

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

To: Audit & Accounts Committee

Date: 24 March 2020

From: Chief Finance Officer

Electoral division(s): All

Forward Plan ref: N/A **Key decision:** N/A

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

Recommendations: The committee is asked to note the following recommendations made to General Purposes Committee on 24 March:

- a) Note the additional 2019/20 contributions of £677k expected in relation to the Combined Authority funded Wisbech Town Centre Access Study scheme, as set out in section 6.7;
- b) Approve additional prudential borrowing of £808k in 2020/21 for the Outdoors Centres scheme, as set out in section 6.8;
- c) Approve additional prudential borrowing of £1m in 2020/21 for the A14 Improvement Scheme contribution, as set out in section 6.9;
- d) Approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments grant (£188,008) to the corporate grants account within Funding Items, 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

+£0.9m (0.2%)
variance at end of
year

RED

This is a £0.335m decrease
in the revenue pressure
since last month's forecast.

This is a £23.793m
decrease in the in-year
capital expenditure
compared to last month's
forecast.

Capital programme outturn

-£57.4m (-16.4%)
variance at end of year

GREEN

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Jan 20	May 19	Trend since May 19
Nursing	497	489	Stayed the same
Residential	935	873	Increasing
Community	1,566	1,476	Increasing

Adults aged 18+ receiving long term services

	Jan 20	May 19	Trend since May 19
Nursing	58	45	Increasing
Residential	362	376	Stayed the same
Community	2,641	2,855	Decreasing

Children open to social care

	Jan 20	Apr 19	Trend since Apr 19
Children in Care	737	783	Decreasing
Child Protection	346	581	Decreasing
Children in need *	1,907	2,207	Decreasing

* Number of open cases in Children's Social Care (minus Children in Care and Child Protection)

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£0.6m (+0.2%). This is largely within People & Communities (P&C) (£4.2m pressure), Commercial & Investment (C&I) (£1.7m pressure), and LGSS Operational (£0.6m pressure), partially offset by forecast underspends of -£2.9m in Place & Economy, -£1.2m in Corporate Services, -£0.7m in CS Financing, -£0.5m in Funding Items and -£0.4m in Public Health. See section 3 for details.
- The Capital Programme is forecasting a -£57.4m underspend at year-end after the capital programme variations budget has been utilised in full. See section 6 for details.

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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	Forecast Variance (Dec) £000	Service	Current Budget for 2019/20 £000	Actual (Jan) £000	Forecast Variance (Jan) £000	Forecast Variance (Jan) %	Overall Status	DoT
57,504	-2,610	Place & Economy	53,771	39,799	-2,878	-5.4%	Green	↑
254,936	4,345	People & Communities	263,422	201,090	4,247	1.6%	Red	↑
390	-199	Public Health	390	-6,829	-390	-	Green	↑
10,221	-1,100	Corporate Services	12,200	9,748	-1,218	-10.0%	Green	↑
14,048	26	LGSS Managed	10,916	8,295	22	0.2%	Green	↑
-9,502	1,335	Commercial & Investment	-8,706	-493	1,679	-	Amber	↓
28,161	-677	CS Financing	27,558	10,750	-677	-2.5%	Green	↔
355,758	1,120	Service Net Spending	359,551	262,361	785	0.2%	Amber	↑
20,357	-504	Funding Items	18,447	9,709	-504	-2.7%	Green	↓
376,115	616	Subtotal Net Spending	377,998	272,070	281	0.1%	Amber	↑
		Memorandum items:						
8,161	589	LGSS Operational	6,103	6,787	589	9.7%	Amber	↔
	1,205	Grand Total Net Spending	384,101	278,857	870	0.2%	Red	↑
170,024		Schools	170,024					
554,300		Total Spending 2019/20	554,125					

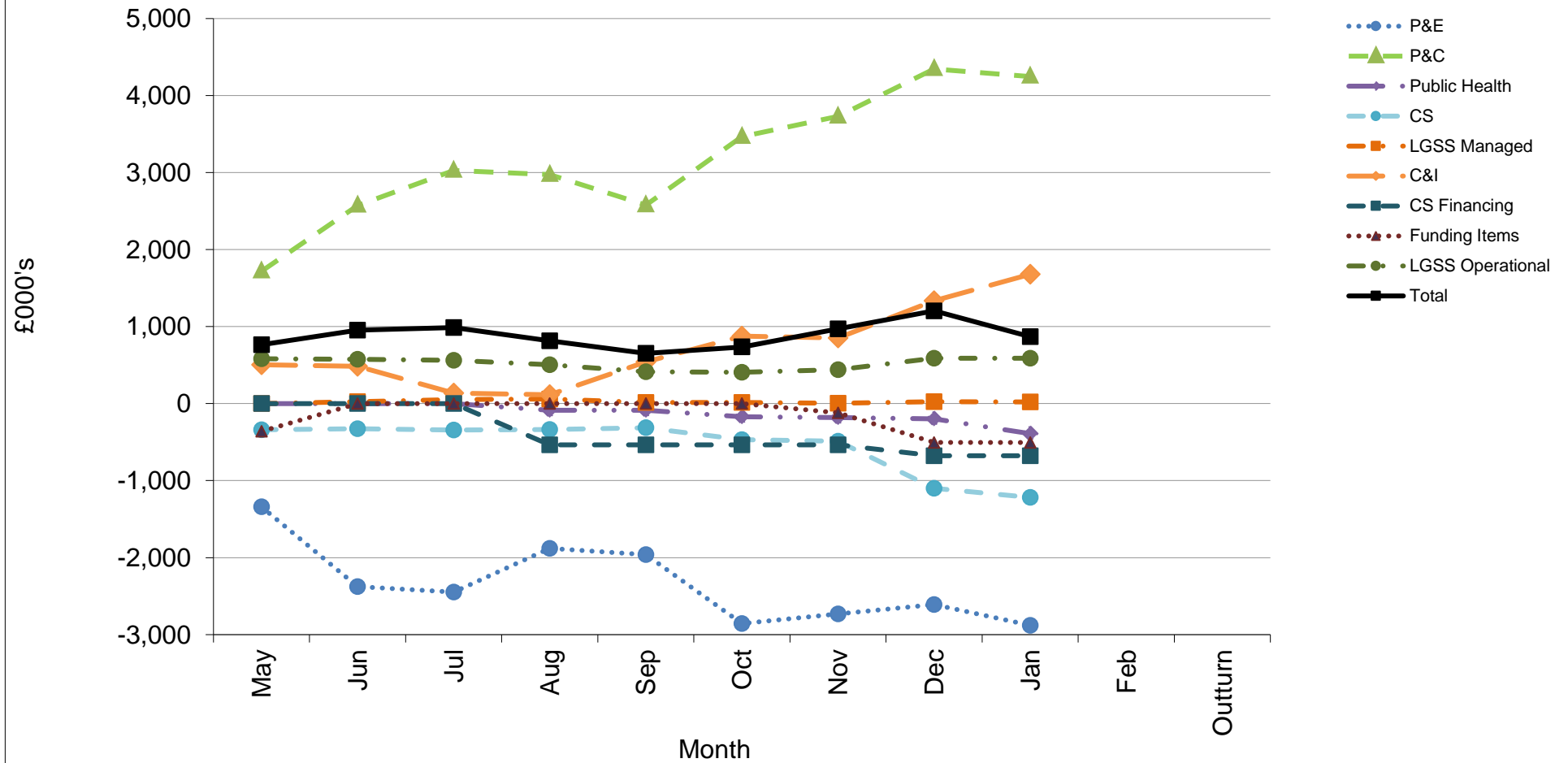
¹ The budget figures in this table are net.

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

³ The budget of £390k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £24.7m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £8.7m Combined Authority Levy, the £407k Flood Authority Levy and £9.3m 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 2019/20



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£2.878m (-5.4%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Local Infrastructure Maintenance and Improvement – a £0.852m pressure is forecast of which £0.707m relates to a change since last month. The principal pressure is £650k for the use of Rhino (patching machinery) for crack sealing circa 100 sites and £45k for the hire of an additional patcher until the end of March 2020. 	+0.852	(+14%)
<ul style="list-style-type: none"> • Parking Enforcement– a -£0.961m underspend is forecast. This is an increase of -£0.311m on the underspend position previously reported in May, of which -£0.179m relates to a change since last month. Bus lane enforcement is providing additional income in excess of the budget set. This income is difficult to predict and therefore the financial position will be monitored on a regular basis, and the forecast updated accordingly. 	-0.961	(-%)
<ul style="list-style-type: none"> • A combination of more minor variances sum with the above to lead to an overall outturn of -£2.878m. For full and previously reported details see the P&E Finance Monitoring Report, (https://tinyurl.com/v5ytkx8). 		

3.2.2 **People & Communities:** +£4.247m (+1.6%) pressure is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • SEND Specialist Services (0-25 years)– a +£10.5m pressure is currently forecast. This is an increase of +£1.5m on the position previously reported in November and relates in full to a change since last month. Initial in-year pressures have been forecast for a number of DSG funded High Needs Block budgets including funding for special schools and units (£4.3m), top-up funding for mainstream schools and Post-16 provision (£3.5m), out of school tuition (£3.2m) and SEN Placements (£0.6m). These are partially offset by a -£1.1m underspend on wider SEND Specialist services. A SEND Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block. As previously reported in 2018/19 we saw a total DSG pressure across SEND services of £8.7m, which, combined with, underspends on other DSG budgets, led to a deficit of £7.2m carried forward into 2019/20. Current estimates forecast an in-year pressure of approximately £10.5m as a result of the continuing rise in Education, Health and Care Plans (EHCPs). This is a ring-fenced grant and, as such, pressures do not currently affect the Council's bottom line but are carried forward as a deficit balance into the next year. 	+10.500	(+19%)
<ul style="list-style-type: none"> • Financing DSG – a -£10.5m required contribution from DSG is forecast. This is an increase of -£1.5m on the required contribution previously reported in November, which relates in full to a change since last month. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These 	-10.500	(-11%)

pressures are primarily Funding to Special Schools and Units (£4.3m), High Needs Top Up Funding (£3.5m), Out of School Tuition (£3.2m) and SEN Placements (£0.6m), partially offset by SEND Specialist Services (-£1.1m) underspend, as reported above.

- Home to School Transport – Special** – a +£0.950m pressure is forecast. This is an increase of £0.250m on the position previously reported in November, which relates in full to a change since last month. We are continuing to see significant increases in pupils with Education Health Care Plans (EHCPs) and those attending special schools, leading to a corresponding increase in transport costs. Between 1st April 2019 and 1st January 2020 there was an increase in the number of pupils with EHCPs of 448 (10.5%), compared with 347 (9%) over the same period last year. Alongside this, we are seeing an increase in complexity of need resulting in assessments being made that the child/young person requires individual transport, and, in many cases, a passenger assistant to accompany them. A strengthened governance system around requests for costly exceptional transport requests introduced in 2018/19 is resulting in the avoidance of some of the highest cost transport as is the use of personal transport budgets offered in place of costly individual taxis. The [P&C Finance Monitoring Report](https://tinyurl.com/wnlkfjs) (<https://tinyurl.com/wnlkfjs>) outlines further actions being taken to mitigate the position.

+0.950	(+10%)
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- A combination of more minor variances sum with the above to lead to an overall outturn of +£4.247m. For full and previously reported details see the [P&C Finance Monitoring Report](https://tinyurl.com/wnlkfjs), (<https://tinyurl.com/wnlkfjs>).

3.2.3 **Public Health:** -£0.390m (-%) underspend is forecast for year-end.

- | | £m | % | | |
|---|--------|------|--|--|
| <ul style="list-style-type: none"> Behaviour Change / Preventing Long Term Conditions – an underspend of -£0.283m is forecast, of which -£0.215m relates to a change since last month. The underspend is a combination of costs around the Integrated Lifestyle contract being lower than the budget allocation, and lower than expected activity on NHS health checks - budgets were set assuming some growth but activity so far is at a similar level to 2018/19. <table border="0" style="float: right; margin-top: -100px;"> <tr> <td style="text-align: right; padding-right: 20px;">-0.283</td> <td style="text-align: right;">(-%)</td> </tr> </table> A combination of more minor variances sum with the above to lead to an overall outturn of -£0.390m. For full and previously reported details see the PH Finance Monitoring Report, (https://tinyurl.com/tf2yspq). | -0.283 | (-%) | | |
| -0.283 | (-%) | | | |

3.2.4 **Corporate Services:** -£1.218m (-10.0%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/st8qcmv), (<https://tinyurl.com/st8qcmv>).

3.2.5 **LGSS Managed:** +£0.022m (+0.2%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/st8qcmv), (<https://tinyurl.com/st8qcmv>).

- 3.2.6 **CS Financing:** -£0.677m (-2.5%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/st8qcmv>).
- 3.2.7 **Commercial & Investment:** +£1.679m (-%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](#), (<https://tinyurl.com/tg46n88>).
- 3.2.8 **Funding Items:** -£0.504m (-2.7%) underspend is forecast at year-end. There are no exceptions to report this month.
- 3.2.9 **LGSS Operational:** +£0.589m (+9.7%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/st8qcmv>).

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

4. SAVINGS TRACKER

- 4.1 The “Savings Tracker” report – a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2019-20 Business Planning process. Currently, the Council is on track to deliver £13.2m of savings against its original plan. Blue rated savings total £1.6m, exceeding the target on those initiatives. Green rated savings total £6.9m. The Savings Tracker as at the end of quarter 3 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 arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

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

BLUE			GREEN			AMBER			RED			BLACK			Total Original Savings	Total Variance
Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Total Original Savings	Total Variance
	£000	£000		£000	£000		£000	£000		£000	£000		£000	£000	£000	£000
3	-670	-946	40	-6,939	0	5	-4,700	1,326	3	-2,566	1,269	6	-910	910	-15,785	2,559

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](#), (<https://tinyurl.com/wnlkfjs>) (section 5).

6. CAPITAL PROGRAMME

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

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (Dec) £000	Service	Revised Budget for 2019/20 £000	Actual-Year to Date (Jan) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Total Scheme Revised Budget (Jan) £000	Total Scheme Forecast Variance (Jan) £000
43,908	-17,433	P&E	60,914	21,340	-18,185	-29.9%	422,898	-
129,267	-0	P&C	101,627	75,253	-0	0.0%	678,460	-12,685
3,457	-	CS	7,863	4,770	-90	-1.1%	25,077	-
2,827	-354	LGSS Managed	3,239	3,121	-472	-14.6%	5,524	-187
90,443	-15,775	C&I	175,459	120,121	-38,608	-22.0%	374,378	-
-	-	Outturn adjustment	-	-	-	-	-	-
269,902	-33,562	Total Spending	349,102	224,605	-57,355	-16.4%	1,506,337	-12,872

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is currently forecasting an in-year underspend of -£5.0m at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

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

2019-20					
Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Jan) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Jan) £000
P&E	-13,505	-31,690	13,505	100.00%	-18,185
P&C	-13,399	-11,324	11,324	84.52%	-0
CS	-1,431	-1,521	1,431	100.00%	-90
LGSS Managed	-585	-1,057	585	100.00%	-472
C&I	-26,312	-64,920	26,312	100.00%	-38,608
Outturn adjustment	-	-	2,075	-	-
Total Spending	-55,232	-110,512	55,232	100.00%	-57,355

- 6.3. As at the end of January 2020, Place & Economy schemes, C&I schemes, LGSS Managed and Corporate Services schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£18.2m, -£38.6m, -£0.5m and -£0.1m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.
- 6.4. A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.
- 6.4.1 **Place & Economy:** a -£18.2m (-29.9%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (Jan)	Forecast Spend - Outturn Variance (Jan)	Variance Last Month (Dec)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
£90m Highways Maintenance schemes						
6.316	5.546	-770	+128	-898	0	-770

An in-year underspend of -£0.8m is forecast on the £90m Highways Maintenance schemes. This is a change of -£898k on last month's position.

There have been underspends within the Operating the Network budget mainly due to drainage schemes not being able to proceed. It was agreed to bring forward four other schemes, totalling £823k approx. to be delivered in 2019/20 to utilise the underspend. The new schemes which were originally scheduled to be delivered under the £90m Highways Maintenance schemes have been moved to Operating the Network budget. The drainage schemes will be delivered in the next financial year.

Wisbech Town Centre Access Study									
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1,182	1,528	346	0	346	0	346
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An in-year pressure of -£0.3m is forecast on the Wisbech Town Centre Access Study scheme. This is a change of +£346k on last month's position.

This project was originally shown within the Combined Authority Schemes. However, the work has been separated out onto a unique capital group to facilitate easier tracking. For this year the work will be invoiced and dealt with alongside all the other Combined Authority schemes. Negotiations are ongoing regarding further funding; the £346k pressure is expected to be covered in future months- the position will continue to be monitored and updated accordingly.

- For full and previously reported details see the [P&E Finance Monitoring Report](https://tinyurl.com/v5ytkx8), (<https://tinyurl.com/v5ytkx8>).

6.4.2 People & Communities: a balanced budget is forecast at year-end.

Revised Budget for 2019/20	Forecast Spend - Outturn (Jan)	Forecast Spend - Outturn Variance (Jan)	Variance Last Month (Dec)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,420	32,820	-1,600	-1,086	-514	-2,058	458

An in-year underspend of -£1.6m is forecast across Basic Need – Primary schemes. This is a change of -£0.6m on the position previously reported in November of which -£0.5m relates to a change since last month. This is primarily due to changes on the scheme outlined below:

Chatteris Additional Places

4,600	2,500	-2,100	-1,700	-400	0	-2,100
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£1.6m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This scheme has now been combined with that listed separately for Cromwell Community College (see below), following approval from the Department for Education (DfE) to a proposal to extend the school's age range to enable it to provide all-through education, 4-19. A further £0.5m rephasing adjustment has been made on receipt of the contractor's revised cashflow.

Basic Need - Secondary	
1	2
3	4
5	6
7	8
9	10
11	12
13	14
15	16
17	18
19	20
21	22
23	24
25	26
27	28
29	30
31	32
33	34
35	36
37	38
39	40
41	42
43	44
45	46
47	48
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51	52
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61	62
63	64
65	66
67	68
69	70
71	72
73	74
75	76
77	78
79	80
81	82
83	84
85	86
87	88
89	90
91	92
93	94
95	96
97	98
99	100

51,096	42,735	-8,360	-6,786	-1,574	-658	-7,702
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An in-year underspend of -£8.4m is forecast across Basic Need – Secondary schemes. This is a change of -£1.57m on the position previously reported in November, which relates in full to a change since last month. This is primarily due to changes on the schemes as outlined below:

Fenland Secondary

5,000	150	-4,850	-4,700	-150	0	-4,850
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None of the applications submitted to the Department for Education (DfE) to establish the new secondary as free school were approved. Further delays have occurred as work to determine the final specification for the scheme and the associated project cost are being reconsidered.

Cromwell Community College, Chatteris

5,500	3,400	-2,100	-1,600	-500	0	-2,100
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£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m	£1.5m
<p>£1.5m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This scheme has now been combined with that listed separately for Chatteris Additional Places (see above), following approval from the DfE to a proposal to extend the school's age range to enable it to provide all-</p>								

through education, 4-19. A further £0.5m spend adjustment has been made on receipt of the contractor's revised cashflow.

Cambourne Village College

5,550	4,100	-1,450	0	-1,450	0	-1,450
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Reduction due to completion of project on site and release of unspent contingency and risk register allowances. Also, phase 3b and 3c pre-construction works fees included in contractor contract sum will not be spent now, as works are being reconsidered and not progressed. It is likely to proceed as a separate new project, rather than Cambourne West works. Also, it is not expected that any spend on ICT will be incurred this year.

Northstowe Secondary

32,000	32,500	500	0	500	0	500
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Spend forecast adjusted inline with the latest contractor cashflow forecast.

Specialist Provision

4,073	5,370	1,297	1,497	-200	0	1,297
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An in-year pressure of +£1.3m is forecast across Specialist Provision schemes. This is a change of -£0.25m on the position previously reported in October, of which -£0.2m relates to a change since last month. This is primarily due to revised accelerated spend on the Highfields Phase 2 scheme as outlined below:

Highfields Phase 2

3,600	5,000	1,400	1,600	-200	0	1,400
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Revised spend forecast received from contractor. Value of works higher than anticipated for 2019-20 due to pre-fabricated construction and works progressing ahead of schedule, which means that the project is likely to complete in May 2020.

Cultural & Community Services

5,157	3,308	-1,849	-1,426	-423	0	-1,849
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An in-year underspend of -£1.8m is forecast across Cultural & Community Services schemes. This is a change of -£0.4m on the position previously reported in November, which relates in full to a change since last month. This is primarily due to changes on the scheme as outlined below:

Community Hubs – Sawston

1,603	1,180	-423	0	-423	0	-423
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Work is ongoing to complete the new Sawston Community Hub. The spend profile has been updated as per the latest Business Case which was presented at Capital Programme Board.

P&C Capital Variation

-13,399	-2,075	11,324	8,584	2,740	0	11,324
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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. Therefore the net £11.3m underspend is balanced by use of the capital variations budget; this is an increase of £2.9m on the use of the variations budget previously reported in November, of which £2.7m relates to a change since last month. The increase relates primarily to the increased in-year underspends on Basic Need- Primary, Basic Need- Secondary, Specialist Provision and Cultural & Community Services as reported above, together with more minor variances.

- For full and previously reported details see the [P&C Finance Monitoring Report](https://tinyurl.com/wnlkfjs), (<https://tinyurl.com/wnlkfjs>).

Revised Budget for 2019/20	Forecast Spend - Outturn (Jan)	Forecast Spend - Outturn Variance (Jan)	Variance Last Month (Dec)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
IT Strategy						
1,338	150	-1,188	0	-1,188	0	-1,188
<p>An in-year underspend of -£1.2m is forecast on the IT Strategy schemes, which relates in full to a change since last month. The Programme Manager for the IT Strategy was appointed in quarter 3. The key activities during this period were to establish the workstreams, projects, reporting and governance to support the delivery of the IT Strategy. A detailed resource plan has been developed, including the apportionment of costs between PCC and CCC. The in-year underspend is due to rephasing in the start date for projects within the Office 365 workstream.</p>						
Corporate Services Capital Variations						
-1,431	0	1,431	108	1,323	0	1,431
<p>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 re-phasing exceeds this budget. Therefore the £1.188m IT Strategy underspend above and a combination of more minor underspends is balanced by full utilisation of the capital variations budget.</p>						

- 6.4.4 **LGSS Managed:** a -£0.5m (-14.6%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/st8qcmv), (<https://tinyurl.com/st8qcmv>).

Revised Budget for 2019/20	Forecast Spend - Outturn (Jan)	Forecast Spend - Outturn Variance (Jan)	Variance Last Month (Dec)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Investments/Multi Class Credit						
124,605	104,605	-20,000	0	-20,000	0	-20,000
<p>An in-year underspend of -£20m is forecast. This relates in full to a change since last month. In January General Purposes Committee (GPC) approved an additional £20m budget for Commercial Investments, the proposed investment will be funded through £20m of capital receipts. These receipts will be made available by swapping a further £20m of borrowing to fund our commercial property investments. This will release £20m of capital receipts for our commercial property acquisitions for investment in a Multi-Class Credit pooled fund.</p> <p>General Purposes Committee had previously agreed £73m of borrowing to fund commercial property acquisitions this year, and this change increases that figure to £93m. The Council has spent, or has committed to spend, £105m on commercial property investments in 2019/20.</p>						

Investment in the CCC asset portfolio						
3,034	2,030	-1,004	0	-1,004	0	-1,004
An in-year underspend of -£1.0m is forecast. This relates in full to a change since last month. There has been a delay in the timeline around initiating building work, due to delays to the planning process and therefore expenditure will need to be pushed back into the next financial year.						
Shire Hall Relocation						
7,971	6,481	-1,490	0	-1,490	0	-1,490
An in-year underspend of -£1.5m is forecast. This relates in full to a change since last month. Delays to work starting onsite in Alconbury due to site remediation issues (now resolved) have resulted in some project costs needing to be pushed back into the next financial year.						

- For full and previously reported details see the [C&I Finance Monitoring Report](https://tinyurl.com/tg46n88), (<https://tinyurl.com/tg46n88>).

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

6.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report](https://tinyurl.com/v5ytkx8), (<https://tinyurl.com/v5ytkx8>).

6.5.2 **People & Communities:** a -£12.685m (-1.9%) total scheme underspend is forecast. There are no exceptions to report this month; for full details see the [P&C Finance Monitoring Report](https://tinyurl.com/wnlkfjs), (<https://tinyurl.com/wnlkfjs>).

6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/st8qcmv), (<https://tinyurl.com/st8qcmv>).

6.5.4 **LGSS Managed:** a -£0.069m (-1.0%) 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](https://tinyurl.com/st8qcmv), (<https://tinyurl.com/st8qcmv>).

6.5.5 **Commercial & Investment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](https://tinyurl.com/tg46n88), (<https://tinyurl.com/tg46n88>).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding ¹ £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.9	18.2	19.8	1.6
Basic Need Grant	6.9	-	-	-	6.9	6.9	-
Capital Maintenance Grant	4.7	-	-	-1.1	3.5	3.5	-
Devolved Formula Capital	1.0	2.0	-	-0.2	2.8	2.8	-
Specific Grants	8.4	0.0	-	1.1	9.5	7.7	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.5	10.4	10.1	-0.3
Capital Receipts	45.4	10.4	-10.5	-0.6	44.7	17.2	-27.5
Other Contributions	24.6	3.3	-	5.7	33.5	16.2	-17.3
Revenue Contributions	10.1	-	-	-	10.1	10.1	-
Prudential Borrowing	133.4	22.2	-13.4	67.2	209.4	197.3	-12.0
TOTAL	269.9	41.7	-37.0	74.5	349.1	291.7	-57.4

¹ Reflects the difference between the anticipated 2018/19 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2019/20 Business Plan, and the actual 2018/19 year end position.

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding - Other contributions	P&E	+£0.7	<p>A net increase in contributions of +£677k is expected in relation to the Wisbech Town Centre Access Strategy, which is a Combined Authority (CA) scheme. This is in line with an increase in the level of work expected to be carried out by CCC on this scheme compared to the level anticipated in November. The Combined Authority is invoiced on a monthly basis for work on CA schemes. <i>[Please note that this is a reduction of £346k on the amount anticipated in the December Integrated Finance Monitoring Report.]</i></p> <p>General Purposes Committee is asked to note the additional 2019/20 contributions of £677k expected in relation to the Combined Authority funded Wisbech Town Centre Access Study scheme.</p>

- 6.8 At the February Commercial & Investment (C&I) Committee meeting C&I Committee recommended to General Purposes Committee (GPC) that an additional £808k capital investment is made in 2020/21 into property at the three Cambridgeshire Outdoor centres to fund essential repair, maintenance and reconstruction, facilitating the continued compliant operation of the centres. £99k for the most urgent health and safety and safeguarding work has already been approved under the delegated authority of the Chief Finance Officer. The costs are broken down as follows:

	2019–20 (£)	2020–21 (£)
Grafham Water Centre: workshop	0	440,461
Grafham Water Centre: other costs	33,879	175,500
Grafham Water Centre total	33,879	615,961
Stibbington Centre	6,240	139,386
Burwell House	59,046	52,260
Total for three centres	99,165	807,607

The purpose of the investment is to carry out essential maintenance work identified by the Property Team in collaboration with the staff of each Outdoors Centre. The cost of reactive maintenance is highly likely to increase in the near future if proactive investment is not made into properties – particularly with regards to the workshop at the Grafham Water Centre. Compliance with health and safety and safeguarding regulations already means that several buildings at the Grafham Water Centre are not fully operational. Accordingly, there is a high risk that the centres will be unable to offer some or all of the products which they currently provide to customers if investment is not made into property at the centres. This would result in a significant loss of income and reputational damage.

Further information can be found in the paper [here](#). The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (including the initial £99k) will start in 2021/22 at £51k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £808k in 2020/21 for the Outdoors Centres scheme.

- 6.9 At the March Economy and Environment (E&E) Committee meeting, E&E Committee recommended to General Purposes Committee (GPC) that the £1m contribution towards the A14 Improvement Scheme for 2020/21 is funded from prudential borrowing.

The Cambridgeshire and Peterborough Combined Authority (CPCA) is the Local Transport Authority, and receives funding for Local Transport Plan (LTP) capital grants from the Department for Transport (DfT), including the Integrated Transport Block (ITB) grant. In the past few years since its establishment, the CPCA has passported the LTP capital grant funding to the County Council. In September 2013 the County Council Cabinet agreed a contribution of £25m paid over a maximum period of 25 years towards the A14 Improvement Scheme. It was identified that the funding for this would come from a top slice of the ITB capital grant. The ITB funding was much higher at that time. The value of the ITB funding has since been reduced from around £10m to £3.19m per year.

The first £1m contribution to the A14 is expected to be due in 2020/21 when Highways England has delivered the improvement scheme. Currently no decision has yet been taken on where within the ITB this £1m per annum funding for the A14 will come from for 2020/2021 and given the ITB funding has reduced in recent years it is proposed to ask General Purposes Committee (GPC) to approve it is instead funded from Prudential Borrowing.

Further information can be found in the paper [here](#). As a result of this change in funding to borrowing; the increase in the annual cost of borrowing for Place and Economy schemes will start in 2021/22 at £53k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £1m in 2020/21 for the A14 Improvement Scheme contribution.

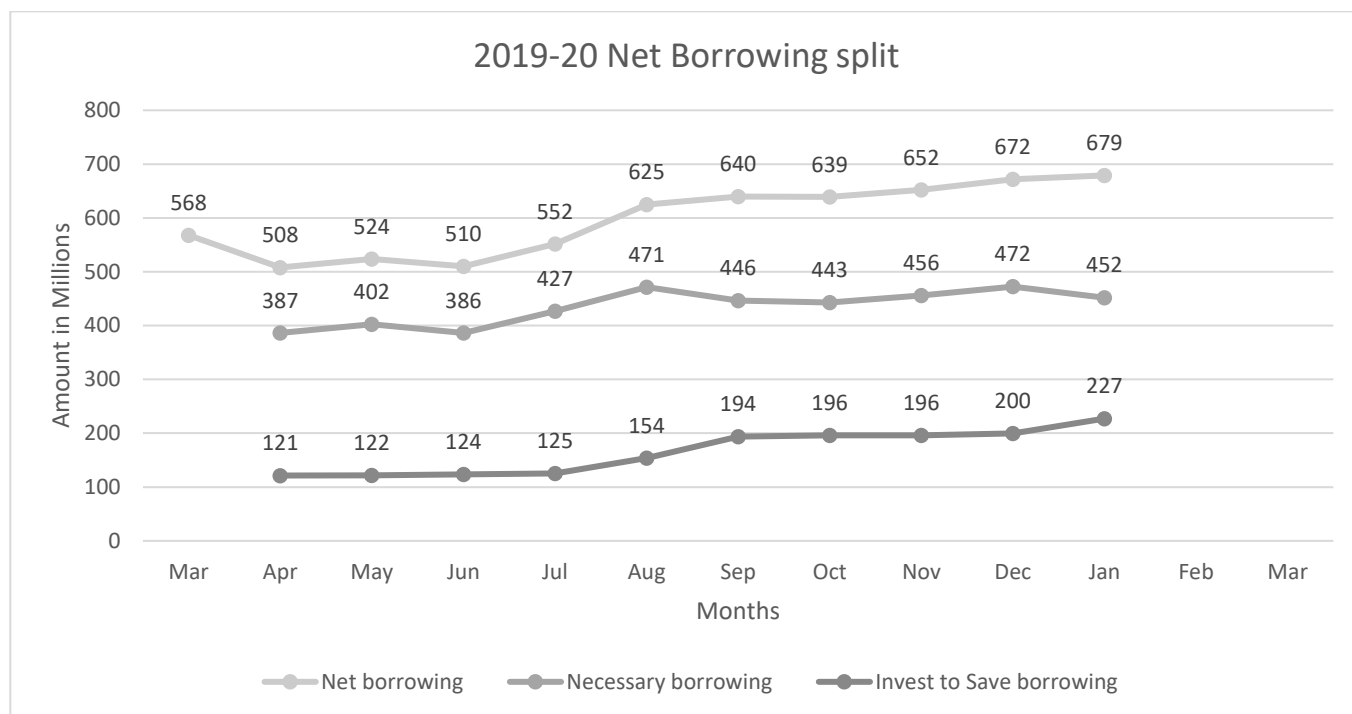
7. BALANCE SHEET

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

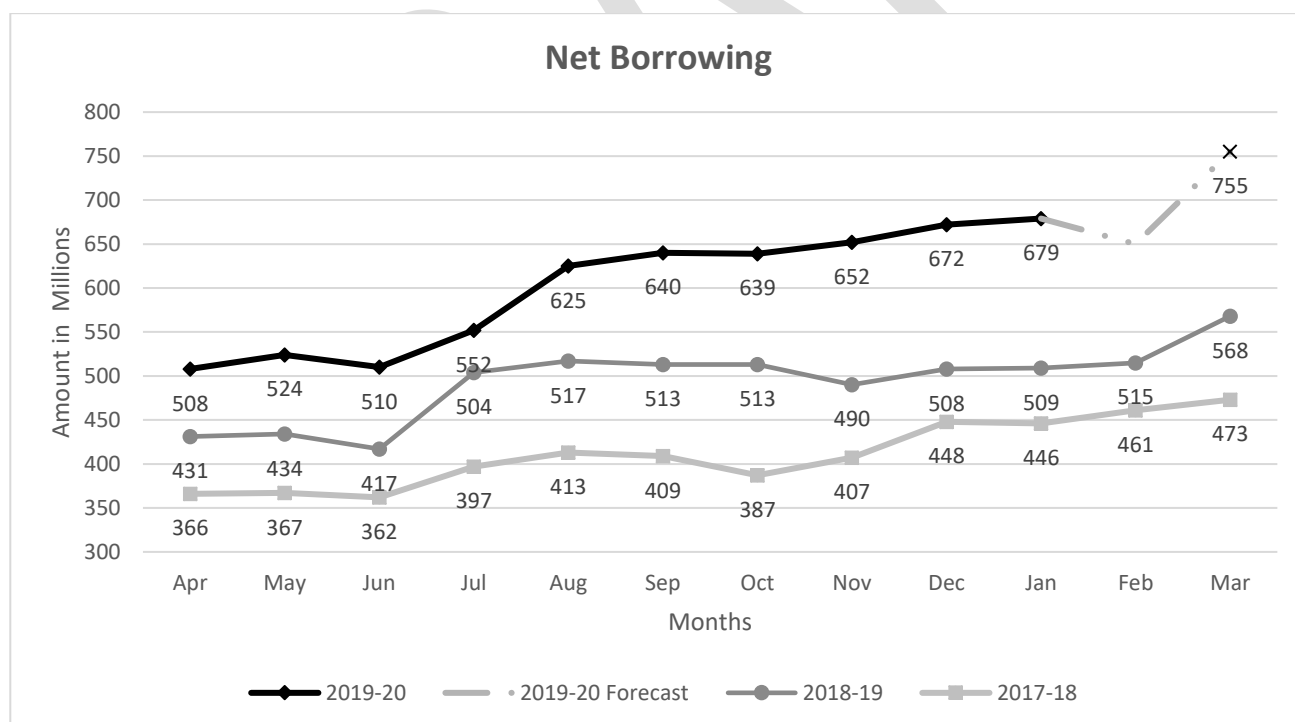
Measure		Year End Target	Actual as at the end of Jan 2020 ¹
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£5.08m
	Sundry	£1.71m	£2.25m

¹ The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. The amount of debt owed by Cambridgeshire & Peterborough CCG exceeding one year hold was £3.66m. The overdue amounts primarily relate to funding contributions to nursing care and for aftercare provided under section 117 of the Mental Health Act. The CCG now funds care homes for nursing care directly, rather than via the Council, so this issue relates to historic sums accrued between 2017 and 2019. Individual payments continue to be received and officers are working to reconcile these to payments owed and allocate against specific invoiced amounts. Both the Council and the CCG continue to work together to agree, expedite and reconcile payments for clients eligible for NHS funding.

- 7.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £227m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



7.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of January 2020, investments held totalled £75m (excluding 3rd party loans) and gross borrowing totalled £755m, equating to a net borrowing position of £679m.



7.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2018-19 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 2019-20 net borrowing position is expected to take a

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

- 7.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme, this is now forecast to be £755.0m by the end of this financial year.
- 7.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.
- 7.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](http://tiny.cc/5qfggz), (<http://tiny.cc/5qfggz>).
- 7.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 A good quality of life for everyone

There are no significant implications for this priority.

8.2 Thriving places for people to live

There are no significant implications for this priority.

8.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

8.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

9. SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 Engagement and Consultation Implications

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

9.6 Localism and Local Member Involvement

There are no significant implications within this category.

9.7 Public Health Implications

There are no significant implications within this category.

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

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

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial scheme debt charges budget				-603			603		
Transfer P&E Management restructure savings			-22		22				
Repatriation of the Professional Finance Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,631			-1,631	
Repatriation of the Democratic & Members' Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,438	-1,053		-385	
Allocation of £230k School Improvement Grant to P&C as approved by GPC 26th Nov 2019	230								
Transfer from Fostering to Communications	-23				23				
Transfer from Democratic Services to Place Planning and Organisation Service	8				-8				
Transfer Insurance budgets in line with annual Insurance Fund processes	479		1,692			-2,233	62		
Current budget	263,422	390	53,772	27,558	12,201	10,917	-8,706	6,103	18,447
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Jan 2020		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	12,850	4,699	17,549	16,679	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	112	-26	86	313	
subtotal	12,962	4,673	17,635	16,992	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,060	-1,335	2,725	2,725	
subtotal	4,060	-1,335	2,725	2,725	
- Equipment Reserves					
6 P&C	8	0	8	8	
7 P&E	0	0	0	0	
8 CS	3	0	3	3	
9 C&I	56	0	56	0	
subtotal	67	0	67	11	
<u>Other Earmarked Funds</u>					
10 P&C	1,008	-130	878	878	Includes liquidated damages in respect of the Guided Busway
11 PH	2,886	98	2,984	2,258	
12 P&E	5,571	-959	4,612	3,437	
13 CS	3,193	239	3,432	3,548	
14 LGSS Managed	63	0	63	0	Savings realised through change in MRP policy.
15 C&I	600	0	600	679	
16 Transformation Fund	24,504	2,014	26,518	22,638	
17 Innovate & Cultivate Fund	1,561	-360	1,201	893	
subtotal	39,386	902	40,288	34,331	
SUB TOTAL	56,475	4,240	60,715	54,059	
<u>Capital Reserves</u>					
- Services					
18 P&C	29,463	0	29,463	29,463	Section 106 and Community Infrastructure Levy balances.
19 P&E	6,069	691	6,760	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,549	33,964	0	
22 Corporate	54,694	16,003	70,696	61,138	
subtotal	110,641	30,243	140,883	91,601	
GRAND TOTAL	167,116	34,483	201,599	145,660	

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 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 31 Jan 2020		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	0	0	0	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,660	0	3,660	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	7,273	0	7,273	7,273	

APPENDIX 3 – RECOMMENDATIONS FROM DECEMBER 19 REPORT

The December 19 Integrated Finance Monitoring Report included the following recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Finance Monitoring Report to be presented at a meeting of GPC was the November report, on 28th January 2020.

GPC is asked to approve the recommendations in the December report, which is published online [here](#).

December 19 Integrated Finance Monitoring Report

One recommendation concerning revenue funding, found in section 5.1:

5.1 Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments Grant

The Council is due to receive an additional £188k in 2019/20 from the Ministry for Housing, Communities and Local Government (MHCLG) for Business Rates Relief; Reconciliation of Authorities' 2018/19 Tax Loss Payments. Local Authorities receive interim section 31 grant payments during the year based on 2018/19 NNDR1 forecasts which recompense authorities for their individual reduction in non-domestic rating income in 2018/19. Following receipt of NNDR3 returns for 2018/19 and a reconciliation process, MHCLG has issued a new grant determination to reimburse local authorities who had previously under forecasted the amount of business rates relief given in 2018/19. As a result Cambridgeshire County Council's additional allocation for 2019/20 is £188,008.

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

General Purposes Committee is asked to approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments grant (£188,008) to the corporate grants account within Funding Items. This will offset pressures across the Council, reducing the transfer from the general fund reserve at year-end.