

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING
31ST AUGUST 2018**

To: Audit & Accounts Committee

Date: 22 November 2018

From: Chief Finance Officer

**Electoral
division(s):** All

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

Purpose: To present financial and performance 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 23rd October 2018:

- a) Note the additional capital contributions available as set out in section 5.7;
- b) Approve the -£41.1m revised phasing in the funding profile of Housing Schemes, as set out in section 5.7;
- c) Approve the -£17.2m revised phasing of funding relating to changes in the C&I capital programme variations budget, as set out in section 5.7;
- d) Approve an additional £54k of prudential borrowing in 2018/19 for the Babraham Park & Ride Smart Energy Grid scheme, as set out in section 5.8;
- e) Approve an additional £30k of prudential borrowing in 2018/19 for the Trumpington Park & Ride Smart Energy Grid scheme, as set out in section 5.9;
- f) Approve the allocation of £3.413m from the smoothing fund reserve towards pressures in children's services budgets in 2018-19, as set out in section 6.2.

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1. PURPOSE

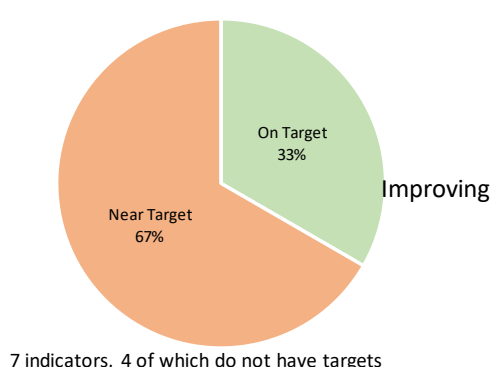
- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

- 2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets. Ninety two indicators about outcomes are monitored by service committees; these have been grouped by outcome area and their status is shown below:

2.2 Change in indicators:

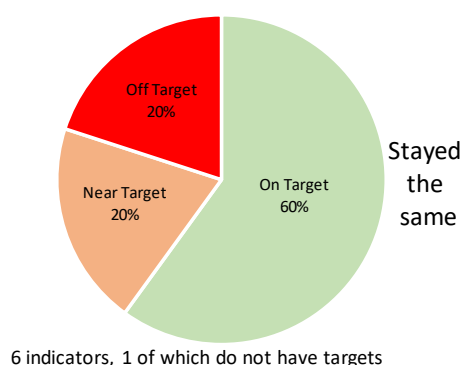
Older people live well independently



Older people live well independently – Improving

Out of 7 indicators for this outcome 3 have targets. Two of these were rated amber (within 10% of target) and one was on target. The improvement in the overall outcome reflects an improvement in the outcome 'Average monthly number of bed day delays (social care attributable) per 100,000 18+ population' where the average number of bed day delays decreased from 150 (red RAG rating) to 116 days (amber RAG rating), just 2 days above the 114 day target. The other two indicators did not change from the previous month (one green and one amber).

People with disabilities live well independently



People with disabilities live well independently – Stayed the same

There are 6 indicators for this outcome and 5 have targets. None of these indicator's RAG ratings changed, there are 3 rated green, 1 amber, and 1 red. The indicator rated red was 'Proportion of adults with a primary support reason of learning disability support in paid employment (year to date)' which fell from 0.7% in June to 0.5% in July – significantly below the 6% target. This indicator relies on service users being assessed or reviewed in the year so is dependent on the review/assessment performance of the LD teams. Note that this indicator is subject to some cumulative effects as clients are reviewed within the period.

Adults and children are kept safe



Adults and children are kept safe – Worsening

There are 8 indicators for this outcome and 5 have targets. One indicator, 'Proportion of children subject to a Child Protection Plan (CPP) for the second or subsequent time (within 2 years)', previously had had no target but this has now been set and the indicator rated green (Target: 6%, July 18: 3.8%). Three indicators did not change RAG rating, one green and two red. The first red indicator that remained the same was 'The number of looked after children per 10,000 population under 18' which increased from 52.2 in June to 53.9 in July. The second red indicator that remained the same was 'Number of children with a Child Protection Plan (CPP) per 10,000 population under 18' which very slightly decreased from 35.8 to 35.5. A number of actions are being taken to address this, see the People and Communities finance and performance report for further details. One indicator's performance decreased, this was '% children whose referral to social care occurred within 12 months of a previous referral' which increased from 17.9% to 20.8% (20% target), though it should be noted that this is still below average in comparison with statistical neighbour and the England average.

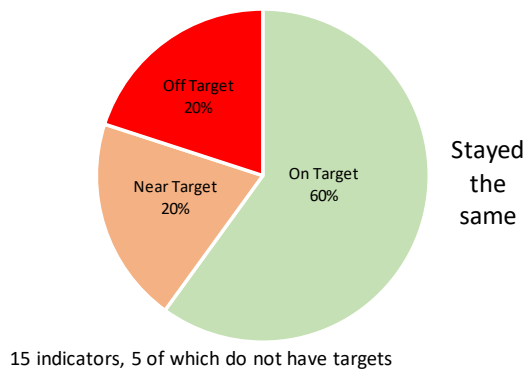
People live in a safe environment



People live in a safe environment – Stayed the same

3 out of the 6 indicators for this outcome have targets, one rated green, one amber, and one red. All three have not changed RAG rating from the previous month. The indicator rated red was 'Killed or seriously injured (KSI) casualties - 12-month rolling total', the most recent data available for this indicator is from March 18 hence this indicator has not changed RAG rating, however there has been a downward trend in this figure since August 2017, and if this trend continues it is anticipated to be within 10% of the target at year end.

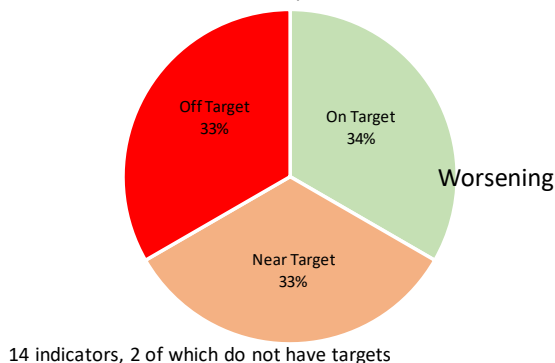
The Cambridgeshire economy prospers to the benefit of all residents



The Cambridgeshire economy prospers to the benefit of all residents – Stayed the same

There are 15 indicators for this indicator and 10 have targets, 6 were RAG rated green, 2 amber, and 2 red. All 10 indicators have not changed RAG rating from the previous month. The first indicator rated red was 'The average journey time per mile during the morning peak on the most congested routes', this was last measured in August 17 and an updated figure is not available hence the rating has not changed. The second red indicator was 'Classified road condition - narrowing the gap between Fenland and other areas of the County', this is an annual figure (2017/18) and will not be updated until the next financial year so will remain RAG rated red.

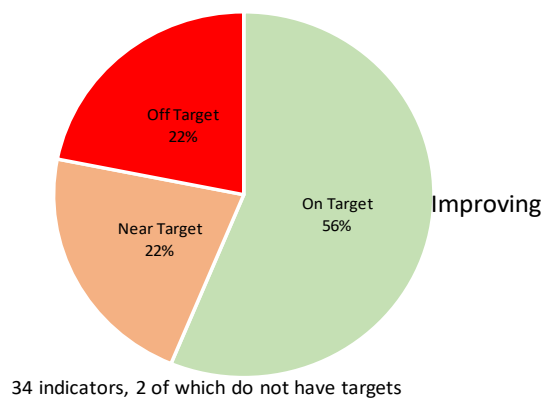
Places that work with children help them to reach their potential



Places that work with children help them to reach their potential – Worsening

There are 14 indicators for this outcome and 12 have targets. 4 were rated green, 4 amber, and 4 red. One indicator's RAG rating went down from amber in June to red in July. This indicator was '% of EHCP assessments completed within timescale', this had been incorrectly rated as amber last month and should have been red. Performance in this indicator has actually increased from 42.9% in June to 59.0% in July. The rest of the indicators' RAG ratings did not change since June. There were three that stayed red. These were: 'KS4 Attainment 8 (All children)' which is an annual indicator and reflects 2016/17 data (2017/18 which will be released in October 18), '% of disadvantaged households taking up funded 2 year old childcare places' which dropped 4 percentage points since the spring term to 66.7% (75% target), and 'Ofsted - Pupils attending schools that are judged as Good or Outstanding (Special Schools)' which remains at 89.6%.

People lead a healthy lifestyle and stay healthy for longer



People lead a healthy lifestyle and stay healthy for longer – Improving

There are 34 indicators for this outcome and 32 have targets. 18 were rated green (3 improving from amber and 1 from red in the previous month, which was 'Number clients completing their PHP', which increased from 33% of target, to 116, 168% of target), 7 were rated amber (1 improving from red last month – 'Number of physical activity groups held (extended service)', which increased from 101, 65% of target, to 250, 91% of target), and 7 were rated red. 6 of these red indicators had not changed rating from last month and one changed from amber to red. The indicator that changed from amber to red was 'Number of visitors to libraries/community hubs – year-to-date' which decreased from 91% of target to 86.2% of target. This may in part be due to the introduction of computer charges from 1st May, though this is being closely monitored and the use of the first free half hour and free use for particular cohorts is being promoted.

Key Pressures

- Residential and nursing placements for older people are increasing against the April 18 baseline.
 - The number of children in care has significantly increased this financial year.
 - The number of children on a child protection plan has increased from previous month.
- See following page for further details.

2.3 The master file of performance indicators is available [here](https://tinyurl.com/ycbkjnoe), <https://tinyurl.com/ycbkjnoe> while the latest Corporate Risk Register can be found [here](https://tinyurl.com/ycrphsfv), <https://tinyurl.com/ycrphsfv>.

Finance and Risk

Revenue budget forecast

+£4.9m (1.4%)
variance at end of
year

RED

This is a £0.331m decrease
in the revenue forecast
pressure since last month.

Capital programme forecast

£0m (0%) variance
at end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	2

*Latest Review: July 2018

Transformation Programme	Transformation Fund
41 Early ideas ↑ 194 Business cases in development ↑ 24 Projects being implemented ↔	12 projects rated Green ↔ 1 rated Amber (reflecting some need to re-phase savings) ↓ 5 rated Red (risk of non-delivery of savings or benefits) ↑

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Aug-18	Apr-18	Trend since Apr-18
Nursing	437	410	Increasing
Residential	862	847	Increasing
Community	2,010	2,023	Decreasing

Adults aged 18+ receiving long term services

	Aug-18	Apr-18	Trend since Apr-18
Nursing	30	26	Increasing
Residential	310	309	Increasing
Community	1,922	1,933	Increasing

Children open to social care

	Aug-18	Apr-18	Trend since Apr-18
Looked after children	737	715	Increasing
Child protection	523	483	Increasing
Children in need*	2,045	2,225	Decreasing

*Number of open cases in Children's Social Care (minus looked after children and child protection)

Public Engagement

	Aug-18	Apr-18	Trend since Apr-18
Contact Centre Engagement	13,350 Phone Calls 5,181 Other	12,763 5,316	Increasing Decreasing
Website Engagement (cambridgeshire.gov.uk)	173,523 Users 254,502 Sessions	154,319 229,409	Increasing Increasing

The number of service users is a key indicator of the demand for care budgets in social care, information about the contacts with the public across web and phone channels is a key indicator of both service delivery and transformation.

- 2.4 There was an error in the number of Children in Need (CIN) reported on page 4 of July's IRPR. The number of CIN was reported as 2,794. This was an error and should have been reported as 2,223, which is a decrease from the previous month (June 18: 2,311) and is in line with April 18's figure (2,225). This figure has been corrected in the trend analysis, so August's report shows a decreasing trend since April 18 for the number of CIN.
- 2.5 The key issues included in the summary analysis are:
- The overall revenue budget position is showing a forecast year-end pressure of +£4.9m (+1.4%); a decrease of £0.3m on the forecast pressure reported in July; there have been increases in Commercial & Investment (C&I), partly offset by decreases in People & Communities (P&C), Public Health and Corporate Services Financing. See section 3 for details. This position is based on the assumption that the allocation of £3.413m from the smoothing fund reserve recommended by the Children and Young People (CYP) Committee in section 6.2 is approved.
 - 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.

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)

Forecast Variance (July) £000	Service	Current Budget for 2018/19 £000	Actual (Aug) £000	Forecast Variance (Aug) £000	Forecast Variance (Aug) %	Overall Status	DoT
0	Place & Economy	41,729	19,080	0	0.0%	Green	↔
4,690	People & Communities	243,357	108,542	2,827	1.2%	Red	↑
0	Public Health	629	-6,073	-281	-	Green	↑
171	Corporate Services	6,697	4,294	110	1.6%	Amber	↑
140	LGSS Managed	11,186	8,494	115	1.0%	Amber	↑
4,163	Commercial & Investment	-8,707	2,988	6,263	-	Red	↓
-976	CS Financing	25,983	3,031	-1,176	-4.5%	Green	↑
8,188	Service Net Spending	320,874	140,356	7,858	2.4%	Red	↑
0	Funding Items	32,705	10,289	0	0.0%	Green	↔
-2,950	Open Purchase Order Reconciliation	0	0	-2,950	-	Green	↔
5,238	Subtotal Net Spending	353,579	150,645	4,908	1.4%	Red	↑
Memorandum items:							
1	LGSS Operational	8,835	4,557	-2	0.0%	Green	↑
5,239	Grand Total Net Spending	362,414	155,202	4,906	1.4%	Red	↑
Schools		198,140					
Total Spending 2018/19		560,554					

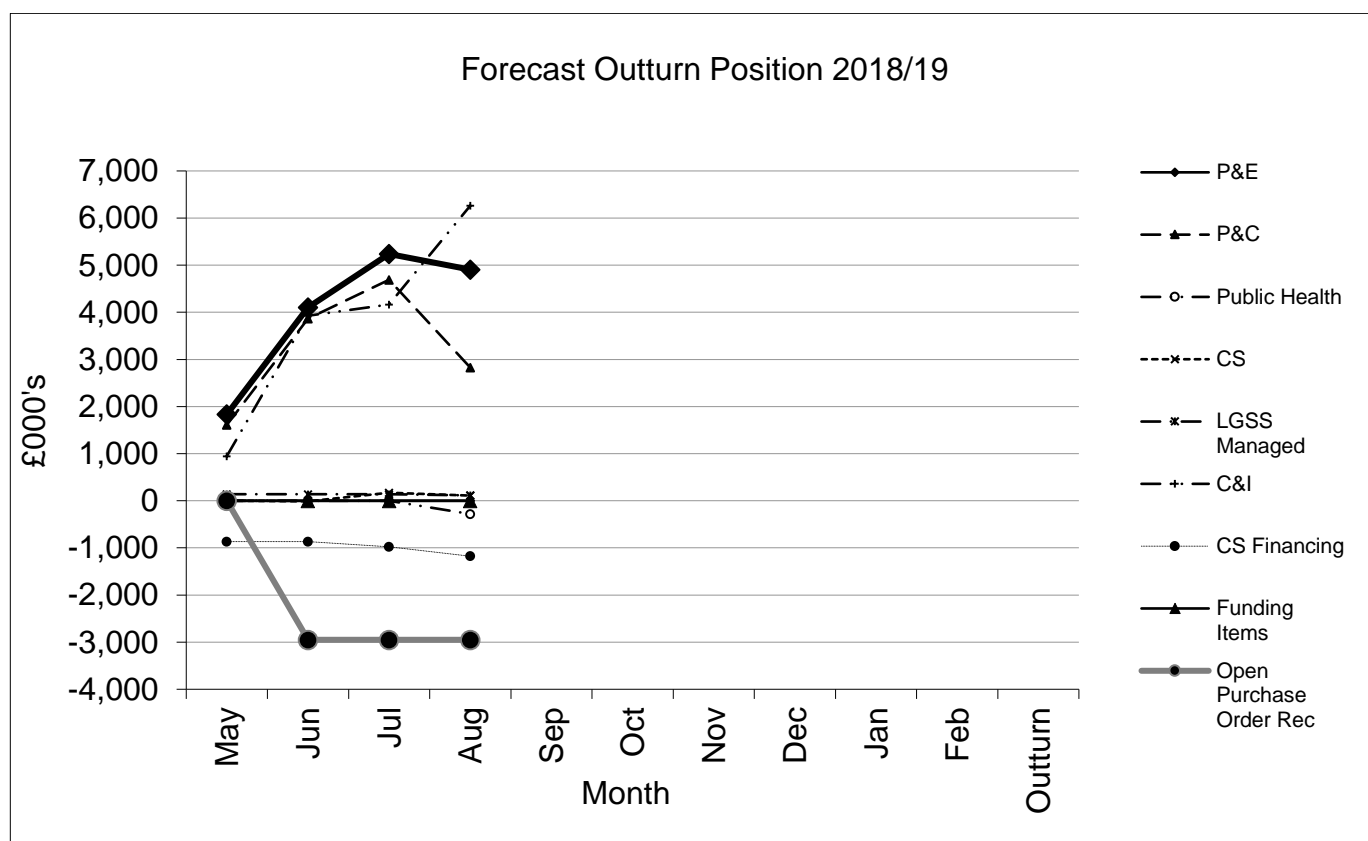
¹ The budget figures in this table are net.

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

³ The budget of £629k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £25.4m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £22.7m Combined Authority Levy, the £392k Flood Authority Levy and £9.7m 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.

⁵ This table has been presented on the basis that the additional £3.413m budget recommended by the Children and Young People (CYP) Committee in section 6.2 is approved.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** a balanced budget is forecast at year-end.

- | | £m | % |
|---|--------|-------|
| <ul style="list-style-type: none"> Concessionary Fares – a -£0.380m underspend is forecast. Concessionary fares are projected to underspend based on the final spend in the last financial year and currently the initial indications are that this level of underspend will be achieved. This underspend will be used to help cover other pressures within Place & Economy. | -0.380 | (-8%) |
| <ul style="list-style-type: none"> Although not yet identified it is anticipated that further savings and underspends will be found within Place & Economy to fund the current projected pressures. | | |
| <ul style="list-style-type: none"> A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall balanced outturn. For full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/y9pg3hwl. | | |

3.2.2 **People & Communities:** +£2.827m (+1.2%) pressure is forecast at year-end.

- | | £m | % |
|--|--------|--------|
| <ul style="list-style-type: none"> Central Commissioning – Adults – a +£0.369m pressure is forecast. This is due to a saving related to a review of the Council's housing related support contracts, which is now expected to deliver over several years rather than fully in 2018/19. | +0.369 | (+7%) |
| <ul style="list-style-type: none"> Children in Care – a +£1.4m pressure is forecast, which is an increase of £1.125m on the position previously reported in June 2018. The expected pressure on Unaccompanied Asylum Seeking | +1.400 | (+10%) |

Children (UASC) budgets has now been estimated at £439k over budget for UASCs under 18 years of age and a further £392k for UASCs over 18 years of age (£831k in total). There has been a significant increase in under 18 UASC numbers over the last 6 weeks and there continues to be up to two years delay in processing leave to remain applications for unaccompanied asylum seekers. The Home Office provide grant funding for UASC expenditure, however the costs are expected to be higher than the amount of grant expected to be received. In addition the Staying Put budget is predicted to be £294k over budget as a result of the cost of Staying Put arrangements, which outstrip the grant funding available.

- **High Needs Top- Up Funding** – a +£1.5m pressure is forecast as a result of increasing numbers of young people with Education Health and Care Plans (EHCP) in Secondary and Post-16 Further Education. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block and will be managed within the overall available DSG resources. +1.500 (+11%)
- **Financing DSG** – a -£2.309m required contribution from DSG is forecast, which is an increase of -£1.500m on the position previously reported in May 2018. 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 pressures are primarily SEN Placements (£518k), Out of School Tuition (£291k) – both previously reported – and High Needs Top-Up Funding (£1,500k) as described above. For this financial year the intention is to manage within overall available DSG resources. -2.309 (-6%)
- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£2.827m. (The effect of the £3.413m smoothing fund draw down recommended in section 6.2 is shown in the above overall P&C forecast; however the impact on individual P&C service line outturns will be factored in if the recommendation is approved.) For full and previously reported details see the [P&C Finance & Performance Report, https://tinyurl.com/y6u4ek3e](https://tinyurl.com/y6u4ek3e).

3.2.3 Public Health: -£0.281m underspend is forecast at year-end.

- | | £m | % |
|---|--------|------|
| <ul style="list-style-type: none"> • Sexual Health & Contraception – an underspend of £281k has been identified against the Sexual Health budget. This is as a result of an over-accrual which had been carried forward from a previous financial year in error. The over-accrual will be moved into Public Health ring-fenced grant reserve and will be used to fund £281k of Public Health eligible funding during 2018/19 in place of £281k of general CCC funding, producing an underspend against the CCC corporate funding. | -0.281 | (-%) |
| <ul style="list-style-type: none"> • For full and previously reported details see the PH Finance & Performance Report, https://tinyurl.com/y87bhbne. | | |

3.2.4 **Corporate Services:** +£0.110m (+1.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#), <https://tinyurl.com/y8okfshb>.

3.2.5 **LGSS Managed:** +£0.115m (+1.0%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#), <https://tinyurl.com/y8okfshb>.

3.2.6 **CS Financing:** -£1.176m (-4.5%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> Interest Payable and Debt Management Expenses – an underspend of -£1.176m is forecast on the overall Debt charges budget. This is an increase of £310k on the underspend previously reported in May 2018. Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a £200k forecast underspend. In addition there has been a £110k rebate of bank fees on international payments. 	-1.176	(-5%)
<ul style="list-style-type: none"> For full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/y8okfshb. 		

3.2.7 **Commercial & Investment:** +£6.263m (%) pressure is forecast.

	£m	%
<ul style="list-style-type: none"> Commercial Investments – a +£3.15m pressure is forecast, which is an increase of £0.7m on the position previously reported in July 2018. Although there has now been a commercial acquisition of £38m the expected income in the remainder of the year has been recalculated. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured. 	+3.150	(62%)
<ul style="list-style-type: none"> Housing Investment – a +£1.55m pressure is forecast, which is an increase of £1.05m on the position previously reported in July 2018. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender. Loans advanced during the year are for up to 10 years, so will have a full-year benefit from next year. 	+1.550	(36%)
<ul style="list-style-type: none"> Traded Services to Schools and Parents – a +£0.25m pressure is forecast. This is due to only part of an additional £500k income target being expected to be achieved in 2018/19. Work is being undertaken to improve the position for future financial years and mitigating actions will be sought in-year to offset the under-recovery. 	+0.250	(61%)

- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£6.263m. For full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.

3.2.8 **Open Purchase Order Reconciliation:** -£2.950m underspend is forecast. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** -£0.002m (0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

***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: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e> (section 2.5).

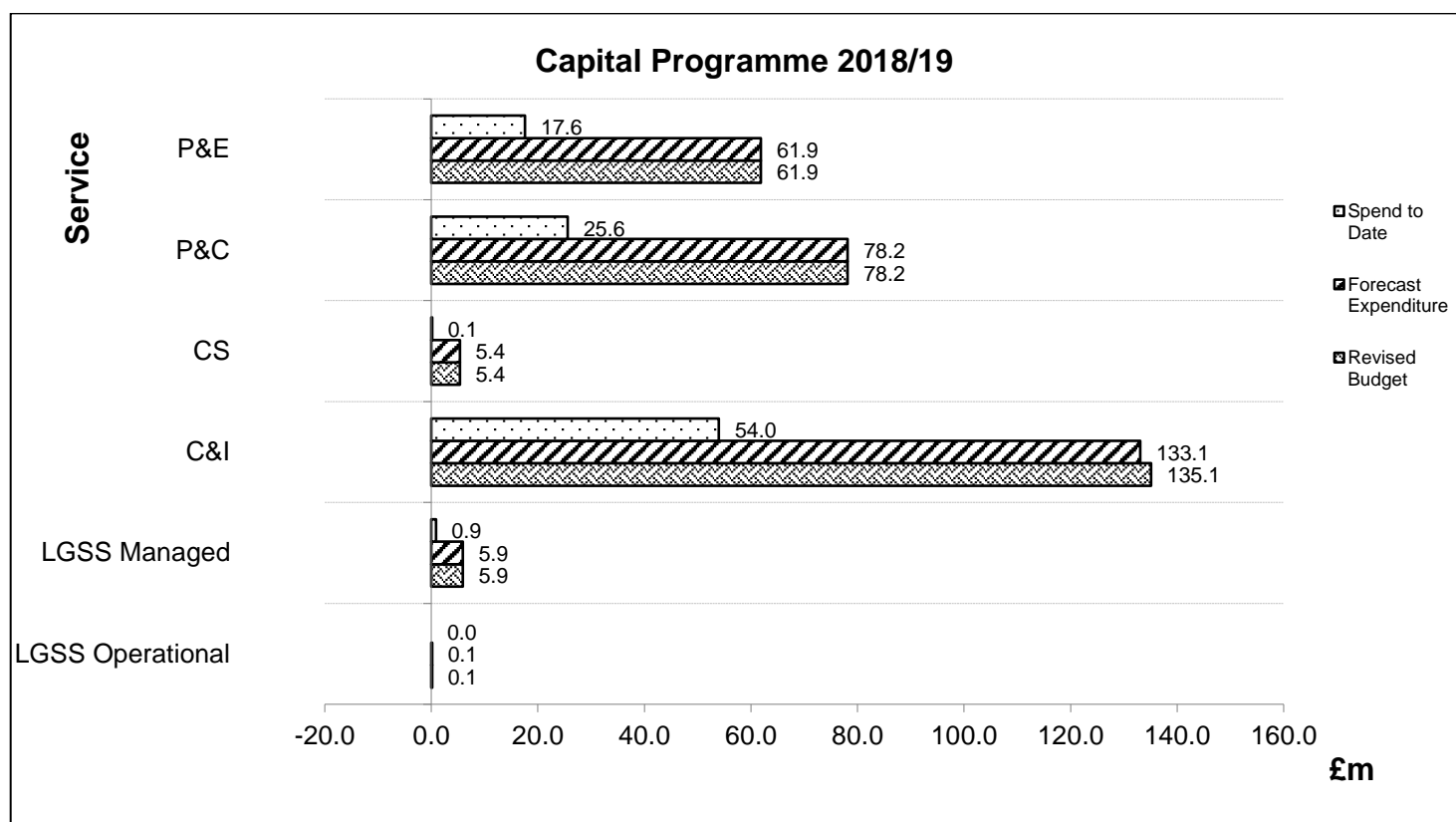
5. CAPITAL PROGRAMME

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

2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan	Forecast Variance - Outturn (July)	Service	Revised Budget for 2018/19	Actual	Forecast Variance - Outturn (August)	Forecast Variance - Outturn (August)	Total Scheme Revised Budget (August)	Total Scheme Forecast Variance (August)
£000	£000		£000	£000	£000	%	£000	£000
35,956	286	P&E	61,865	17,569	-	0.0%	445,241	-
87,820	-	P&C	78,157	25,589	-0	0.0%	669,433	15,801
2,038	-	CS	5,369	146	-	0.0%	19,437	-
6,415	-	LGSS Managed	5,915	861	-	0.0%	6,865	-
123,274	-	C&I	135,116	53,979	-2,037	-1.5%	283,663	-147
-	-	LGSS Operational	134	-	-	0.0%	2,025	-
-	-286	Outturn adjustment	-	-	2,037	-	-	-
255,503	-	Total Spending	286,556	98,144	-0	0.0%	1,426,664	15,654

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 2018/19 of £23.1m 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



Note: The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

5.2 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.

2018/19					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (August)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (August)
	£000	£000	£000	%	£000
P&E	-14,931	-617	617	4.13%	0
P&C	-10,469	-7,275	7,275	69.50%	-0
CS	-951	0	0	0.00%	0
LGSS Managed	-1,479	0	0	0.00%	0
C&I	-33,963	-36,000	33,963	100.00%	-2,037
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-	-	-	2,037
Total Spending	-61,793	-43,892	41,855	67.73%	-0

5.3 Although there is a forecast in-year underspend in C&I, it is not currently thought that the position across the whole programme will be an underspend. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

5.4.1 **Place & Economy:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Cambridgeshire Archives – an in-year underspend of -£0.4m is forecast. This is based on a revised cashflow received from the contractor. The scheme is still expected to spend to the total budget allocated. 	-0.4	(-14%)
<ul style="list-style-type: none"> • Libraries – an in-year underspend of -£1.2m is forecast across library schemes, which is an increase of -£0.7m on the underspend previously reported in July 2018. This is due to rephasing on the following scheme: <ul style="list-style-type: none"> ◦ Community Hubs – Sawston: An in-year underspend of £0.7m is forecast. Due to a number of planning issues, this scheme has been delayed slightly but is expected to commence by the end of October 2018. The scheme is now projected to be completed in 2019-20. 	-1.2	(-50%)
<ul style="list-style-type: none"> • P&E Capital Variation – 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 £0.6m underspend is balanced by use of the capital variations budget; this relates to the underspends on Cambridgeshire Archives and Libraries as above, plus a previously reported underspend on Huntingdon - West of Town Centre Link Road offset by previously reported in-year pressures on Ely Crossing and King's Dyke. 	+0.6	(+4%)
<ul style="list-style-type: none"> • For full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/y9pg3hwl. 		

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

	£m	%
<ul style="list-style-type: none"> • Basic Need – Secondary – an in-year underspend of -£6.6m is forecast, which is an increase of £4.1m on the underspend previously reported in July 2018. This is mainly due to rephasing on the following scheme: <ul style="list-style-type: none"> ◦ Northstowe Secondary & Special has experienced rephasing of £4,700k in 2018-19 due to a requirement for piling foundations on the site, which will lead to an increase in total scheme cost and also extend the build time; also, enabling works are only being completed for the SEN provision and part of the Secondary school in 2018/19, which was not what was initially planned. 	-6.6	(-18%)
<ul style="list-style-type: none"> • P&C Capital Variation – 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 £7.3m underspend is balanced by use of the capital variations budget; this is an increase 	+7.3	(+70%)

of £3.9m on the use of variations budget reported last month and relates to the underspend on Basic Need – Secondary schemes as reported above.

- For full and previously reported details see the [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e>.

5.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

5.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details and previously reported see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

5.4.5 **Commercial & Investment:** a -£2.0m (-1.5%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

- | | £m | % |
|--|-------|---------|
| <ul style="list-style-type: none"> • Commercial Investments – an in-year underspend of -£36m is forecast. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land. | -36.0 | (-47%) |
| <ul style="list-style-type: none"> • C&I Capital Variation – 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 £34m of the above Commercial Investments underspend is balanced by full utilisation of the capital variations budget. | +34.0 | (+100%) |
- For full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.

5.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

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

5.5.1 **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 & Performance Report](https://tinyurl.com/y9pg3hwl), <https://tinyurl.com/y9pg3hwl>.

- 5.5.2 **People & Communities:** a +£15.8m (+2%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e>.
- 5.5.3 **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 & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.
- 5.5.4 **LGSS Managed:** 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 & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.
- 5.5.5 **Commercial & Investment:** a -£0.1m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.
- 5.5.6 **LGSS Operational:** 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 & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

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

Funding Source	B'ness Plan Budget	Rolled Forward Funding ¹	Revised Phasing	Additional/Reduction in Funding	Revised Budget	Outturn Funding	Funding Variance
	£m	£m	£m	£m	£m	£m	£m
Department for Transport (DfT) Grant	17.5	4.1	-0.4	2.4	23.6	23.6	-
Basic Need Grant	24.9	-	-	-	24.9	24.9	-
Capital Maintenance Grant	4.0	-	0.2	-	4.2	4.2	-
Devolved Formula Capital	1.0	0.7	-	-0.1	1.6	1.6	-
Specific Grants	6.5	4.4	-1.0	-	9.9	9.9	-
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	12.8	12.8	-
Capital Receipts	81.1	-	-16.0	-	65.2	45.1	-20.0
Other Contributions	12.1	-	-3.6	5.7	14.1	14.1	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	97.3	92.3	-73.5	14.1	130.2	150.2	20.0
TOTAL	255.5	104.5	-94.9	21.5	286.6	286.6	-

¹ Reflects the difference between the anticipated 2017/18 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2018/19 Business Plan, and the actual 2017/18 year end position.

5.7 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	+£0.3	An additional £258k contribution is available for Street Lighting schemes. General Purposes Committee is asked to note this additional funding.
Addition/Reduction in Funding - other contributions	P&E	+£0.8	An additional £825k contribution is available for Challenge Fund schemes. General Purposes Committee is asked to note this additional funding.
Revised Phasing (Housing schemes)	C&I	-£41.1	Following a review of the loans in the Housing model, a change in the funding profile for Housing Schemes is required, reflecting timing and progress of planning permission and the impact on land valuations General Purposes Committee is asked to approve the -£41.1m revised phasing in the funding profile of Housing Schemes.
Revised Phasing (capital programme variations budget)	C&I	-£17.2	In 2016/17 the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include these, resulting in a -£17.2m budget change. The revised C&I capital variations budget has now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. General Purposes Committee is asked to approve the -£17.2m revised phasing of funding relating to changes in the C&I capital programme variations budget.

- 5.8 In addition to the above funding changes for 2018/19, additional funding of £54k is requested in 2018/19 for Babraham Park & Ride Smart Energy Grid. This scheme relates to the development of a smart energy grid at the Babraham Park & Ride site with a view to generate income over the medium to longer term; the estimated 25 year net return is £24.5m. The outline business case was approved by the Commercial & Investment (C&I) Committee in May 2018; the report to C&I Committee can be found [here](#). The full scheme budget will be submitted for approval as part of the 2019-20 Business Planning process;

the 2018/19 funding requires GPC approval now to fund initial planning and design work. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £11.39m) will start in 2020/21 at £828k and decreases each year thereafter.

General Purposes Committee is asked to approve additional Prudential Borrowing of £54,000 in 2018/19 for the Babraham Park & Ride Smart Energy Grid.

- 5.9 In addition to the above funding changes for 2018/19, additional funding of £30k is requested in 2018/19 for Trumpington Park & Ride Smart Energy Grid. This scheme relates to the development of a smart energy grid at the Trumpington Park & Ride site with a view to generate income over the medium to longer term; the estimated 25 year net return is £7.0m. The outline business case was approved by the Commercial & Investment (C&I) Committee in May 2018; the report to C&I Committee can be found [here](#). The full scheme budget will be submitted for approval as part of the 2019-20 Business Planning process; the 2018/19 funding requires GPC approval now to fund initial planning and design work. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £6.97m) will start in 2020/21 at £507k and decreases each year thereafter.

General Purposes Committee is asked to approve additional Prudential Borrowing of £30,000 in 2018/19 for the Trumpington Park & Ride Smart Energy Grid.

6. FUNDING CHANGES

- 6.1 As set out in the Scheme of Financial Management, General Purposes Committee (GPC) approval is required for any virement of budget between services exceeding £160k. The following virement therefore requires approval from GPC:

6.2 Additional Support to Children's Services Budget

Following the changes made in the medium term financial strategy relating to Council tax levels in the Spring, the Council has £3.413m held in the smoothing fund reserve in 2018-19. The Children and Young People (CYP) Committee recommends to the General Purposes Committee (GPC) that these funds are allocated towards pressures within the CYP domain of the People & Communities directorate on a one-off basis in 2018-19. Budget implications for April 2019 onwards are considered as part of the business planning process and ultimately agreed by full Council in February 2019.

GPC has previously received reports confirming the medium term approach to managing demand on the looked after children's placement budget as well as outlining the major change and restructuring programme underway in the service. The changes are evidence based and respond to a series of reviews over the past twelve months by Oxford Brooks University, OFSTED, and LGA peers. The outcome of the changes will be easier referrals into the council's contact centre, social work teams based in districts led by non-case holding team managers who can provide more support and challenge, lower caseloads for social workers overall, with more resilience built in to larger teams, two dedicated teams focussed on adolescents, and more Child Practitioners focussed on working with children in need and able to undertake more sustained and in depth work.

To recognise that these changes are focused on making radical improvements to service, and not at delivering an immediate financial saving, an allocation from the smoothing fund reserve at this point would allow the change to start with a clean sheet. The smoothing

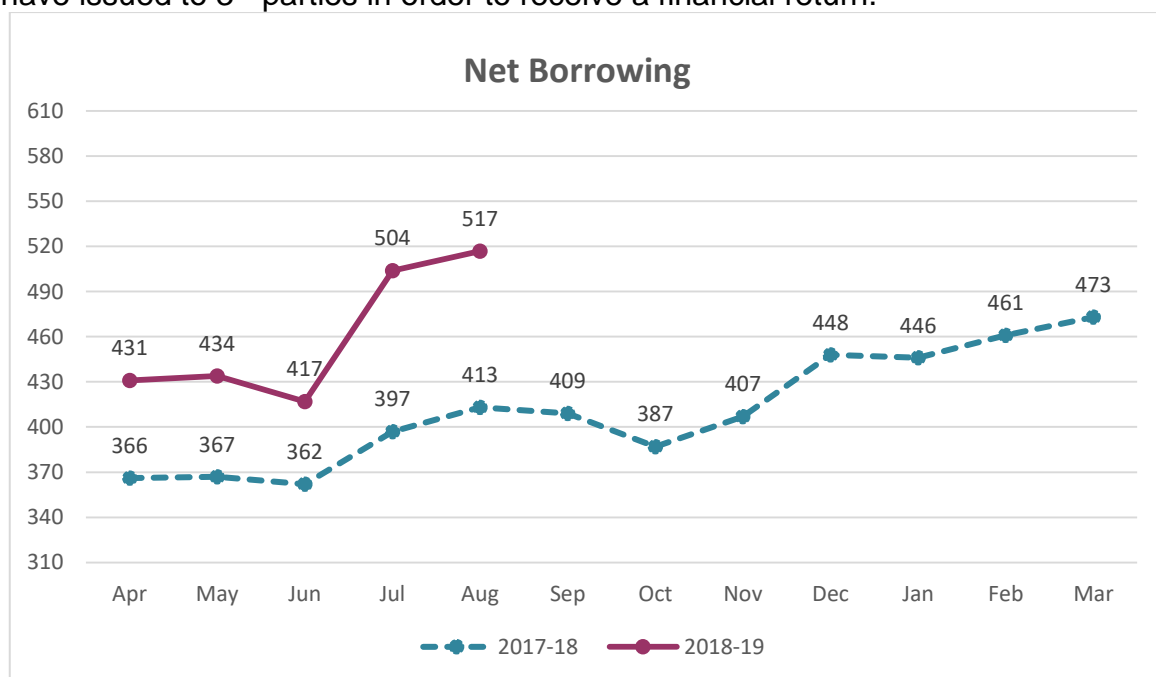
reserve was set up specifically to deal with likely increased demand, particularly in services dealing with the most vulnerable. Agreement to make this allocation recognises that the changes will take time to embed, but gives the service the headroom it needs to work on measures which aim to reduce numbers of children needing to come into council care in the coming three years.

General Purposes Committee is requested to approve the allocation of £3.413m from the smoothing fund reserve towards pressures in children's services budgets in 2018-19.

7. BALANCE SHEET

7.1 A more detailed analysis of prompt payment and debt management balance sheet health issues will be included once this reporting has been developed following the transition to the new financial system.

7.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of August 2018 were £35.84m (excluding 3rd party loans) and gross borrowing was £552.78m. Of this gross borrowing, it is estimated that £114.83m 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 Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2018-19 TMSS was set in February 2018, it was anticipated that net borrowing would reach £683m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2018 was £473m, this reduced to £431m at the end of April 2018 thus starting at a lower base than originally set out in the TMSS (£683m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

- 7.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 7.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 7.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/yc7cu9ar) (<https://tinyurl.com/yc7cu9ar>).
- 7.8 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](#).

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

8.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

8.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

9. SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

This report provides the latest resources and performance 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 & Performance Report (August 18) P&C Finance & Performance Report (August 18) PH Finance & Performance Report (August 18) CS and LGSS Cambridge Office Finance & Performance Report (August 18) C&I Finance & Performance Report (August 18) Performance Management Report & Corporate Scorecard (August 18) Capital Monitoring Report (August 18)	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	239,124	629	41,428	25,983	7,207	11,126	-8,188	8,871	33,685
Post BP adjustments	208				203	58	-433	-36	
Greater Cambridge Partnership budgets not reported in CCC budget					-863				
Use of earmarked reserves for Community Transport			84						-84
Cleaning contract savings transfer					36		-36		
Organisational structure review	-70				70				
Use of earmarked reserves for Community Transport			211						-211
Funding from General Reserves for Children's services reduced grant income expectation as approved by GPC	295								-295
Funding from General Reserves for New Duties – Leaving Care as approved by GPC	390								-390
Unspent Combined Authority contribution budget transfer to CCC Finance Office to cover cost of Community Transport Audit investigation			-43		43				
Grand Arcade shop rental income transfer from Libraries to Property Services			50				-50		
Use of Smoothing Fund Reserve for P&C	3,413								-3,413
Current budget	243,359	629	41,730	25,983	6,696	11,184	-8,707	8,835	29,292
Rounding	2	0	0	0	-1	-1	1	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 August 2018		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	13,392	2,568	15,960	11,052	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	0	0	0	0	
subtotal	13,392	2,568	15,960	11,052	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	3,175	118	3,293	3,293	
subtotal	3,175	118	3,293	3,293	
- Equipment Reserves					
6 P&C	64	0	64	64	
7 P&E	30	0	30	0	
8 CS	30	0	30	3	
9 C&I	680	0	680	0	
subtotal	804	0	804	67	
<u>Other Earmarked Funds</u>					
10 P&C	514	0	514	514	Includes liquidated damages in respect of the Guided Busway
11 PH	2,567	0	2,567	2,069	
12 P&E	5,382	-279	5,103	3,780	
13 CS	2,628	-186	2,442	2,865	Savings realised through change in MRP policy
14 LGSS Managed	63	0	63	0	
15 C&I	552	106	658	658	
16 Transformation Fund	21,877	7,591	29,468	19,118	This table has been presented on the basis that the £3.413m draw down recommended in section 6.2 is approved.
17 Innovate & Cultivate Fund	844	-66	778	446	
18 Smoothing Fund	0	3,413	3,413	0	
subtotal	34,427	10,579	45,006	29,450	
SUB TOTAL	51,799	13,265	65,064	43,863	
<u>Capital Reserves</u>					
- Services					
18 P&C	778	0	778	778	Section 106 and Community Infrastructure Levy balances.
19 P&E	10,200	14,164	24,364	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	0	28,925	28,925	0	
22 Corporate	43,561	14,016	57,576	45,528	
subtotal	54,539	57,105	111,643	47,306	
GRAND TOTAL	106,338	70,369	176,707	91,169	

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 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 August 2018		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	55	0	55	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	3,715	0	3,715	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	7,328	0	7,328	7,273	