to reduce the Council's risk exposure should there be a disruption, over the following 40 years, to the rental income streams

Scenario	Total Rent	Paid to funder	Rent to CCC (remainder)	Capital to CCC
61.5% rent	£5.12m	(£3.15m)	£1.97m	£29.34m
50% rent	£5.12m	(£2.56m)	£2.56m	£13.66m
45% rent	£5.12m	(£2.30m)	£2.81m	£6.25m

9.5 We have compared these scenarios in absolute cash terms, contrasting the additional rental revenue retained to an assumption that the capital values can be invested to decrease borrowing and thereby interest and borrowing. These produce similar cash results over 40 years (all within £1m), with 50% rent cover the marginally optimum option. Section 8.7 also compares this option in net present value terms to 61.5% shown in section 8.6, and this also shows an improved net present value.

Taking a view across risks and returns including that:

- capital receipts provide an upfront flexibility in determining funding of the capital programme
- the potential to increase revenue income retained in relation to this site as well as the flexibility to decide on the use of office space in future,
- the inflation sensitivity risk that the guaranteed income payable to funder rises faster than the rental income actually received in relation to the asset
- scope to reduce the exposure to rental risk over the lifetime of the project (for example were the hotel operator to default at somepoint during the least term)

the recommended approach is to reduce the rent guarantee to 50%.

10. Key Risks

10.1 The programme has a detailed risk register covering the various aspects of the programme. However a number of specific risks that have either become apparent or have changed since the last time the C&I Committee considered this proposal are set out below:

10.2 Cambridge Hotel Market:

10.2.1 Since the Council approved a proposal that included the redevelopment of Shire Hall as a hotel facility it has become clear that the operator have plans to develop the provide a similar facility in a nearby area of Cambridge. This raised concerns about market saturation and therefore the Council sought clarification of the Company in respect of its view of the Cambridge market and how it was planning to differentiate between the two sites given the proximity of them to each other.

10.2.2 The following response was received:

We are very comfortable with the total number of bedrooms we will have in Cambridge regardless of them being spread over two properties. In the same way we (or many other brands) have multiple hotels in many strong cities / markets.

Shire Hall offers a slightly more relaxed setting than the other site and guests naturally seek a preference. Shire Hall will also have a slightly lower price point as it is a little further (albeit not far) from the city centre.

The room sizes in each property are also different which will again differentiate the properties.

We prefer to take a number of aparthotels in strong locations rather than spread into weaker target towns. Cambridge has strong leisure and corporate demand which has been in evidence for many decades, and crucially, high barriers to entry. The market cannot therefore become flooded with hotel supply as price, planning and the physical constraints of the city will always limit the pipeline of hotel rooms.

10.3 Cambridge Office Rental Market:

10.3.1 The effect of the pandemic has been felt right across the Cambridge property market, however the impacts have not been evenly spread. Retail, and to some extent offices, have fared less well as successive lockdowns have forced people to live, work and shop from home, resulting in some short and longer-term impacts for these sectors.

10.3.2 The Octagon conversion will be to BREEAM Excellent and will be available in 2025 when the market is expected to have settled, after COVID, to a new normal.

10.3.3 Cambridge has proved resilient over the years and despite the current difficulties it is expected to remain so. The property market will continue to benefit from the city's global draw as a centre of research and innovation pulling in business and people. Cambridge remains a target for property investors with its strong prospects of rental and capital growth. A limited development pipeline of offices will exacerbate the low supply issues putting upwards pressure on rents and values. Well-located freehold property across all sectors remains in high demand. Refurbished offices with a focus on quality are currently attracting enhanced rents. By 2028 the Government will require a minimum of EPC B for leased offices. Shire Hall campus is currently EPC C.

10.3.4 There is some uncertainty in the office market but now is a good time to design a high quality, flexible building for the post COVID market which can be future proofed for increasingly climate change aware tenants and to comply with changing Government regulations.

10.4 Financial stability of the hotel provider:

10.4.1 Whilst not a new risk, the impact on Covid 19 on the hotel industry has certainly heightened this risk. Independent consultants were commissioned to undertake this exercise. Their full report is included as confidential Appendix 3 to this report.

10.4.2 Given the financial context for <hotel operator> (see confidential appendix), the Council believes the risks associated with the future financial viability of the operating model have been significantly mitigated.

10.5 Planning

10.5.1 The commercial proposal is predicated on planning approval being received. Any significant changes to massing or other factors that alter the proposal will be subject to a reappraisal. In addition to planning approval impacting on the commercial deal, the Council will carry the risks of the project between the point of conditional agreement and the deal becoming unconditional.

10.5.2 It is currently anticipated that the Council will be vacating the site by the end of August 2022. The contract however will not become unconditional until planning approval is received, plus any period allowed for a potential judicial review process to be time expired. Based on current estimates it is unlikely that the disposal will become unconditional until Summer 2022.

10.5.3 Between vacant possession and the contracts going unconditional the Council still retain ownership of the site and will have to maintain the sites security and pay business rates and insurance.

10.6 Contract Documents & Relationships

10.6.1 Commercial and Investments Committee have previously received details of how the various contractual documents align and support each other. A summary of the contractual arrangements the Council will enter into is as follows:

Document	**Parties**	
Agreement for Lease	(1) CCC (2) Brookgate	Agreement to set out:- • the conditions to be satisfied before the site is available for development and, if development progresses, the manner in which it needs to be carried out to protect CCC; • the timing and basis on which the headlease is granted to the funder and the income strip lease is granted to CCC
Prelet Agreement for Lease	(1) Brookgate (2) Hotel operator (as tenant) (3) Hotel operator parent (as guarantor, registered in Ireland)	Agreement to oblige Hotel operator to take a lease of the aparthotel if the development is carried out as planned by Brookgate.

Document	Parties	
	(4) CCC	
Headlease to funder	(1) CCC (2) Funder	This 999 year headlease enables Brookgate to commence development if they decide to do so, and in return a capital sum is paid to CCC.
Income strip lease	(1) Funder (2) CCC	This is granted by the Funder back to CCC only if the development is completed. It obliges CCC to pay a fixed rent to the Funder and will have some controls in although these will be limited as far as we are able to negotiate with the Funder.
Aparthotel Underlease	(1) CCC (2) Hotel operator UK Limited (as tenant) (3) Hotel operator parent (as guarantor, note offshore registered in Ireland)	This is the lease of part of the area leased to CCC to enable Hotel operator to operate the aparthotel.
Rent guarantee agreement	(1) Brookgate (2) CCC (3) Funder	This relates to the rental guarantee from Brookgate to CCC
Form of office lease	(1) CCC (2) <future agreement>	CCC will in time need to grant leases of the remainder of the site
Development Funding Agreement	(1) Brookgate (2) Funder <(3) CCC>	This will dictate the terms on which funding will be made available. We don't anticipate CCC being party to it but it may be beneficial to join into that agreement once it is discussed.
Forms of warranty (third party rights likely instead)	(1) CCC (2) Various consultants	Collateral warranties from the professional team, main contractors and key sub contractors will be required or CCC may rely on third party rights. Either of these may involve CCC in signing documentation to enable it to rely on them

The timeslines for the programme of works from this point forwards are shown in Appendix 1.

11. Alignment with corporate priorities

The Cambs 2020 Programme is an opportunity to change the ways and places we deliver services to support the Council in the delivery of its corporate objectives by providing fit for purpose infrastructure, technology and a workplace that is equipped to face the organisational challenges that lie ahead.

11.1 Communities at the heart of everything we do

The spokes model is providing opportunities to locate Council services closer to the communities we serve. Section 1.5 sets out that we will monitor the location of our offices to ensure that this meets our workforce and service needs.

11.2 A good quality of life for everyone

The financial benefits arising from the disposal of Shire Hall will enable additional investment in the delivery of frontline services than otherwise would have been the case without this proposal.

11.3 Helping our children learn, develop and live life to the full

No significant implications

11.4 Cambridgeshire: a well-connected, safe, clean, green environment

Cambs 2020 Team are working in collaboration with the Energy Investment Unit to integrate proposed energy efficiency improvement works to the building estate of the Council. Shire Hall is an extremely inefficient carbon building. The proposed redevelopment will significantly improve the carbon footprint of the buildings currently on the site.

11.5 Protecting and caring for those who need us

The redevelopment of the Shire Hall site will bring additional economic benefits to Cambridge and will enhance the local environment by making the Scheduled Ancient Monument being more accessible to local residents and visitors. The local environment will be significantly enhanced as a result of this investment.

12. Significant Implications

12.1 Resource Implications

The financial implications of this proposal are set out in the text of the report. The financial implication of the whole programme are summarised elsewhere on this Agenda.

12.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The proposed contractual arrangements between the parties to this agreement are set out in the report. The Council has been supported by Pinsent Mason solicitors throughout the commercial negotiations.

12.3 Statutory, Legal and Risk Implications

Due to the value of the contract which will be over £500k (and therefore a key decision), there is a requirement to receive approval by Committee prior to contract award. All decisions regarding the commercial deal have been delegated to the Committee by Full Council.

12.4 Equality and Diversity Implications

There are no further implications arising directly from this report.

12.5 Engagement and Communications Implications

There are no further implications arising directly from this report.

12.6 Localism and Local Member Involvement

Local Members attended a briefing on 21 June 2021. This report will be made available in full to local members.

12.7 Public Health Implications

There are no significant implications arising directly from this report.

12.8 Environment and Climate Change Implications on Priority Areas (See further guidance in Appendix 2):

12.8.1 Implication 1: Energy efficient, low carbon buildings.
Positive Status
Explanation: Improvements as a result of construction are set out in section 4.

12.8.2 Implication 2: Low carbon transport.
neutral
Explanation: The plans for the Shire Hall campus reduce the car parking available at that site. The location is well connected to low carbon transport options and its redevelopment

12.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Positive Status:
Explanation: Enhancements to green spaces, habitats, land management and biodiversity form part of the scheme and are referred to in section 5

12.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
neutral Status:
Explanation: No remarks

12.8.5 Implication 5: Water use, availability and management:
Positive Status:
Explanation: Efficient water management will form part of the new build/refurbishment process under BREEAM.

12.8.6 Implication 6: Air Pollution.
neutral Status:
Explanation: No remarks

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

Explanation: The overall scheme provides a significant improvement to the environmental impact of Shire Hall. The financial returns from the proposal provide revenue and capital funding to the Council for reinvestment in services and infrastructure.

Have the resource implications been cleared by Finance? Yes
Name of Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Yes
Name of Officer: Henry Swan

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?
Yes
Name of Officer: Tom Kelly

Have any engagement and communication implications been cleared by Communications?
Yes
Name of Officer: Christine Birchall

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: Tom Kelly

Have any Public Health implications been cleared by Public Health?
Yes or No – Not applicable
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

13. Source documents

13.1 Long/short list assessment, board and liaison meeting logs, development appraisals, financial model programme plan and risk register, (CCC Resources Directorate/BNP Paribas); draft legal documents (Pinsent Masons LLP).

June 2020 Report to Commercial & Investment Committee

Appendix 1

Summary timescales

No.	Task	Start	Finish
	Legal		
1	Agreement of legal	May-21	Jul-21
2	Execution of agreements	Aug-21	Aug-21
3	Execution of Conditional agreements	Aug-21	Oct-21
4	Execution of Unconditional agreements	Nov-21	Aug-22
5	Grant Head Lease - Release of Capital Receipt	Aug-22	Aug-22
	Design development		
6	Design development - RIBA Stage 1	Feb-21	Apr-21
7	Concept design - RIBA Stage 2	May-21	Aug-21
8	RIBA Stage 2 & Planning Design	Sep-21	Oct-21
9	RIBA Stage 3 Design Development	Apr-22	Jul-22
	Planning process		
10	Pre-planning phase	Apr-21	Sep-21
11	Consultation	Jul-21	Sep-21
12	Produce planning documents	Sep-21	Oct-21
13	Submit planning	Nov-21	Nov-21
14	Statutory Planning Determination Period	Nov-21	Feb-22
16	Detailed planning application (determination period)	Nov-21	May-22
17	Planning permission granted	Jun-22	Jun-22
18	Judicial review period	Jun-22	Jul-22
19	Discharge Pre-Start Planning Conditions	Jun-22	Aug-22
	Archaeology		
20	Desk top study and report - Stage 1	Jun-21	Aug-21
21	Trial pits/investigations - Stage 2	Aug-21	Jul-22
22	CAU Watching brief	Dec-22	Oct-23
23	Archaeological report	Oct-23	Nov-23
	Construction		
24	Commence site works - demolition	Dec-22	Nov-23
25	Commence site works - construction and fit out	Jul-23	Jun-25
	Project completion	Jun-25	Jun-25

Agenda Item No: 8

Independent Living, Princess of Wales Development – Outline Business Case

To:	Strategy and Resources Committee
Meeting Date:	6th July 2021
From:	Wendi Ogle-Welbourn, Executive Director of Commissioning, People & Communities
Electoral division(s):	Ely North
Key decision:	Yes
Forward Plan ref:	2021/045
Outcome:	To enable further preparations and detailed design work for constructing the Council's own independent living service for older people who require care and support. The outcome required is to gain the Committee's agreement to proceeding to a full business case and update the 2021/22 Business Plan with additional capital provision.
Recommendation:	The Committee is asked to give approval on:

(i) the recommended option as set out in paragraph 2.5.7 and its financial and social justification;

(ii) the overall capital investment case and in particular elements which affects land and property and the monies required for the next stage;

(iii) an addition capital provision into the 2021/22 Business Plan as set out in paragraph 2.7.1;

(iv) an expenditure of £1.1m to complete detailed design works and present an FBC as set out in paragraph 2.7.4;

(v) delegate approval and sign-off of the inter-authority agreement and the non-binding Heads of Terms to the Chief Finance Officer and Commissioning Service Director;

(vi) prepare and submit Planning Application for the construction works;

(vii) the final investment levels forecast including the initial land valuation and plan to refresh both;

(viii) revised timetable; and

(ix) preparations on concept and detailed design, and co-production and consequently move towards full business case.

The Committee is also asked to note and comment on:

(i) the proposed design principles employed for independent living services as set out in paragraph 2.2.3;

(ii) the plan to put in place a formal agreement between NHS, CCC and a housing management provider about ways of working;

(iii) the benefits case at this outline business case stage which affects Adult Social Care operating budgets;

(iv) the general procurement approach for a contract value of £72.6m, and to procure and sign agreement with a housing management provider and a care provider; and

(v) delegating the award of the new contract to the Executive Director of People and Communities in consultation with the Chair and Vice-Chair of the Adult and Health Committee.

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Tel: 01223 706398

1. Background

1.1 The cost of spot purchased Adults Older People residential and nursing care in Cambridgeshire has been rising by c.10% a year since 2016. This is due to factors including increasing costs of care, pressure on carers, recruitment challenges, a buoyant self-funder market, and shortages of the provision in parts of the county. There will be significant increases in the numbers of 65+ year olds within our local population by 2040. This brings with it an increase in demand for residential, dementia and nursing care.

1.2 Action is needed now to manage the increasing cost of care. To meet our statutory duty, we also need to ensure the market grows to meet the forecasted need for local authority funded care as well as the self-funder demand. Without action it will become increasingly difficult for the local authority to meet requirements under the Care Act 2014 of ensuring choice and control are key determinants in placing an individual.

1.3 We will continue to support older people to remain living independently through community-based care. Alongside this, we are seeking to enhance the offer to local residents who may have a need for residential and nursing care by developing a tenancy-based model of care: Independent Living Service's (ILS's), as an alternative. Specifically, this supports older people being able to stay in their own tenancy longer as care can be stepped up as needs increased, unlike residential care where they may need to move to get increased care needs met.

1.4 Stimulating the development of new capacity in this way will generate the much-needed provision to meet population growth forecasts. It will also offer greater choice, control, and care flexibility for those people no longer able to remain living safely at home.

1.5 During 2020, Cambridgeshire Community Services NHST (CCS) refreshed its business case on the redevelopment of the Princess of Wales hospital (PoW) site in Ely to develop a new local health and care hub, which will provide accommodation for a wide range of health and related services for people living in and close to Ely.

1.6 CCS agreed for CCC to explore delivering a health and care community-based provision at the PoW multi-disciplinary site that enables people to live independently with the care and support they need wrapped around them. As a first step, we have agreed a memorandum of understanding, which set out how collaborative working will take place to deliver a care accommodation-based facility for all parties.

1.7 To date we have received business case approval from Joint Management Team (JMT) in December 2020. Subsequently the approach and work to date has been noted by Council Committees in January and February 2021.

1.8 CCC's Capital Programme Board (CPB), has also endorsed the programme resulting in a further £6.9m to £7.6m being included in the Business Plan from 2021/22 (original amount was £8.4m) subject to conditions. Those conditions required CCS business cases be approved through its governance arrangements. The conditions also require that both the Adults and Health Committee and the Strategy and Resources Committee approving CCC's business case. Furthermore, CPB asked that all the programme risks are costed and included into the contingency section of the budget.

1.9 We have conducted more work to identify the potential benefits of acquiring land and building an accommodation-based service in Ely, which would meet both the Councils needs as well as the needs of CCS. This opportunity will build 80 flats, of which space for 16 flats will be let out to CCS to be used as a hospital rehabilitation ward which will facilitate an integrated health and social care model. As CCC would own the building we can adapt its design to best meet the combined set of requirements. The report sets out the findings of that work incorporating an externally procured feasibility study, the key elements of the business case it informs, and the recommended proposal to deliver a CCC owned new service.

1.10 For clarity, the following definitions are being used within the report:

- Final business case (FBC) - a type of business case advocated by HM Treasury which sets out all the details required to procure the recommendation.
- Independent living service (ILS) – is a tenancy-based service enabling independent living for life for high dependency older people who require care, support, and supervision.
- Nearly Zero Energy Building (NZEB) - The legal definition of is a building that has 'a very high energy performance, where the nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy from renewable sources produced on-site or nearby.''
- Net present social value (NPSV) – a derivation from NPV which considers cost avoidances associated with delivering social benefits.
- Net present value (NPV) - a financial measure that allows money earned or spent in the future to be considered in today's terms. A programme indicating a positive NPV means it will earn more than it spends.
- Outline business case (OBC) – a type of business case advocated by HM Treasury which leads to a recommendation from a short list of options.

2. Main Issues

2.1 Requirements and location update

2.1.1 The ILS will focus on those people with high needs (usually but not exclusively aged 65+) who want to retain their independence but can no longer live in their own home. The ILS delivers this by providing the following:

- a flat with accessible en-suite toilet and shower room, and kitchenette. The room is typically 25% larger than traditional residential and nursing homes where bathroom services are usually shared;
- a personalised tenancy giving greater security;
- availability of nursing care allowing people to remain until the end of life. This means care being wrapped around needs rather than causing disruption to the way people live/where they live;
- joint funding initiative ensures the local authority pays for care element of eligible individuals; rent and other costs are met from state benefits and nursing costs repatriated to the NHS;
- the provision of 1Gb internet to the site enabling wi-fi across the site;
- the provision recreational and leisure services, and facilities to allow maintaining independent living; and

- a low carbon building which means lower energy bills for tenants.

2.1.2 The rise in demand for ILS for life solution is consistent with the findings of a market test which took place in March 2021. At the event, made up of over 30 care providers, housing providers, developers, and investors, we took the opportunity to evaluate CCC's interpretation of how to deliver ILS. The market was supportive of CCC's position whilst parts were naturally apprehensive as it provides them with direct competition.

2.1.3 The rise in demand for ILS is consistent with the general views of nationally recognised expert health and social care consultants in Laing Buisson.

2.1.4 Based on population growth the demand for housing-with-care beds in East Cambridgeshire is expected to increase by 600 by 2036. This is additional to demand generated from replacing older services which can no longer run efficiently. To date there are 130 new bed places currently being built by the private sector over the next 2-3 years. Which means despite the planned work, further solutions are needed to meet the shortfall in future capacity. Notably analysis of new buildings over the past five years suggests new services open with 60-120 beds.

2.1.5 The work done by CCC in assessing the site owned by the NHS in Ely suggests it would be suitable for an ILS. This is in part because of the strong housing developments nearby, good local transport links to the city centre, and a willingness from the NHS to sell the land to CCC. This means we can engage local people to work in their own communities.

2.1.6 As part of our joint working with the Health, the NHS has agreed to formalise the memorandum of understanding giving CCC a commitment to complete this development work. The resultant inter-authority agreement will provide CCC important assurances on funding related to nursing care flowing to care providers and the sale of the land earmarked for ILS.

2.2 Key findings from the Feasibility Report

2.2.1 A feasibility study demonstrates how the PoW site could accommodate the new social care and health care services. The brief was based on applying the HAPPI design principles for older person's housing.

2.2.2 The HAPPI principles are based on 10 key design criteria. Many are recognisable from good design generally - good light, ventilation, room to move around and good storage - but they have particular relevance to the spectrum of older persons' housing which needs to both offer an attractive alternative to the family home, and be able to adapt over time to meet changing needs.

2.2.3 The feasibility study report concluded the site can be developed to meet the brief. Which means the following notable point:

- a gross internal area (GIA) of 4,375 m^2 over 3 floors would be allocated for tenant use.
- communal spaces within the GIA is sufficient to allow for services such as salons, gym, and music services. This is in addition to a place to store and charge mobility vehicles;
- an external ground area of 2,013 m^2 would be allocated for a private garden and 32 car parking spaces (inclusive of 5 electric vehicle charging points). This supplements the first and second floor terrace areas;

- a main bus stop within 20m of the building entrance. This will encourage the use of public transport;
- the building would meet all current and relevant legislative, statutory, and regulatory requirements, including the most up to date building design guidelines applying Department of Health & Social Care's Health Building Notes;
- the building would meet wheelchair standard throughout the building consequently opening it up to be flexible across client groups if ever required;
- dementia friendly;
- options are available to comply with near zero carbon emissions requirements through the design and build avoiding the need for retrofitting technologies;
- the desk top studies of the ground suggest it is acceptable for the proposed building. However, further assessment is required during the next stage of the programme; and
- the building should be classified as a Type C2A Building for planning purposes.

The Committee should note the nearby bus stop is one option to enable independent travel. To help tenants to and from amenities, care worker assistance will be added to their care and support plans as required. For care workers (and indeed visitors) we shall also be incorporating electric vehicle charging points within the site. This and access to public transport will help with long term modal shift towards using sustainable transport. The public transport network assessment work is scheduled to take place over the next several weeks. This work shall build on the detailed transport assessment and proposals made by the PoW project.

2.2.4 Work will commence with community groups such as Healthwatch, prospective tenants, and additional internal colleagues to refine and finalise the internal design. This body of knowledge will build on the benchmark information we have collected. Co-production is an important step as it will ensure the services people want are developed taking account of local views. This will also be the time to engage with the Care Quality Commission to build a strong supportive relationship for the ILS.

2.2.5 With an outline design early versions of the specifications have been prepared. Further pre-tendering market engagement will take place to refine the specification and generate interest levels. This will take place with a small selection of prospective providers. This feedback will enable us to share change to the ILS work with the District Council.

2.2.6 Working collaboratively with the NHS on the same site brings about the opportunity to explore a professional development pathway for care workers and healthcare assistants. As this is a specialist work area operating in a regulatory environment we shall work with the NHS and a selected care provider to work through the details in time for the service opening.

2.3 Financial update

2.3.1 CCC's preferred approach is for it to finance and construct CCC's own ILS and negotiating with the NHS for the purchase of land. The lower costs of borrowing the greater control of a programme were significant factors. This means CCC can use its experience to manage risk rather than passed through to a third party for a premium fee. The delivery of care and housing services are regulated services which benefit from the knowledge and expertise of specialist providers. As a result, we shall outsource the provision. This option also has the greatest opportunity to deliver CCC's non-financial and wider societal benefits (see paragraph 2.5) particularly as the type of contract we propose means we can still have effective control of the whole service (see paragraph 2.4.4).

2.3.2 The OBC assesses the 'buy-model' and 'make-model' options.

2.3.3 Under the 'buy-model' option, the private sector would be commissioned to build ILS. Experience tells us private companies build care provision often with the anticipation of securing long term contracts or frequent temporary arrangements, to supplement tenancies let to self-funders. Under the 'buy model' option, the land would be negotiated and bought by the private sector, with the capital funds being supplied though their own means which is invariably from third party investors. This approach is well known to CCC being a commissioner of care and related services. However, it is unlikely the private sector will be able to agree a more favourable price from the NHS or agree a lower borrowing rate available to CCC. Consequently, the investment amount and long-term repayment level may be higher.

2.3.4 The 'make model' option is common practice across the CCC in long-term capital programmes. Here CCC will have overall control of the programme within a commissioning role. The delivery of the work undertaken by other organisations with better expertise. CCC is an experienced commissioner of long-term, high value capital programmes and has considerable expertise in sourcing care services. However, it is important to note that CCC has not built care provision in recent years and ILS are a new care solution.

2.3.5 The OBC demonstrates the CCC 'make model' option is the preferred approach for financing and constructing a new service of this type and negotiating with the NHS for the purchase of land. CCC would outsource care provision and housing management provision. The lower costs of borrowing and outsourced services were significant factors. So too was the greater control of a programme. This is the case as most of the operational risk is best placed with CCC (rather than passed through to a third party for premium fee). This option also has the greatest opportunity to deliver CCC's non-financial and wider societal benefits.

2.3.6 It should be noted however, that whilst the 'make model' option is the preferred model for the site at East Cambridgeshire, this may not be the case for other ILS's that CCC may wish to pursue in the future, and these will need be assessed on a case-by-case basis.

2.3.7 Since the strategic business case was formulated, further benchmarking with active ILS and other similar services has been undertaken. That has resulted in changes to the specification, which had led to an increase in capital investment level required. The changes relate mostly to design of the ILS with increases in the size of the flats and communal areas, as well as more space required for the NHS. Costs have also increased due to enhancements in technology installation (to allow for a more future-proofed building) as well allowing for the significant inflation seen in the construction industry. The changes have also incorporated measures needed to reduce carbon emissions to the highest levels possible.

2.3.8 The revised capital request is £15.0m to £16.0m inclusive of contingencies fund. This includes substituting the early forecasts for land valuation and construction costs with information from an independent district valuer and the formal estimates from the Feasibility Report. The District Valuation Report is used solely for investment request and later in the programme CCC shall replace this with its own report. The revised report will be used as the basis to finalise land valuation and NHS rental income.

2.3.9 A financial model was created to factor in changes to investments, income, costs, and risks to the implications on CCC's budgets. The model predicts an approx. £937k pa benefit (this equates to 27% of the budget for this care provision if it were run under a standard care home model). The projected NPV would be £4.41m, and the payback period would be 23.9 years. The NPV does not take account at the end of the payback period there will be an ILS still in operation with a capital value. These levels are all improvements on projections made in December 2020. The savings would arise from:

- separating the housing cost from the cost of care as housing costs would be charged to the tenants (for self-funders), or to the DWP in the form of housing benefit (for eligible service users), and
- from generating an income through leasing space to the NHS.

2.3.10 For assurance, Laing Buisson (well-known international experts in the Housing and Care market) were commissioned to review the financial model. They endorsed the model and its predictions noting that if anything CCC's projections for investments were overestimated; the operating costs were overestimated; and the operating income was underestimated. Their recommended changes have been incorporated into the OBC.

2.3.11 For further assurance, a financial sensitivity analysis was completed. This study looked at the key financial variables and key controllable risks to see how they may affect the overall NPV. It tells us if the overall affordability assessment is realistic and if not what more to add to the contingency plan. Appendix 1 contains further details.

2.3.12 Taking account of the assessed probabilities of the alternative scenarios, the probability weighted position is a £0.42m NPV surplus. This is very small, and the realistic conclusion is that the risks of unfavourable and favourable variances from the base NPV in the OBC are evenly balanced. The other non-significant factors also returned a small surplus. This means the OBC can assume its base NPV does not need to be adjusted.

2.4 Commercial update

2.4.1 Negotiations on the land acquisition and any subsequent leasing arrangements with the NHS were paused until the NHS had received planning approval from East Cambridgeshire District Council, and the NHS had submitted its own OBC for approval. Both happened by 3 June 2021 which means this work can now continue.

2.4.2 For budgeting purposes, CCC have used the Land Valuation Report and Rent estimate commissioned by CCS in December 2020. Their report was completed by The Valuation Office Agency, an Executive Agency of HM Revenue & Customs. Written assurance was provided that the valuation was completed in accordance to the valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards.
The report estimated a purchase price of the land at £2.15m plus stamp duty land tax. It estimated an annual rent for NHS services at £148k pa. The estimate was based on assumptions which have since changed, consequently CCC shall commission its own report. This will assist in negotiation on the land acquisition and any subsequent leasing

arrangements which will be led by CCC's Property team. It is proposed that CCC shall pay CCS (the landowner) the full market value for the site. In return, CCS shall pay CCC a full market rent for the rehabilitation beds and any other dedicated floor space used by the CCS. Any revenues derived from the service would be used to support key Council services, supporting a good quality of life for residents. On reaching an agreement, Committee is asked to delegate approval and sign-off of non-binding Heads of Terms to the Chief Finance Officer and Commissioning Service Director.

The Committee should note the primary driver for the programme is to deliver a care services rather than a conventional return on the property investment. As a result, this business case neither claim to be nor should be considered as a viable return on property investment.

2.4.3 CCC has a selection of Corporate Contracts, Frameworks and other agreements created by the Central Procurement Team for goods, services and works where the prices and terms have been negotiated to achieve value for money for CCC. The Council's procurement policy confirms procurement of any goods or services should be procured from the established corporate contracts or corporate frameworks. Where such contracts are not available tendering should follow in line with CCC Procurement rules. Consequently, there will be three broad procurements required for the delivering an ILS as set out in the table below:

Procured services	Procurement process	Annual gross contract value	Number of years (including extensions)	Total contract value
Design and Construction services	called-off pre-existing frameworks	-	-	£14.0m
Care and Support and Nursing services	open procurement exercise	£2.5m Plus 3% inflation	10+5	£46.5m
Housing services	open procurement exercise	£0.7m Plus 2% inflation	10+5	£12.1m
Total				**£72.6m**

2.4.4 The programme's procurement strategy has been endorsed by the Joint Commissioning Board which means we are ready to engage with providers to deliver the next stage detailed design work. We shall work with the market to encourage the widest participation. To this extent we will allow time for smaller organisations to form consortia should they wish to collaborate with other organisations. The long-term nature of contracts means we can develop partnership relations with providers based on trust. In doing so we have greater opportunity to shape how services are delivered, problems resolved, and ideas developed without needing to revert to contracts.

2.5 Social value update

2.5.1 Social value is considered as a provision within a contractual relationship that brings added social, environmental, or economic benefit beyond the core service being delivered.

2.5.2 Government acknowledges adults in employment spend a large proportion of their time in work, our jobs and our workplaces can have a big impact on our health and wellbeing. Therefore, work and health-related worklessness are important public health issues, both at local and national level. Consequently, ILS's will purse social value from the delivery of work to disadvantaged people. More specifically the programme will look for employment for 2 people with a learning disability each for 2 years, and 3 people who are long term unemployed each for 2 years. Through the tendering process, we would look favourably at providers offering more. In practice this means we shall add this feature into the tender evaluation criteria. In addition, the programme will look to invest capital expenditure into the local economy.

ILS's can also contribute towards CCC's climate change mitigation strategy, with a large part of this related to the efficiency of the building aiming to achieve NZEB status. A report was commissioned to explore what is required for CCC to make the ILS a NZEB. The report shows for a base line building services will achieve net zero emissions when the National Grid decarbonises as it plans to:

- deliver a building to achieve an EPC rating of A or better;
- efficient lighting system;
- use air source heat pump technology; and
- not use any fossil fuel.

This means the ILS building shall target the attainment of an industry standard BREEAM "Excellent" rating, which is the second highest rating possible.

2.5.3 The Report presents three variants which build on the baseline option:

- Proposal 1: The baseline option and a 375m^2 carport (including 5 electric vehicles charging points) with solar photovoltaic panels covering. With this installation it is predicted 28% of regulated electricity usage will be met by renewables onsite; and
- Proposal 2: The baseline option and a 550m^2 solar photovoltaic panels covering the main building roof. With this installation it is predicted 46% of regulated electricity usage will be met by renewables onsite; and
- Proposal 3: The baseline option and a 925m^2 solar photovoltaic panels covering the main building roof and the car port. With this installation it is predicted 74% of regulated electricity usage will be met by renewables onsite.

2.5.4 Dependent upon the selected proposal, the report estimates up to 10% of the capital cost for building works will be expenditure to allow for NZEB technologies. This equates to £200 per m^2 or £0.9m. An allowance has been made to cover maintenance works and replacement/refurbishments, which is estimated at £40k pa. It is important to note that as this building will not be operated by CCC, the housing management company and the tenants will benefit from the energy bills savings from the NZEB technology.

2.5.5 Combining both the social and environmental benefits, it is predicted there is a potential to leverage £1.1m – £2.1m of net present social value (NPSV). Appendix 2 contains further details. This was incorporated into the financial model which meant we could take a broad view of value.

2.5.6 We completed a risk assessment checking against all the programme's critical success factors and spending objectives. This was to evaluate where it is acceptable to sacrifice some benefits in exchange for a reduction in overall programme risk, which should not be underestimated in a programme with the scale of complexity present in building an ILS. The table below shows the overall result of the appraisal taking account the combined investment levels from the Feasibility Report, District Valuers Report, and CCC's internal programme estimates.

Programme	Investment required	Net present value (NPV)	Net present social value (NPSV)	(NPV + NPSV)
'Make-model' option Lifecycle risk adjusted benefits. Predicted NIL % of regulated electricity usage will be met by renewables onsite.	£15.303m	£4.411m	£1.125m	£5.536m
Proposal 1 Lifecycle risk adjusted benefits (building on 'make-model' option). Predicted 28 % of regulated electricity usage will be met by renewables onsite.	£15.461m	£4.228m	£1.370m	£5.598m
Proposal 2 Lifecycle risk adjusted benefits (building on 'make-model' option). Predicted 46 % of regulated electricity usage will be met by renewables onsite.	£15.872m	£3.747m	£1.665m	£5.412m
Proposal 3 Lifecycle risk adjusted benefits (building on 'make-model' option). Predicted 74 % of regulated electricity usage will be met by renewables onsite.	£16.030m	£3.564m	£2.110m	£5.675m

2.5.7 Whilst there is significant benefit in all the options, only Proposal 3 fully meets CCC's strategic requirements[1] and so it is the recommended option for OBC. Proposals 1-2 could be retrospectively improved to match Proposal 3 but that would incur cost and delay some of the benefits. Adopting Proposal 3 means CCC would make a step change in the care market by delivering a near zero emissions building.

2.6 Management and governance arrangements update

2.6.1 There are two distinct governance groups each with its own set of terms of reference:

- CCC Council Committees and reference groups; and
- Older People Accommodation Board.

2.6.2 The governance groups will hold the programme team accountable to deliver its benefits realisation strategy and stakeholder engagement plan. The table below shows the key benefits expected from the ILS programme. These metrics will be refined for the FBC which can then lock in the expectations.

[1] Set out in the Older People Accommodation Strategy, Medium Term Financial Strategy, Commercial Strategy, and Climate Change and Environment Strategy 2020-2025.

Benefits/Impacts	Change direction	From	To	Measure Frequency	Measure Date from	Comments
Care budget expenditure	Reduced average expenditure on care placements for tenants moving to ILS	£2.6m pa	£2.0m pa	Quarterly	01/04/2024	The reduction in care budget in addition to the income generated from rent
NPV plus NPSV	Reduced average expenditure on care placements for tenants moving to ILS	Zero	£5.7m (estimated, subject to final OBC)	Once	01/04/2024	The net present value of the investment decision for the delivery of Affordable property and service (competitive in the market without displacing other market capacity)
Secure employment for disadvantaged groups	Addition of new jobs	Zero	3	Quarterly	01/04/2022	The day-to-day operations of ILS capital programme shall deliver new FTE jobs
Future harms to public health	Reduction of carbon equivalents	No metric	100 tCO2e	Once	01/07/2024	The designing out and implementation of reduced carbon equivalent emitting features as measured against tenant's pre-ILS arrangements
Secure employment for local care workers	Addition of new jobs	Zero	80-100	Quarterly	01/01/2024	The day-to-day operations of ILS shall deliver new FTE jobs covering nurses, management, care workers, and ancillary staff
Day-to-day tenant energy consumption	Lower levels of energy consumption	No metric	60%	Once	01/07/2024	The review of tenants current and future energy bills. Compare a

						baseline project with Proposal 3.

2.6.3 The work to deliver the ILS programme is governed through the Older People's Accommodation Board within the Peoples and Communities service. The programme team is supported by a cross-Committee Members Reference Group who provide advice and guidance on a range of topics.

2.6.4 CCC is a member of the CCS Project Board, which means it can shape the success of an integrated health and care community.

2.6.5 We will continue to use a structured approach during the next phase of the programme. The ILS programme is applying the Cabinet Office's recommended methodology for the delivery of programmes and programmes. It is also applying the construction industry standard RIBA Plan of Work to organise the process of briefing, designing, preparing, and submitting planning application, constructing, and operating building programmes. The work schedule translates into the following milestones for CCC's own ILS programme. This includes key decision points for land acquisition and planning submission for site development later in the year.

CCC Activity for PoW site	Milestone date
Transformation funding approval	January 2021
Land valuation for accommodation facility	March 2021
Feasibility study and cost estimates	April 2021
OBC completion	May 2021
Design work (RIBA stages 2 and 3)	June to December 2021
Housing and care tendering	June to December 2021
Planning approval	June 2022
Full Business Case completion	July 2022
Land acquired; Leases signed	August 2022
Construction preparation, site cleared, build start	Oct 2022
Service operational	July 2024
CCC Activity for PoW site	Milestone date

2.6.6 Committee is asked to note the Council tendering date is one more month on from the information presented earlier in the year. This change is a result of CCC refraining from making commitments until there was greater clarity on the NHS agreement to proceed and its subsequent workplan. The timetable will be continued to be monitored closely in particular where there is a dependency on other parties e.g. planning permission and site access.

2.6.7 Risk ownership is allocated across the programme team and wider stakeholder group. The programme team maintains an action, issues and costed risk log. Aside from the land access risk, highest value controllable programme risks contained in the log are shown below:

No	Risk	Revenue (R) / Capital (C)	Owner	Mitigation	Residual risk cost (£000's)	P	I	Score
R14	**IF** care homes tender wanting to work exclusively without RSL's **THEN** RSL's may withdraw from tendering	C	Commissioning Lead	Meet with district planners to explain the concept and proposals in advance of a planning application. Change tendering options to allow with and without RSL's.	67	2	5	10
R17	**IF** the location analysis is not assessed **THEN** market engagement will fail	R	Commissioning Lead	Market test completed in March 21. Further work required with tenants, associations, and other interested parties.	60	1	2	2
R19	**IF** the CCG does not agree to pay FNC direct to the care provider **THEN** the benefits model will not work	R	Programme Sponsor	CCS Project Board has endorsed the MoU. Formalise this into an Inter-authority agreement.	87	1	4	4
R29	**IF** there is a poor level of competition for any parts of the tendering exercise **THEN** prices will be higher	R	Programme Manager	Early market engagement work tailored to different sectors.	75	2	5	10
R33	**IF** the tender exercise does not produce suitable quantity and quality of providers **THEN** prices will be higher	R	Programme Manager	Early market engagement work is required reaching widest audience.	53	2	4	8

2.6.8 The ILS programme has uncontrollable risks, as the name suggests, these are the risks that arise due to the factors that are not under the business' control. They are considered important since these risks, which if materialised, will significantly affect the business case. The programme team has not looked to quantify these risks but continues to work to mitigate their effects. The risks listed below are separated into those that affect the capital expenditure level and timing from those that affect revenue related benefits and timing:

Capital related

- If Covid-19 lockdowns continues then there will be delays to work
- If the NHS business case submission is not approved by Government by the end of Oct 21, then CCC will have to re-profile its capital expenditure plan and programme plan.
- If ICSs are established driving system efficiencies, then the programme benefits will be increased. But no benefits are expected in the near term.
- If the NHS chose not to sell the land (MoU is an intention to sign) then the programme will stop until new land is found
- If the procurement process is challenged then there will be a delay

Revenue related

- If the care building planning classification is wrong, then tenants will not get access to all their benefits and the savings on care placements will be compromised
- If the DWP change the criteria agreed for HB payments for ILS, then the programme benefits will be reduced. CCC has assumed low levels of payments and any change will affect higher levels of payments.
- The long-term impact of the economic recession is unknown, but it may impact on the provider market if fewer people choose to go into care facilities due to adverse publicity around covid-19.
- If the Cabinet Office change to PCR15 then the programme benefits will be increased. But no benefits are expected in the near term.
- If the DHSC change to ASC funding policy then the programme benefits will be increased. But no benefits are expected in the near term.

The programme team will continue to monitor these risks.

2.7 Summary and next stage programme

2.7.1 The OBC recommends investing £16.0m into building an 80-bed service supporting both CCC's ILS needs and the NHS's rehabilitation ward needs. This is inclusive of purchasing the freehold land from the NHS. CCC tenants will have access to a service where care and support levels will adjust to their needs which means they have a home for life and remain independent. The recommendation also means increasing the Business Plan from 2021/22 with a further £7.6m capital to accommodate Proposal 3 which is inclusive of contingencies.

2.7.2 The OBC forecast lifetime benefit, measured in present terms, of £5.7m overall value which includes £3.6m financial value. This contributes positively to CCC's Medium Term Financial Strategy (MTFS) and Commercial strategies.

2.7.3 The OBC presents significant contribution to CCC's Climate Change scope 3 goals. It proposes delivering a service which operates without fossil fuels and predicts 74% of regulated electricity usage for the new building will be met by renewables onsite. This means preventing 100 tCO2e pa emissions and so reduce future harm to public health.

2.7.4 The next stage of the programme will require an expenditure of £1.1m to complete detailed design works and present an FBC. The initial £0.4m (taking the programme to submitting the Planning Application) is irrecoverable and cannot be capitalised should the project not progress. In the event the Planning Application were to be not successful for significant reasons, we would consider returning to Committee.

3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do
The new service enables high dependency older people to remain within a community setting. It also means care workers from the community can support older people to remain living independently.

3.2 A good quality of life for everyone
The programme is expected to create 80-100 whole time equivalent jobs in the district. Detailed work is taking place with service colleagues to refine this estimate. This is anticipated to be ready for the FBC.

3.3 Helping our children learn, develop and live life to the full
There are no significant implications for this priority.

3.4 Cambridgeshire: a well-connected, safe, clean, green environment
The programme is expected to benefit public health by reducing future harms from climate change. Detailed work is taking place with the Energy Investment Unit to establish a carbon baseline level and target level. Initial estimates predict the new service will prevent 100 tCO_2e pa emissions. Refinement of this information is scheduled to be ready for the FBC.

3.5 Protecting and caring for those who need us
See wording under 3.1 above.

4. Significant Implications

4.1 Resource Implications
See wording under section 2.7 above.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
See wording under section 2.4 above.

We have received advice and guidance from the Procurement team. The programme procurement strategy has been endorsed by the Joint Commissioning Board.

4.3 Statutory, Legal and Risk Implications
There is no significant impact within this category at this time. Work has started to assure stakeholders if the building classification of Type C2A Building for planning purposes has any disbenefits. None are expected.

4.4 Equality and Diversity Implications
There is no significant impact within this category at this time. A Community (Equality) Impact Assessment is scheduled for the next stage of the programme.

4.5 Engagement and Communications Implications

There is no significant impact within this category at this time. Advice and guidance will be sought later in the programme to complete a Community (Equality) Impact Assessment.

4.6 Localism and Local Member Involvement
There is no significant impact within this category at this time. Work will start towards the end of the next stage of the programme to actively increase local engagement.

4.7 Public Health Implications
The programme is expected to benefit public health by reducing future harms from climate change. Initial estimates predict the new service will prevent 100 tCO2e pa emissions affecting human health. Refinement of this information is scheduled to be ready for the FBC.

Collaborative working with the NHS is supporting their business case for a 16-bed rehabilitation ward sited within the ILS building. Benefits attributed to this have been excluded from this report.

4.8 Environment and Climate Change Implications on Priority Areas:
The programme is expected to benefit public health by reducing future harms from climate change. Detailed work is taking place with the Energy Investment Unit to establish a carbon baseline level and target level. Initial estimates predict the new service will prevent 100 tCO2e pa emissions. Refinement of this information is scheduled to be ready for the FBC.

4.8.1 Implication 1: Energy efficient, low carbon buildings.
Positive/neutral/negative Status: Positive
Explanation: The report recommendation is to build Proposal 3 which will achieve net zero emissions when the National Grid decarbonises as it plans to:

- deliver a building to achieve an EPC rating of A or better;
- efficient lighting system;
- use air source heat pump technology; and
- not use any fossil fuel.

This option shall incorporate 925m^2 solar photovoltaic panels. With this installation it is predicted 74% of regulated electricity usage will be met by renewables onsite. Initial estimates predict the new service will prevent 100 tCO2e pa emissions. Refinement of this information is scheduled to be ready for the FBC.

4.8.2 Implication 2: Low carbon transport.
Positive/neutral/negative Status: Neutral
Explanation: There is no significant impact within this category at this time. We predict the provision of electric vehicle charging points will encourage the use of low carbon transport. Further detail will become available during the design phase.

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.
Positive/neutral/negative Status: Neutral
Explanation: There is no significant impact within this category at this time. Further detail will become available during the design phase.

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.
Positive/neutral/negative Status: Neutral

Explanation: There is no significant impact within this category at this time. Further detail will become available during the design phase.

4.8.5 Implication 5: Water use, availability and management:
Positive/neutral/negative Status: Neutral
Explanation: There is no significant impact within this category at this time.

4.8.6 Implication 6: Air Pollution.
Positive/neutral/negative Status: Neutral
Explanation: There is no significant impact within this category at this time. Further detail will become available during the design phase.

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.
Positive/neutral/negative Status: Neutral
Explanation: There is no significant impact within this category at this time. By bringing services into the community and providing climate-ready buildings this would help ensure service delivery is less affected by future climate impacts. Further detail will become available during the design phase.

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 LGSS Head of Procurement? Yes
Name of Officer: Henry Swan

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? Yes
Name of Legal Officer: Fiona McMillan

Have the equality and diversity implications been cleared by your Service Contact?
Yes
Name of Officer: Will Patten

Have any engagement and communication implications been cleared by Communications?
Yes
Name of Officer: Eleanor Bell

Have any localism and Local Member involvement issues been cleared by your Service Contact? Yes
Name of Officer: Will Patten

Have any Public Health implications been cleared by Public Health?
Yes
Name of Officer: Emily Smith

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes
Name of Officer: Emily Bolton

5. Source documents guidance

5.1 Source documents and their location

Source document	Location
1. HAPPI design principles for older person's housing	https://www.housinglin.org.uk
2. Nearly Zero Energy Building Requirements for New Public Buildings	https://cambridgeshire.cmis.uk.com (GPC)
3. Contract Procedure Rules	https://cambridgeshire.cmis.uk.com (Constitution)
4. BREEAM (Building Research Establishment Environmental Assessment Method, 2018)	https://www.breeam.com/
5. RIBA Plan of Work	https://www.architecture.com

Appendix 1 – Sensitivity Analysis

Sensitivity analysis has been undertaken to assess the key financial variables affecting affordability, both to ensure that the overall affordability assessment is realistic in the key assumptions it makes, and to inform contingency plans. Given the wide range of variables and assumptions made a sensitivity analysis provides assurance on the robustness of the recommended proposal. For completeness an additional analysis has also been carried out to identify the values at which the preference for making ILS switches back to buying in ILS i.e., when benefits turn negative as the buy option scored a negative net present value.

Alongside the financial variables identified in the previous section of this report, all controllable risks were costed and included within the sensitivity analysis. Collectively each variable was reviewed to establish the degree of sensitivity on base plan NPV. The review established the impact of 1% change in the 32 variables on to the NPV which showed a wide range in elasticity varying from -20.0% to +15.8%. The sensitivity analysis was caried out with the 11 (out of 32) variables which represent 80% of the change in NPV.

To gauge their impact taking account of probability, a range of realistic worst- and best-case scenarios have been established, the probability of each assessed, and the individual and overall probability weighted variances calculated. This analysis is shown in table overleaf.

Base scenario and realistic alternative scenario		Probability	Probability weighted variance Variance from plan £k NPV
Volume of CCC tenant flat. The shortfall to 64 flats will be available to self-funders.	Base: 54 flats to CCC tenants (subsequently modified to 56 flats)	70%	0
	Worse: 64 flats to CCC tenants	15%	-633
	Best: 44 flats to CCC tenants	15%	+1,477
Average weekly nursing cost of new OP spot purchase placement in 2020/21 (a minus figure shows there is a smaller opportunity for savings)	Base: £804.00 pw per resident	80%	0
	Worse: £763.80 pw per resident	10%	-190
	Best: £844.20 pw per resident	10%	+190
Average weekly nursing with dementia costs of new OP spot purchase placement in 2020/21 (a minus figure shows there is a smaller opportunity for savings)	Base: £908.00 pw per resident	80%	0
	Worse: 862.60 pw per resident	10%	-162
	Best: £953.40 pw per resident	10%	+162
Weighted average percentage of weekly nursing with dementia costs of new OP spot purchase placement in 2020/21	Base: 43%	80%	0
	Worse: 41%	10%	-17
	Best: 45%	10%	+17
Client contribution to care under CRAG charging	Base: £169.00 pw per tenant	80%	0
	Worse: £177.45 pw per tenant	10%	-61
	Best: £160.55 pw per tenant	10%	+62
Gross cost of care in an ILS service	Base: £605.00 pw per tenant	60%	0
	Worse: £635.25 pw per tenant	20%	-450
	Best: £574.75 pw per tenant	20%	+451
ILS flats utilisation level	Base: 85% (subsequently modified to 89%)	70%	0
	Worse: 80%	15%	-241
	Best: 95%	15%	+481
Staff availability levels within ILS flats	Base: 100% availability	70%	0
	Worse: 100% availability	-	0
	Best: 95% availability	30%	+1,022
Nursing / Nursing dementia bed utilisation level.	Base: 90% utilisation	70%	0
	Worse: 95% utilisation	30%	-433
	Best: 90% utilisation	-	0
Staff availability levels within nursing / nursing dementia setting	Base: 100% availability	70%	0
	Worse: 95% availability	30%	-1,291
	Best: 100% availability	-	0
Asset life (10 years more than repayment period)	Base: 35 years, nominal life span	50%	0
	Worse: 32 years life span	20%	-137
	Best: 38 years life span	30%	+174
Totals			**+420**

The analysis indicates it is reasonable to conclude that sensitivity analysis supports the view that make option is remains preferable to the buy option as the NPV does not approach zero. The sensitivity analysis will be revised for the FBC to take account new information established from housing management and care management tendering.

Appendix 2 – Social value assumptions and calculations

Incorporating a valuation of carbon emissions into business cases and decision making, will make a significant contribution towards achieving CCC's priority, by making it clearer how CCC's decisions and investments contribute towards our emissions reduction targets, and thus enabling better decision making that takes this (as well as all other relevant factors) into account.

In line with the recommendation[2] that carbon prices are built into business cases on this basis (as a 'virtual' cost) and presented alongside the base business case (without carbon prices) in order to understand how and which decisions may differ when the cost of carbon is taken into account. Note that this would work in both directions – a virtual cost for increasing emissions, and a virtual saving for reducing emissions. As a result, the following assumptions are made when building the estimated carbon emissions model:

Element	Level	Comment
Key older people energy consumption assumption	• The total predicted regulated notional energy consumption is: 308,636kWhr per year • The total predicted regulated notional CO2 emissions are: 156,246kgCO2 per year	A notional regulated[3] energy consumption and associated carbon dioxide emissions levels taken from a third party commissioned study entitled Sustainability Statement for Planning (May 2021) for ILS services. Commissioners have not included unregulated energy e.g. plug in devices.
Key ILS staff travel related energy assumption	• The notional CO2 emissions for daily visits to and from care homes are: 1,900kgCO2 per year • The notional CO2 emissions for staff travel time to and from work are: 500kgCO2 per year	Estimates of total distance a care staff travel to and from work was factored into a nominal carbon calculator.
Key older people lifestyle carbon impact assumption	• The notional CO2 emissions for daily living in a care homes are: 4,000kgCO2 per year • The notional CO2 emissions for daily living in an ILS: 3,100kgCO2 per year	The estimate values for CO2 emission are based on an individual living in a nominal care home to find the base. Broad comparative assumptions were made to estimate what would change to establish a CO2 emission level for a person living in a care home and the proposed model care home.

[2] Carbon Valuation Report at the Environment and Sustainability Committee, 15/10/20

[3] The regulated (controlled) energy usage of the building consists of the following: Heating, Cooling, Auxiliary (For example, energy required to drive any fans and/or pumps on site), Lighting, and Hot Water

Key house build assumption	• ILS type building 4,500 tCO_2e	A notional carbon dioxide emissions levels taken from a third party commissioned study entitled Sustainability Statement for Planning (May 2021) for ILS services.
Key emissions cost assumption	• The cost of CO_2 emission is £74 per tonne of CO_2 emission equivalent (TCO_2e) in 2024 which rises to £264 TCO_2e in 2054.	Converted emissions to costs using government non-traded conversion rates. Information was provided by CCC's Energy Management Unit.

Proposal 1 and 2 followed the same analysis process as Proposal 3. We have shown below the assumptions when building the estimated carbon emissions model for Proposal 3 which represents the upper end of the benefits range:

Element	Level	Comment
Capital investment required	• £883k is estimated	The Feasibility Report estimates 10% of build capital expenditure to allow for Offer 2. This equates to £186 per m^2.
Revenue impact	• £40k pa	An allowance has been made to cover maintenance works and Sinking fund allowance for replacement/refurbishment.

The table below shows the additional social value, building on the Proposal 3 option that would not otherwise have occurred in a 'buy model' option.

Benefit group	Unit Benefit	Volume	Estimated unit value per annum	Total benefit	Notes
ILS Tenants	The reduction in utility bills	80 tenants Recurrent	£400	£32,000	Assumes 50% of a 2-bed flat and 50% of a 3-bed home. Annual cost is £1k per tenant. Source: https://octopus.energy/blog/what-is-the-average-energy-bill-in-the-uk/
Carbon footprint	The reduction in CO2 equivalents	1 building recurrent	-	£20,250	Assumes an equivalent non-carbon neutral care home emitting 76% for tCO2e pa than the equivalent purpose-built ILS services. Moving to an ILS targeting 28 tCO2e level from a 156 tCO2e baseline. Under the CCC's adopted approach to pricing carbon, a nominal £158 per tCO2e average over the building life is applied. Source: Sustainability Statement for Planning (May 2021)
Total Net Present Social Value (NPSV)				£1,330,000	The additional social value expected from the 'make model' option that would not otherwise have occurred in a 'buy model' option.

Work and health-related worklessness are important public health issues, both at local and national level. As a result, this programme focuses on pursing an employment related social value. The table below shows the additional social value expected from the all three of the proposals that would not otherwise have occurred in a 'buy model' option.

Benefit group	Unit Benefit	Volume	Estimated unit value per annum	Total benefit	Notes
Employment for a person with a disability	The reduction or cessation of a day service placement	3 Service users for 2 years	£7,500	£22,500	Assumes x3 per week attendance. Transport is kept as it would be used for employment purposes. Source: CCC's case management system
Employment for a person who is long term unemployed	The cessation of Job Seekers Allowance	2 people for 2 years	£13,500	£27,000	Assumes 30 years old, single, and long term unemployed not in receipt of other benefits with £100pw housing costs: Source: Benefits Calculator - entitledto
Total amount of more money with businesses and tradesmen based in Cambridgeshire		5% of the capital expenditure having a one-year benefit	£700,000	£700,000	Assumes the Buy option would have paid local businesses and tradesmen 60% of the capital sum spent in ILS services. And that the Make option would have paid an added 5% of the capital sum which would otherwise have been set aside as profit.
Total Net Present Social Value (NPSV)				£780,000	The additional social value expected from the 'make model' option that would not otherwise have occurred in a 'buy model' option.

Agenda Item No:9

Treasury Management Report – Quarter Four Update 2020-21

To:	Strategy & Resources Committee
Meeting Date:	6th July 2021
From:	Chief Finance Officer
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Outcome:	To provide the quarterly update on the Treasury Management Strategy 2020/21, approved by Council in February 2020.
Recommendation:	The Strategy & Resources Committee is recommended to note the Treasury Management Quarter Four Report for 2020/21 and forward to Full Council to note.

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1. Background

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. Economic Climate

2.1 A current economic commentary is in Appendix 1, provided by Link Asset Services, the Council's treasury management advisers. Some of the key points to note are set out below.

2.2 The economy is expected to start to recover strongly from Q3 2021 although it is acknowledged there are downside risks from virus mutations, COVID-19 vaccines have boosted confidence that life in the UK could return closer to normal during 2021. The £125bn of savings made by consumers during the pandemic should significantly boost the pace of economic recovery if and when restrictions ease.

2.3 CPI inflation is forecast to rise sharply towards the 2% target in the first half of 2021 due to some temporary factors and given developments in energy prices. The Budget on 3rd March increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises, mostly facing businesses, in the following three years to help to pay the cost for the pandemic.

3. Interest Rate Forecast

3.1 The latest forecast for UK Bank Rate along with Public Works Loan Board (PWLB) borrowing rates (certainty rate) from the Council's treasury advisors is set out in Table 1.

3.2 This suggests there is likely to be little upward movement in either Bank Rate or PWLB rates over the next two years as economies try to recover from the damage caused by the pandemic and actions taken to protect public health.

Table 1 Interest Rate Forecast (%) Mar 8, 2020

Link Group Interest Rate 8.3.21												
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 months earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
4 months earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 months earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10yr PWLB	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.20	2.30	2.20	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50yr PWLB	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

Gilt yields / PWLB rates

3.3 Gilt yields had already been on a generally falling trend before the coronavirus crisis hit western economies during March 2020. Yields fell sharply in response to major western central banks taking rapid policy action to deal with excessive stress in financial markets during March 2020. As at 31st December 2020, gilt yields from 1 to 8 years were still in negative territory: however, since then all gilt yields have now become positive and have risen sharply, especially medium and longer-term yields.

3.4 Following the sudden increase in margins on PWLB loans in October 2019, a consultation was held with local authorities in July 2020 as part of a review of margins over gilt yields for PWLB rates. This led in November 2020 to the margins over gilt yields being reduced by 1% back to their original level (80 basis points above gilts). However, at the same time a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Additionally, the Council also has access to over £50m of borrowing from PWLB at the local infrastructure rate (60 basis points above gilts) as expenditure on energy schemes, approved in a bid to HM Treasury, comes forward.

3.5 The Council has renewed its interest in borrowing from the UK Municipal Bonds Agency, as an alternative to the PWLB, and is advised by the agency that a pooled local government bond is in prospect for later in 2021.

4. Summary Portfolio Position

4.1. The Net debt set in the Treasury Management Strategy Statement (TMSS) for 2020/21 was £846m. On 1st April 2020, the net debt was £698.1m, and the actual at 31st March 2021 was £714.3m (excluding all Third-party loans and Equity). The lower than anticipated requirement resulted from borrowing short-term instead of longer-term and utilising internal borrowing.

4.2 Further analysis on borrowing and investment is set out in the next two sections. A snapshot of the Council’s debt and investment position is shown in the table below.

Table 2 Net Borrowing Q4 2020-21

Borrowings	Actual as at 1 April 2020 £m	Actual as at 31 Mar 2021 £m	In- year change £m
Long term Borrowing (>12mth)	526.7	561.3	34.6
Short term Borrowing (<12mth)	237.2	251.3	14.1
Total Borrowings	763.9	812.6	48.7
Treasury Investment	(65.8)	(98.3)	(32.5)
Total Net Debt/Borrowings	698.1	714.3	16.2

5. Investments

5.1 The Treasury Management Strategy Statement (TMSS) for 2020/21, including the Annual Investment Strategy for financial assets, was approved by Council in February 2020. It sets out the Council's investment priorities as being:

1. Security of Capital;
2. Liquidity; and then
3. Yield

5.2 The Council will aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. As shown by the interest rate forecasts in section 3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short term money market investment rates are barely above zero now that Bank Rate is at 0.10%. Some entities are offering negative rates of return in some shorter time periods. Given this environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31st March 2024, investment returns are expected to remain low.

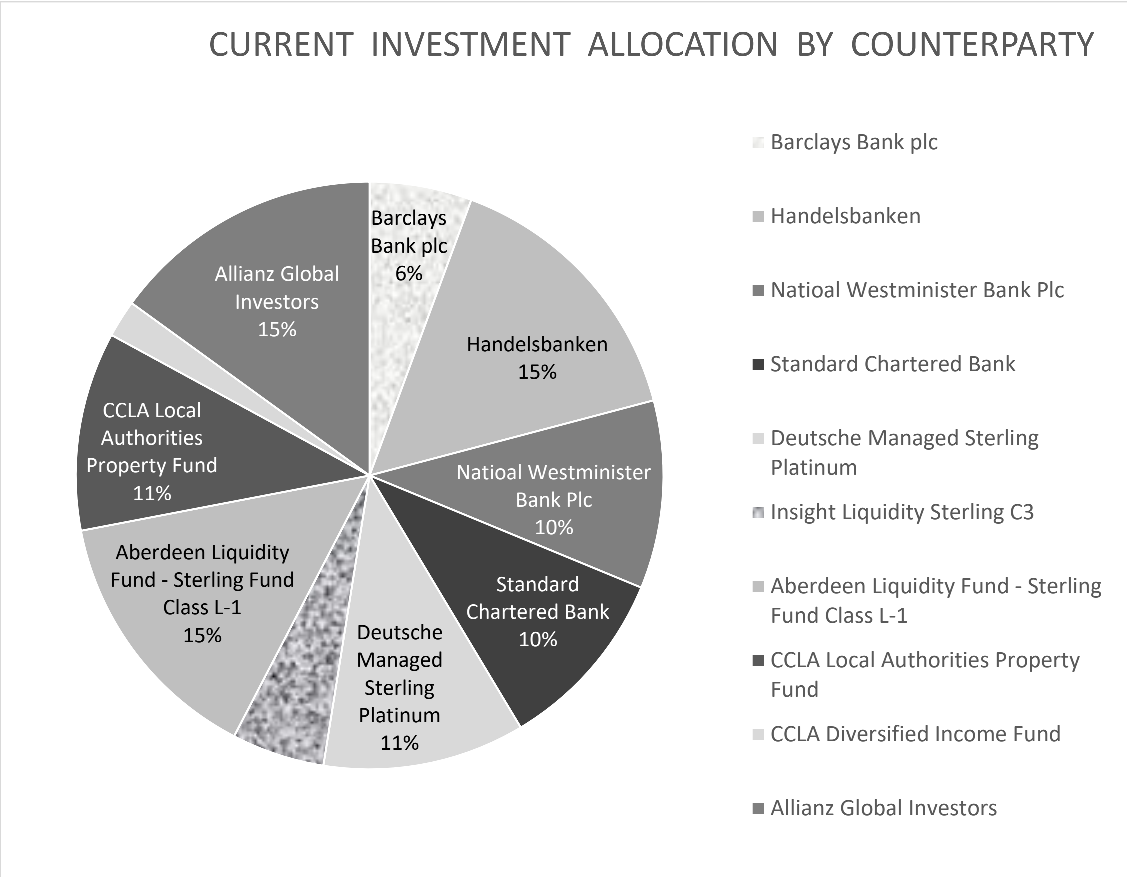
5.3 At 31st March 2021 the Council's investment balances totalled £98.3m; the balance is split between Money Market Funds, Call/Notice accounts and CCLA and Allianz collective investment funds (see Table 3 below). The balance excludes Third Party Loans and Share Capital.

5.4 Property Fund Update**:** During Q4, the key focus for CCLA was to protect income. The revenue return on investment for Q4 was £109k. The capital value of the investment at 31st March 2021 was £10.6m compared to an original investment value of £11.3m. Income held up better than expected during the pandemic, reflecting the funds active asset management strategy and tenant engagement.

5.5 Multi-Class Credit Fund: At the end of Q4, the valuation of the CCC share of the fund stood at £14.7m. The Council originally invested £14.5m in September 2020. The net revenue return on investment for Q4 was 0.04% (£6k). This is below expectations but remains early days given the tumultuous year for the economy.

5.6 The average level of funds available for investment in Q4 was £112.6m. The level of funds varies dependent on the timing of precept receipts, grants and the progress of the capital programme. Figure 1 below shows the investment by counterparty as at 31st March 20201.

Figure 1: CCC Investments allocation by Counterparty



5.7 Table 3 below summarises the maturity profile of the Council's investment portfolio at the end of Q4 2020/21 (excluding Third Party Loans):

Table 3 - Investment maturity profile at end of Q4 2020/21

		Maturity Period					
		0d	0-3m	3-6m	~5yrs	Total	
Product	Access Type	£m	£m	£m	£m	£m	%
Money Market Funds	Same-Day	30.0				30.0	30.5
Bank Call Account	Instant Access	29.7				29.7	30.2
Certificate of Deposits	Fixed Term / Tradeable			10.00		10.0	10.2
Notice Account	35 Day Notice			1.0		1.0	1.0
Pooled Property Fund	Redemption Period Applies				10.7	10.7	10.9
Pooled Diversified Income Fund	Redemption – two days				2.1	**2.1**	*2.1*
Pooled Multi-class credit Fund	Redemption Period Applies				14.8	**14.8**	*15.1*
	Total	59.7	0.00	11.0	27.6	98.3	*100.0*
	%	*60.6*	*0.00*	*11.2*	*28.2*	*100.0*	

5.8 Set out below are details of the amounts outstanding on loans and share capital investments classed as capital expenditure advanced to third party organisations at the end of Q4:

Table 4 Loans/Equity holdings in This Land companies end of Q4 2020/21

Loan Summary	Amount Outstanding (£m)	Repayment Year
Loans for land acquired from third parties	2.040	2021/22
Construction & Development loans	34.979	2026/27 and 2028/29
Loans for land acquired from CCC	78.872	2027/28 and 2028/29
Equity holding	5.851	-
Total Loans/Equity in This Land Ltd	121.742	

Table 5 Loans/Equity holdings in LGSS Law end of Q4 2020/21

Loan Summary	Original Amount (£m)	Amount Outstanding (£m)	Repayment Year
Cashflow loan	0.325	0.325	2029/30
Equity holding	0.475	0.475	-
Total Loans/Equity in LGSS Law Ltd	0.800	0.800	

Table 6 Third Party Loans Principal Outstanding end of Q4 2020/21

Loan Counterparty	Original Amount (£m)	Amount Outstanding (£m)	Repayment Year
Arthur Rank Hospice Charity	4.000	3.440	2042/43
Estover Playing Field 2015 CIC (Guaranteed by March Town Council)	0.350	0.221	2024/25
Wisbech Town Council	0.150	0.150	2043/44
VIVA Arts & Community Group	0.300	0.289	2043/44
Total Third Party Loans	4.800	4.100	

5.9 Investment returns compared to benchmark are shown in table 7 below.

Table 7: Average Benchmark Performance – Q4 2020/21

	Benchmark	Benchmark Return	Council Performance
Q1	3m LIBID	0.61%	0.60%
Q2	3m LIBID	0.60%	0.63%
Q3	3m LIBID	-0.08%	0.06%
Q4	3m LIBID	-0.697%	0.05%
(YTD)	3m LIBID	0.43%	1.34%

5.10 Leaving market conditions aside, the Council's return on investments is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument:

- Credit risk is the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
- The duration of an investment introduces liquidity risk; the risk that funds cannot be accessed when required.
- Interest rate risk: the risk that arises from fluctuating market interest rates.

These factors and associated risks are actively managed by the Council's Finance team.

6. Borrowing

6.1 The Council can raise cash through borrowing in order to fund expenditure on its capital programme for the benefit of Cambridgeshire. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic conditions.

6.2 The Council will continue to utilise short to medium-term borrowing from other local authorities and authorised brokers, as well as PWLB following the recent rate reduction. The Council intends to keep a proportion of the borrowing portfolio short-dated; but is also focused on extending the average duration of loans in the portfolio, whilst there are opportunities to fix loans for extended maturities at historically low levels.

6.3 In Q4, the Council repaid on maturity a total of £55.9m, of which £7.0m was short-term loans from other local authorities and £48.9m was longer-term loans from other authorities and PWLB. Loans raised during Q4 amounted to £99.0m. Of which short-term borrowing maturing within 1 year was £15.0m, and £37.0m of fixed-term loans maturing within 2-3 years, and £47.0m of PWLB loans.

6.4 At the end of Q4, the Council held £812.6m of borrowing of which £251.3m matures in less than 1 year. The Council continues to be able to re-finance loans as required, generally at this time at a lower interest rate than the maturity loan. As opportunities arise, we are seeking longer loan terms, rather than less than 1 year, in view of the current conditions.

6.5 Table 8 below sets out the maturity profile of the Council's borrowing portfolio at the end of Q4. £420.1m is held with the PWLB, £332.0m from other local authorities, £45m in market loans and £15.5m in a single market Lender Option Borrower Option (LOBO) loan.

Table 8: Loan Maturity Profile – Q4 2020/21

Term remaining	Borrowing	
	£m	%
< 1 Year	£251,365,333	30.76%
1 - 2 years	£97,493,333	12.03%
2 - 5 years	£66,419,000	8.19%
5 - 10 years	£100,683,667	12.42%
10 - 20 years	£112,323,333	13.86%
20 - 30 years	£39,913,333	4.92%
30 - 40 years	£45,000,000	5.55%
40 - 50 years	£49,000,000	6.04%
> 50 years	£50,500,000	6.23%
Total	£812,698,000	100.0

Figure 2 Loans Outstanding – Q4 2020/21

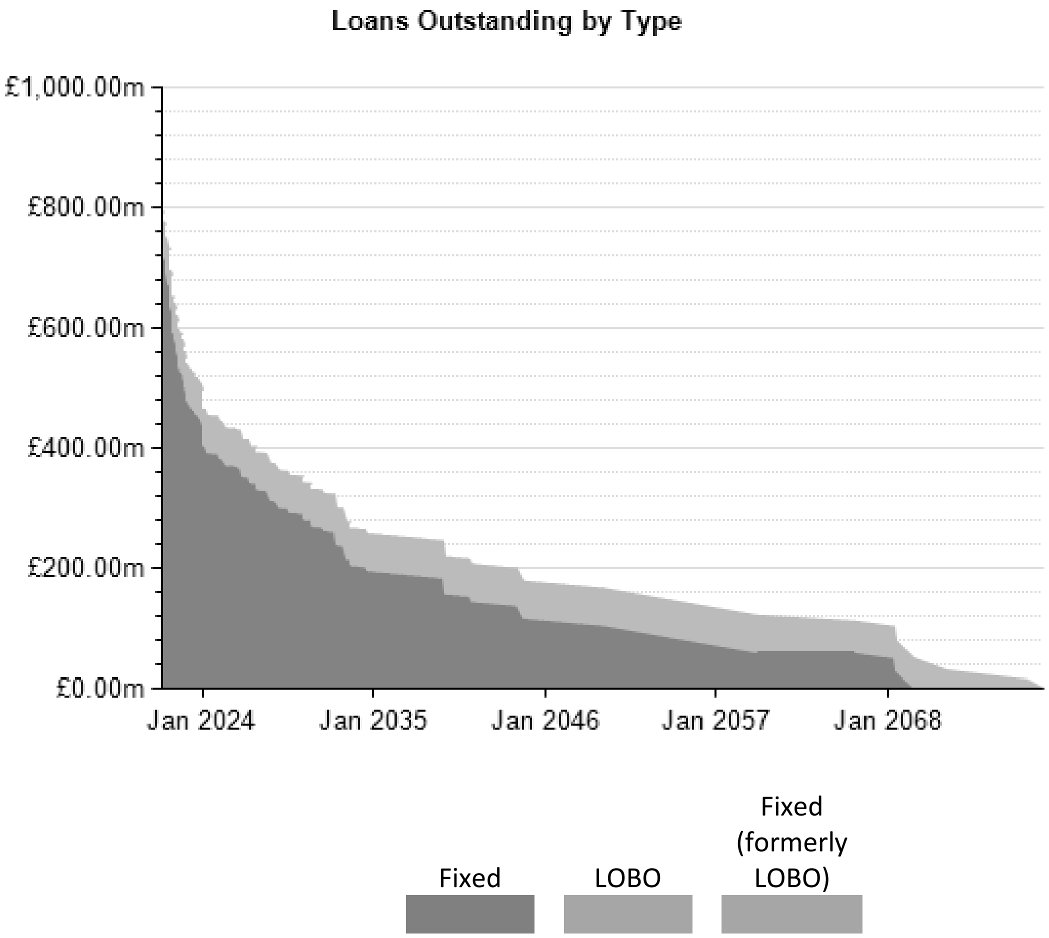
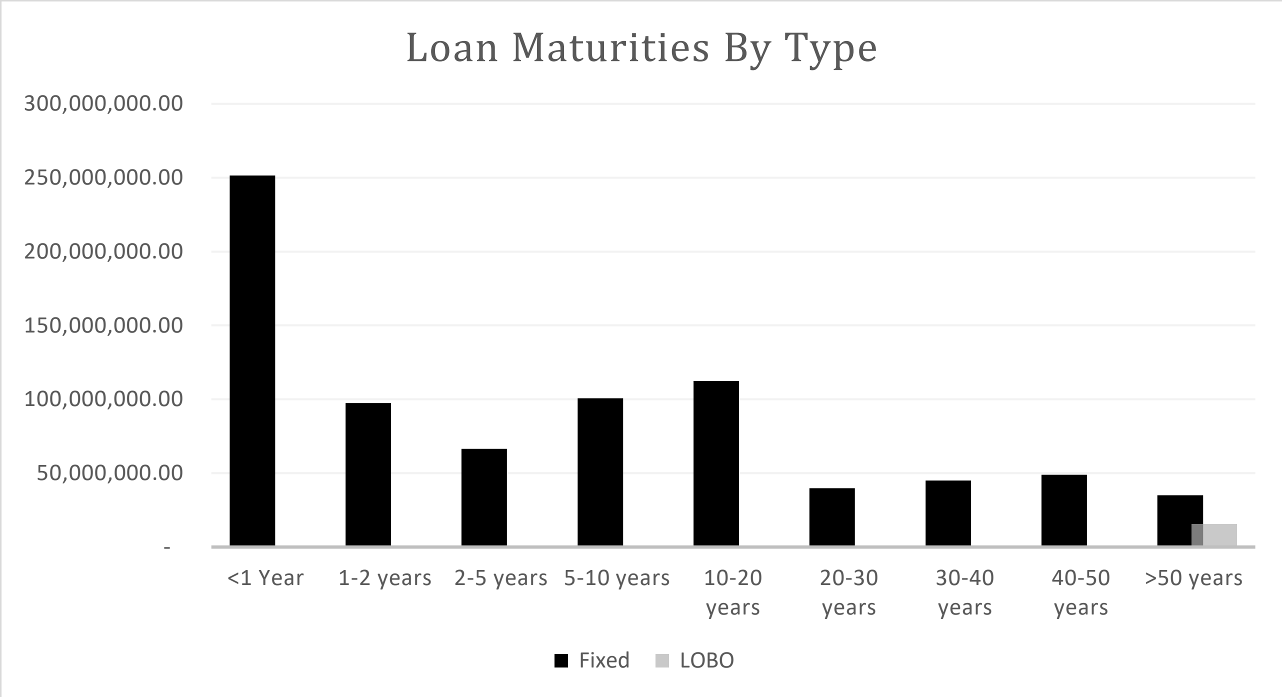


Figure 3 Loan Maturities by Type -Q4 2020/21



6.6 The market LOBO loan is included in Table 8 at final maturity rather than next potential call date. In the current low interest rate environment, the likelihood of the lender exercising their option to increase the interest rate on this loan - and so triggering the Council's option to repayment at par - is considered to be low.

6.7 The Council is in an internally borrowed cash position and balances will need to be replenished at some point in the future (subject to expenditure demands). This strategy is prudent while investment returns are lower than the cost of servicing debt and also serves to mitigate counterparty risk. The Council therefore plans to maintain this internal borrowing position but will closely monitor those reserves, balances and cashflows supporting this approach.

6.8 No borrowing rescheduling was undertaken during Q4. Rescheduling opportunities are limited in the current economic climate. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates, substantial exit (premium) costs would be incurred. For market borrowing, the lender uses the certainty of the loans cashflow profile to hedge against forecast interest rate movements and so would pass the cost of unwinding these instruments onto the Council as an exit (premium) cost. Officers continue to monitor the position regularly.

7. Compliance with Treasury and Prudential Limits

7.1 The Council's treasury and prudential indicators are shown in Appendix 2.

7.2 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31st March 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2020/21.

7.3 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

8. Debt Financing Budget

8.1 This section summarises the 2020/21 debt financing budget, which is held as a central budget within Corporate Services, and complies with the reporting requirement in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Treasury Management Practice. The overall outturn position is an underspend of £1.012m, summarised in the table below.

Table 9: Debt Financing Budget – Q4 2020/21

	Budget (£m)	Outturn (£m)	Variance (£m)
Interest payable	15.530	13.065	(2.464)
Interest receivable	(0.462)	(0.469)	(0.007)
Capitalisation of interest cost	(2.455)	(1.232)	1.223
Technical & Other	0.678	0.545	(0.134)
MRP	16,279	16.649	0.370
Total	29.570	28.558	(1.012)

8.2 Interest payable was less than budgeted for a number of reasons. Longer term loans were agreed as split loans, meaning that part of the loans was arranged for 6-9 months and the other part for two years and 3 or 6 months respectively. For this reason, the interest on loans for the first part was relatively low cost and absorbed into the longer period of the loans. In addition, the overall interest rate on the market loans (from local authorities) and short term loans was very low, driven by the pandemic; and PWLB lowered interest rates on all new standard and certainty rate loan arrangements from November 2020.

8.3 The Interest Payable underspend was partially offset by a £1,223k 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. In addition, following analysis of capital schemes completed in 2019/20 and how they were funded, the Minimum Revenue Position (MRP) payment for 2020/21 was recalculated and the year-end position is £370k higher than budgeted.

9. Alignment with Corporate Priorities

9.1 Communities at the heart of everything we do

There are no significant implications for this priority.

9.2 A good quality of life for everyone

There are no significant implications for this priority.

9.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

9.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

9.5 Protecting and caring for those who need us

There are no significant implications for this priority.

10. Significant Implications

10.1 Resource Implications

This report provides information on performance against the Treasury Management Strategy. Decisions on treasury management, which are driven by the capital programme and the Council's overall financial position, will impact the Debt Charges Budget and are reported through the Budget Monitoring process.

10.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications for this category.

10.3 Statutory, Legal and Risk Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within Appendix 2.

10.4 Equality and Diversity Implications

There are no significant implications for this category.

10.5 Engagement and Communications Implications

There are no significant implications for this category.

10.6 Localism and Local Member Involvement

There are no significant implications for this category.

10.7 Public Health Implications

There are no significant implications for this category.

11. Source documents guidance

11.1 None

Appendix 1: Detailed economic commentary from the Council's external Treasury Management Advisor (prepared in March 2021)

During the quarter ended 31st March 2021 (quarter 4 of financial year 2020/21):

- There was a 2.9% m/m fall in GDP due to January's lockdown which left the economy 9.0% below its pre-virus level.
- There was a sharp fall in virus cases and the government remained on track to surpass its vaccination targets.
- The Chancellor announced more fiscal support in 2021 but a tightening in fiscal policy from 2022.
- Trade flows with the EU were interrupted/impacted, especially in January
- 10-year gilt yields jumped as the financial markets priced in interest rate rises from late-2022.

The economy has coped well with the latest phase of COVID-19 restrictions. The 2.9% m/m drop in GDP in January was smaller than during last April's lockdown (-18.3% m/m), but the closure of the schools meant that it was bigger than during November's (-2.3% m/m). This left the economy 9.0% below the pre-pandemic level (versus 24.0% below in April and 7.3% below in November). So, this lockdown has been a bit more painful for the economy than November's, but less painful than April's.

The rapid rollout of COVID-19 vaccines, the reopening of schools and the staggered reopening of other sectors from mid-April should mean that January proves the low point of the year. The vaccine rollout in the UK has been outpaced only by Israel and the UAE. As of 28th March, 30.4 million first doses had been administered, leaving the government comfortably on track to surpass its target of 32 million doses (equivalent to the first nine priority groups) by mid-April.

Downside risks to the vaccine supply have emerged. A delayed shipment of 5 million vaccine doses from India will constrain supply in April. And the ongoing dispute with the EU leaves a hanging threat of a ban on manufacturers exporting vaccine doses to the UK from the EU. Nevertheless, given the UK is ahead of its vaccination target, we continue to expect the COVID-19 restrictions to be rolled back in the way Boris Johnson laid out in February, with non-essential retailers opening from 12th April, indoor hospitality from 17th May and all other domestic restrictions ending from 21st June.

We doubt much of the decline in January's GDP was reversed in February. But the increase in the Markit composite PMI in March to its highest level in seven months suggests that the economy took the first step on the road to recovery. Meanwhile, the reopening of schools from 8th March will have added almost 1% to GDP in March. We forecast that the staggered reopening of the economy will lift GDP to about 2-3% below its pre-pandemic level by July and allow the economy to climb back to the same level as in Q4 2019 in Q1 2022.

We expect that rebound to be largely spurred and financed by households. Admittedly, retail sales volumes remained subdued in February, rising by just 2.1% m/m in February after January's 8.2% m/m fall. But the strength of households' finances suggests that consumers are well placed to ramp up spending once the COVID-19 restrictions are lifted. Households have paid back unsecured loans in all but one month since the pandemic began in March 2020 and the household saving rate, (saving as a share of income), remained elevated at 16.1% in Q4 2020, well above its pre-pandemic level of 7.7%.

The drop in the ILO unemployment rate from 5.1% in December to 5.0% in January highlights once again the extent to which the government's job furlough scheme has protected jobs during the pandemic. And the extension of the furlough scheme from the end of April to the end of September means that by the time it expires, GDP will probably have risen enough to support a level of employment similar to now. We still expect the unemployment rate to rise further, to a peak of 6.0% by early 2022, as those who left the labour force return once the economy eventually reopens. But that would be a much better result than most feared a few months ago.

Business investment and trade will probably take longer to recover than household spending. The Chancellor's 'super deduction' policy announced in the Budget on 3rd March will support borrowing for investment, but this will be tempered by already high debt levels. Meanwhile, UK goods export volumes to the EU fell by 41.7% m/m in January and imports from the EU decreased by 28.7% m/m. This was not entirely Brexit related, as falling economic activity abroad and domestically due to the COVID-19 restrictions and a change in data collection methodology also influenced the poor outturn in January. Nevertheless, the timelier evidence suggests that the downward influence due to Brexit and COVID-19 started to ease in February. The number of cargo ships visiting UK ports has risen from being 20% below the level a year earlier in January to 9% below in February. And the share of businesses reporting that exports are being either severely or moderately disrupted has fallen. So, we think that trade flows should rebound quickly and continue to climb during the year.

We do not think that the Bank of England will threaten the recovery by raising interest rates or unwinding its quantitative easing (QE) policy for many years yet. CPI inflation fell from 0.7% in January to 0.4% in February as a direct result of the lockdown keeping non-essential retailers closed. Admittedly, the drag on inflation from lockdown will fade and a rebound in energy inflation will probably lift inflation above 2.0% by the end of 2021. But a drop back in oil prices in 2022 and the lagged downward effects on imported costs from the recent strengthening of the pound means that we doubt inflation will be persistently above 2.0% until 2023.

What's more, the Bank of England reiterated at its March meeting that it won't tighten policy until it is "achieving the 2% inflation target sustainably." On our forecasts, that won't happen until 2024. So, we think that the markets have gone too far in pricing in interest rate hikes by the end of 2022. Instead, we think that Bank Rate will remain at +0.10% until 2026. And while the recent jump in 10-year gilt yields probably has further to run, we do not think yields will rise very far. We expect the 10-year yield to increase from 0.84% currently to 1.25% by the end of 2021 and to 1.50% by the end of 2022.

The Chancellor's decision in the Budget to extend many of the existing support schemes that were due to expire in March or April until October means that fiscal policy shouldn't damage the economic recovery much this year. The new expiry dates are scheduled for when the economy is much healthier and more ready to cope without those lifelines. The tightening of fiscal policy in 2023/24, via freezes to tax thresholds and an increase in the main rate of corporation tax from 19% now to 25%, won't kick in until the economy is much stronger.

The Chancellor appears to have managed not to significantly risk the economic recovery while at the same time solving some of the fiscal challenges. The current budget deficit, (which excludes investment), is expected to fall from 13.3% of GDP in 2020/21 to close to zero by 2025/26. On this definition of “balancing the books”, the fiscal hole created by the pandemic will already have been filled by the measures announced in the Budget. That means no further tax hikes or spending cuts may be required. If we are right in thinking that the economic forecasts made by the OBR will prove to be overly pessimistic, then the budget deficit could fall even more quickly. That may mean the Chancellor is in a position to cancel/reverse some of the proposed tax hikes before the 2024 general election.

The third COVID-19 lockdown has limited the FTSE 100’s rise in 2021 so far to just over 4%, slightly lower than the 5-8% growth of the S&P 500 and DAX 30. But favourable valuations and the weighting of UK equity indices towards the sectors that are likely to benefit more from the recovery, such as consumer-facing, energy and financials, gives UK equities scope to outperform its peers over 2021. We expect the FTSE 100 to rise from 6,755 now to 7,500 by the end of 2021 and to above 8,000 by the end of 2022.

Appendix 2: Treasury and Prudential Indicators Q4

Treasury / Prudential Indicator	2020/21 Indicator	2020/21 Q4
Authorised limit for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	-----£1,093.0m-----	
Operational boundary for external debt (Inc' loans raised to on-lend to Housing & Investment Company)	----- £1,063.0m-----	
Total Net Borrowing – Q4	--------£714.3m------	
Capital Financing Requirement (CFR) *[Including PFI and Finance Lease Liabilities]*	£992.8m	£931.1m
Ratio of financing costs to net revenue streams	8.8%	3.4%
Upper limit of fixed interest rates based on net debt	150%	112%
Upper limit of variable interest rates based on net debt	65%	-12%
Principal sums invested over 365 days (exc' third party loans)	£50.0m	£27.5m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 80% Min. 0%	30.76%
12 months to 2 years	Max. 50% Min. 0%	12.03%
2 years to 5 years	Max. 50% Min. 0%	8.19%
5 years to 10 years	Max. 50% Min. 0%	12.42%
10 years and above	Max. 100% Min. 0%	36.60%

- The Treasury Management Code of Practice guidance notes requires that maturity is determined by the earliest date on which the lender can trigger repayment, which in the case of LOBO loans is the next break/call point. This approach differs to Table 6 at paragraph 6.5 above, which instead shows the Council's LOBO loan at maturity date as the likelihood of the option being exercised is low.

Summary – Prudential and Treasury Indicators at 31st March 2021

Monitoring of Prudential and Treasury Indicators: approved by the Council in February 2020.

1. Has the Council adopted CIPFA code of practice for Treasury Management in the Public Services?

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practices and Cross sectoral Guidance Notes. This is a key element of the Treasury Strategy 2020/21, approved by the Council in February 2020.

2. Limit for exposure to fixed and Variable rate of net borrowing (Borrowing less investments)

	Limit	Actual
Fixed rate	150%	112%
Variable rate	65%	-12%

The interest rate exposure is calculated a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% of below zero (i.e. negative) depending on the component parts of the formula. The formulas are shown below:

$$\frac{\textit{Fixed rate borrowing – fixed rate investments}}{\textit{Total borrowing – total investments}}$$

* Defined as greater than 1 year to run

**Defined as less than 1 year to run or in the case of LOBO loan, the call date falling within the next 12 months.

3. Total Principal sums invested for the periods longer than 364 days

	2020-21 Limit £m	Actual £m
Investment longer than 354 days to run *	£50m	£27.5m

**Treasury Management Investment only*

4. Limit for maturity structure of borrowing

	Upper Limit	Actual
< 1 Year	80%	30.76%
1 - 2 years	50%	12.03%
2 - 5 years	50%	8.19%
5 - 10 years	50%	12.42%
>10 years	100%	36.60%

Note: The guidance for calculation of this indicator requires that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.

5. Ratio of financing cost to net revenue stream

2020-21 Original Estimate %	2020-21 Outturn %	Difference %
8.8	3.47	-5.33

Prudence:

6. Gross borrowing and the Capital Financing Requirement (estimated) borrowing liability excluding PFR.

Original 2020-21 Capital Financing Requirement (CFR as of the 31 March 2020) £m	2020-21 CFR (as at 31 March 2021) £m	Actual Gross Borrowings (as at 31 March 2021) £m	Difference between actual borrowings and CFR (as at March 2021) £m
992.8	932.1	812.6	60.7

Capital Expenditure

7. Estimates of Capital

For the detail of capital expenditure and funding please refer to the capital outturn in the Integrated Finance Monitoring Report.

8. External Debt

Authorised limit for external debt

2020-21 Authorised Limit per TMSS £m	Actual Borrowings £m	Headroom compared to Authorised Limit £m
1,093.0	812.6	280.4

The Authorised limits the statutory limit on the Council's level of debt and must not be breached. This is the absolute maximum amount of debt the Council may have in the year.

9. Operational boundary for external debt

2020-21 Operational Boundary per Limit per TMSS £m	Actual Borrowings £m	Headroom compared to Operational Boundary £m
1,063.0	812.6	250.4

The operational boundary is set as a warning signal that debt has reached a level nearing the Authorised limit and must be monitored carefully.

Agenda Item No: 10

Appointments to Outside Bodies and Internal Advisory Groups and Panels, and the Appointment of Member Champions

To:	Strategy and Resources Committee
Meeting Date:	6 July 2021
From:	Chief Executive
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable

Outcome: To appoint to Outside Bodies and Internal Advisory Groups and Panels, and appoint Member Champions to lead on specific subject areas.

It is important that the Council is represented on a wide range of outside bodies to enable it to provide clear leadership to the community in partnership with citizens, businesses and other organisations.

Recommendation: It is recommended that the Strategy and Resources Committee:

(i) review and agree the appointments to outside bodies as detailed in Appendix 1.

(ii) review and agree the appointments to Internal Advisory Groups and Panels, as detailed in Appendix 2.

(iii) appoint a County Farms Champion responsible for providing a focus, and challenge, for officers in developing papers for the County Farms working group.

(iv) appoint an Evidence-Informed Policy Member Champion to promote the use and presentation of evidence and creating opportunities for fellow Councillors and officers to use that evidence in the decisions they make.

(v) delegate, on a permanent basis between meetings, the appointment of representatives to any vacancies on outside bodies, groups and panels, within the remit of the Strategy and Resources Committee, to the Chief Executive in consultation with the Chair and Vice-Chair of Strategy and Resources Committee.

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elisa.meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

1.1 The County Council's Constitution states that the Strategy and Resources Committee has authority to nominate representatives to Outside Bodies other than the Combined Authority, Greater Cambridge Partnership, Cambridgeshire and Peterborough Fire Authority, the County Councils Network Council, and the Local Government Association.

1.2 The Committee also has authority to determine the Council's involvement in and representation on County Advisory Groups. The Committee may add to, delete, or vary any of these advisory groups, or change their composition or terms of reference.

1.3 Appointments to Outside Bodies and Internal Advisory Groups and Panels are agreed by the relevant Policy and Service Committee.

1.4 It is important that the Council is represented on a wide range of outside bodies to enable it to provide clear leadership to the community in partnership with citizens, businesses, and other organisations.

2. Main Issues

2.1 The outside bodies where appointments are required are set out in Appendix 1 to this report. The previous representative(s) is indicated. It is proposed that the Committee should agree the appointments to these bodies.

2.2 The internal advisory groups and panels where appointments are required are set out in Appendix 2 to this report. The previous representative(s) is indicated. It is proposed that the Committee should agree the appointments to these bodies.

2.3 The Committee is also asked to consider the appointment of a Member Champion for County Farms and for Evidence-Informed Policy. It has previously deferred to the relevant policy and service committee the appointment of other Member Champions.

3. Alignment with corporate priorities

3.1 Communities at the heart of everything we do

There are no significant implications for this priority.

3.2 A good quality of life for everyone

There are no significant implications for this priority.

3.3 Helping our children learn, develop and live life to the full

There are no significant implications for this priority.

3.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

3.5 Protecting and caring for those who need us

There are no significant implications for this priority.

4. Significant Implications

4.1 There are no significant implications within these categories

Resource Implications

Procurement/Contractual/Council Contract Procedure Rules Implications

Statutory, Legal and Risk Implications

Equality and Diversity Implications

Engagement and Communications Implications

Localism and Local Member Involvement

Public Health Implications

Environment and Climate Change Implications on Priority Areas

5. Source documents

5.1 Membership of Outside Bodies and Internal Advisory Groups and Panels

Appendix 1

Cambridgeshire County Council
Appointments to Outside Bodies: Policy and Service Committees

Name of Body	Meetings per Annum	Reps Appointed	Representative(s)	Guidance Classification	Committee to Approve
Cambridge BID Board A five-year initiative set up by Cambridge businesses/organisations to ensure continued investment in Cambridge City Centre	6	1	Previously: Councillor M Shuter (Con)	Regulated Director	Strategy and Resources
Cambridgeshire Horizons Board Cambridgeshire Horizons still exists as a Limited company to oversee three “live” Rolling Fund investments, two loans and one equity investment, with an initial total value of £20.5m, to support a number of growth projects and developments around Cambridgeshire.	1	1	Previously: Councillor I Bates (Con)	Company Director	Strategy and Resources

Name of Body	Meetings per Annum	Reps Appointed	Representative(s)	Guidance Classification	Committee to Approve
England's Economic Heartland Strategic Alliance Group Stretching from Swindon to Cambridgeshire and from Northamptonshire to Hertfordshire, England's Economic Heartland brings political and business leaders together in a strategic collaborative partnership with a shared commitment to realise the region's economic potential.	TBC	1	Previously: Vacancy (Con) Substitute: Councillor S Count (Con) *[this appointment must be the Leader or Deputy of the Council]*	Other Public Body representative	Strategy and Resources
ESPO Management Committee Purchasing and contracting service for 6 member Authorities.	4	2	Previously: 1.Councillor I Bates (Con) 2. Councillor M Howell (Con) Substitute. Councillor Vacancy (Con)	Other Public Body Representative	Strategy and Resources
ESPO Finance and Audit Sub Committee	2	1	Previously: Councillor M Howell (Con)	Other Public Body Representative	Strategy and Resources

Name of Body	Meetings per Annum	Reps Appointed	Representative(s)	Guidance Classification	Committee to Approve
ESPO Shareholder representative Representing Cambridgeshire's interests with respect to ESPO Trading Limited	-	1	Previously: Councillor M Howell (Con) Substitute. Councillor I Bates (Con)	Other Public Body Representative (The Council partly owns ESPO Trading Limited (less than 20%) so Cllr Howell is the shareholder rep)	Strategy and Resources
Huntingdon BID Board BID is the town management vehicle for Huntingdon. It is an arrangement where businesses in a defined area agree improvements they want to make, over and above what the public agencies have to do. The fund is ring fenced and used solely to deliver the agreed set of projects and activities voted on by the businesses within the BID area.	10	1	Previously: Councillor T Rogers (Con)	Other Public Body representative	Strategy and Resources

Name of Body	Meetings per Annum	Reps Appointed	Representative(s)	Guidance Classification	Committee to Approve
LGSS Law Limited Company jointly owned by Northamptonshire County Council, Central Bedfordshire Council and Cambridgeshire County Council to provide legal services to the owner councils and to other organisations within the public sector and not for profit sector.	4	1	Previously: Councillor C Boden (Con) Consultee Member	Other Public Body Representative [Council's representative on a company it part owns]	Strategy and Resources
This Land Board of Directors	12	1	Previously: Coterminous Officer representatives: Tom Kelly and Steve Cox Councillor J Schumann (Con)	Company Director (Non Executive Director)	Strategy and Resources

Appointments to Internal Advisory Groups and Panels

Appendix 2

Name of Body	Meetings per Annum	Representatives Appointed	Representative(s)	Contact Details	Committee to Approve
Civic Hub Project Board	12	1	Previously: Councillor M Goldsack (Con) Councillor J Schumann (Con)	Andy Preston andrew.preston@cambridgeshire.gov.uk 01223 715664	Strategy and Resources
County Farms Working Group	4	6	Previously: Councillor M Goldsack (Con) Councillor L Jones (Lab) Councillor P McDonald (LD) Councillor T Rogers (Con)	John MacMillan john.macmillan@cambridgeshire.gov.uk 01223 699092 Jack Kennedy jack.kennedy@cambridgeshire.gov.uk	Strategy and Resources
Member Development Panel Oversees training and development for Members.	As required	6	Previously: Councillor I Bates (Con) Councillor S Criswell (Con) Councillor L Dupre (LD) Councillor T Sanderson (Ind) Councillor M Smith (Con) Councillor E Meschini (Lab) Sub Councillor N Kavanagh	Michelle Rowe Democratic Services Manager michelle.rowe@cambridgeshire.gov.uk 01223 699180	Strategy and Resources

Cambridgeshire County Council

Agenda Item No.11

Strategy and Resources Committee Agenda Plan

Notes

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.
* indicates items expected to be recommended for determination by full Council.
+ indicates items expected to be confidential, which would exclude the press and public.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Agenda Plan, Training Plan and Appointments to Outside Bodies and Internal Advisory Groups and Panels

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
21/09/21	Finance Report (July)	T Kelly	Not applicable	08/09/21	13/09/21
	Integrated Finance Monitoring Report for the Period Ending 31st July 2021	R Barnes	2021/022		
	This Land monitoring update and land at Soham Northern (pre-emption)	T Kelly/ T Cooper	2021/019		
	Treasury Management Report – Quarter 1	K Kent-Augustin	Not applicable		
	Strategic Framework	A Askham	Not applicable		
	Corporate Services Report	A Askham/ T Kelly/ S Grace	Not applicable		
	Major projects and Transformation Fund Monitoring Report	A Askham	Not applicable		
	Joint Agreement Performance Tracker	A Askham	Not applicable		

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
	Corporate Risk Register	A Askham	Not applicable		
	Relocation of temporary buildings (including associated site works and services installations)	J Clayton	2021/051		
	Minor works framework covering building fabric and mechanical & electrical work	J Clayton	2021/050		
	Laptop refresh procurement and the MFD contract procurement	K Halls	2021/024		
	Facilities Management Contract Renewal	T Cooper	2021/019		
[02/11/21] Provisional Meeting				20/10/21	25/010/21
21/12/21	Finance Report (August, September & October)	T Kelly	Not applicable	08/12/21	13/12/21
	Draft Revenue and Capital Business Planning Proposals for 2022-21 to 2026-2027 (whole Council)	T Kelly	Not applicable		
	Integrated Finance Monitoring Report for the Period Ending 31st October 2021	R Barnes	2021/024		
	Treasury Management Report – Quarter 2	K Kent-Augustin	Not applicable		
	Relocation of temporary buildings (including associated site works and services installations)	J Clayton	2021/051		
	Minor works framework covering building fabric and mechanical & electrical work	J Clayton	2021/050		
	Draft 2021/22 Capital Programme and Capital Prioritisation	T Kelly	Not applicable		
01/02/22	Business Plan* [recommended for determination by Council] (includes Local Government Finance Settlement and Consultation Report)	C Malyon	Not applicable	19/01/22	24/01/22

Committee date	Agenda item	Lead officer	Reference if key decision	Deadline for draft reports	Agenda despatch date
22/03/22	Finance Report (November)	T Kelly	Not applicable	10/03/22	14/03/22
	Integrated Finance Monitoring Report for the Period Ending 31st January 2022	R Barnes	2022/002		
	Treasury Management Report – Quarter 3	K Kent-Augustin	Not applicable		
	Corporate Services Report	A Askham/ T Kelly/ S Grace	Not applicable		
	Major projects and Transformation Fund Monitoring Report	A Askham	Not applicable		
	Joint Agreement Performance Tracker	A Askham	Not applicable		
[03/05/22] Provisional Meeting				19/04/22	22/04/22

Please contact Democratic Services democraticservices@cambridgeshire.gov.uk if you require this information in a more accessible format