

INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31ST JULY 2019

To: **General Purposes Committee**

Date: **26 September 2019**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **2019/011** *Key decision:* **Yes**

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

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

- a) **Approve additional prudential borrowing of £295k in 2019/20 for the Meads Farm scheme, as set out in section 7.7;**
- b) **Note the funding change from Capital Maintenance Grant and approve additional prudential borrowing of £550k to offset this for the Investment in the CCC Asset Portfolio scheme, as previously recommended in the June 19 report, as set out in Appendix 3;**
- c) **Note the additional 2019/20 contributions of £494k from the on-street account expected to be used in relation to the Smarter Travel Management - Integrated Highways Management Centre scheme, as previously recommended in the June 19 report, as set out in Appendix 3; and**
- d) **Note the additional 2019/20 contributions of £3,505k expected in relation to Combined Authority Schemes, as previously recommended in the June 19 report, as set out in Appendix 3.**

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1. PURPOSE

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

2. OVERVIEW

- 2.1 The following summary provides the Authority's forecast financial position at year-end and its key activity data for care budgets.
- 2.2 The key issues included in the summary analysis are:
- The overall revenue budget position is showing a forecast year-end pressure of +£0.99m (+0.3%); this is largely within People & Communities (P&C) (£3.0m pressure) and LGSS Operational (£0.6m pressure), partially offset by forecast underspends of -£2.4m in Place & Economy and -£0.3m in Corporate Services. See section 3 for details.
 - The Capital Programme is forecasting a year-end underspend of -£5.1m. This includes use of the capital programme variations budget. See section 7 for details.

3. REVENUE BUDGET

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

Key to abbreviations

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

Original Budget as per Business Plan £000	Forecast Variance (June) £000	Service	Current Budget for 2019/20 £000	Actual (July) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
57,504	-2,376	Place & Economy	52,101	7,769	-2,448	-4.7%	Green	↑
254,936	2,573	People & Communities	262,728	89,310	3,027	1.2%	Red	↓
390	0	Public Health	390	-8,450	0	-	Green	↔
10,221	-326	Corporate Services	9,095	3,417	-344	-3.8%	Green	↑
14,048	24	LGSS Managed	14,207	9,476	53	0.4%	Green	↓
-9,502	484	Commercial & Investment	-9,371	836	136	-	Amber	↑
28,161	0	CS Financing	28,161	2,814	0	0.0%	Green	↔
355,758	379	Service Net Spending	357,311	105,172	424	0.1%	Red	↓
20,357	0	Funding Items	18,447	9,709	0	0.0%	Green	↔
376,115	379	Subtotal Net Spending	375,759	114,881	424	0.1%	Red	↓
		Memorandum items:						
8,161	575	LGSS Operational	8,114	3,683	563	6.9%	Amber	↑
	954	Grand Total Net Spending	383,873	118,564	987	0.3%	Red	↓
170,024		Schools	170,024					
554,300		Total Spending 2019/20	553,897					

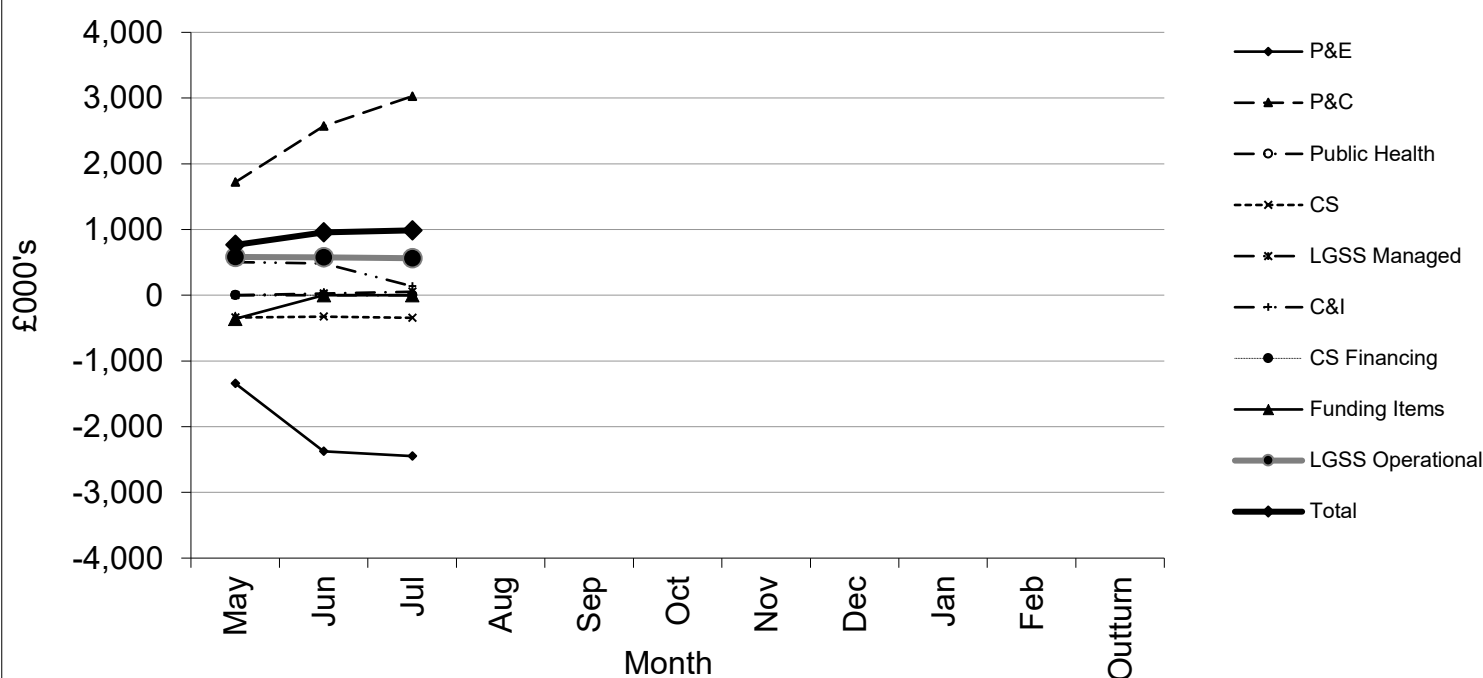
¹ The budget figures in this table are net.

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:** -£2.448m (-4.7%) underspend is forecast at year-end. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report](http://tiny.cc/4i46bz), (<http://tiny.cc/4i46bz>).

3.2.2 **People & Communities:** +£3.027m (+1.2%) pressure is forecast at year-end.

- **Physical Disabilities** – a +£0.032m pressure is forecast. This is a decrease of -£0.404m on the position reported in May, of which -£0.254m relates to a decrease since last month. The improvement is due to a reduction in the number of clients receiving community based care. This is offsetting the carried forward pressure from 2018/19 relating to increases in client numbers and the number of people with more complex needs requiring more expensive types of care.

£m	%
+0.032	(+0%)

The total savings expectation in this service for 2019/20 is £269k, and this is expected to be delivered in full through the Adults Positive Challenge Programme of work, designed to reduce demand, for example through a reablement expansion and increasing technology enabled care to maintain service user independence.

- **Mental Health** – a +£0.267m pressure is forecast, which relates in full to a change since last month. Rising placement numbers for elderly mental health bed-based care at increasing unit costs is creating a pressure on budgets over and above the level of demand funding allocated. A provision is made in the forecast for a potential backdated recharge for a high cost service user in Adult Mental Health. Further mitigation of £110k has been identified in Mental Health Commissioning.

+0.267	(+2%)
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- Children in Care Placements** – a +£0.650m pressure is forecast. This is an increase of +£0.300m on the position reported in May, which relates in full to a change since last month. Recent activity in relation to gang related crime has resulted in additional high cost secure placements being required. In addition, the numbers of children in care are yet to decrease to budgeted levels; though this is still expected in-year. Current commitments are in the region of £1.7m and as such significant work is underway to reduce high cost placements. Alongside this work is still ongoing across a number of initiatives resulting in a net increase in in-house foster carers which is contributing towards planned savings.

+0.650 (+3%)
- Funding to Special Schools & Units, High Needs Top Up Funding and Out of School Tuition** – a +£7.000m pressure is currently forecast, which is a £1.0m increase on the pressure reported last month. Initial in-year pressures have been forecast for a number of Dedicated Schools Grant (DSG) funded High Needs Block budgets including funding for special schools and units (+£3.0m), top-up funding for mainstream schools and Post-16 provision (£2.5m), and out of school tuition (£1.5m). A Special Educational Needs and Disability (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. Given the ongoing increase in numbers of pupils with Education Health Care Plans (EHCPs) it is likely that a similar pressure will occur in 2019/20, however this will become clearer as we move towards the start of the new academic year and planned actions to deliver savings are implemented. Current estimates forecast an in-year pressure of approximately £7m. 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.

+7.000 (+20%)
- Financing DSG** – a -£7.000m required contribution from DSG is forecast, which is an increase of -£1.0m on the required contribution reported 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 pressures are primarily Funding to Special Schools and Units (£3.000m), High Needs Top Up Funding (£2.500m) and Out of School Tuition (£1.500m) as described above.

-7.000 (-11%)
- A combination of more minor variances sum with the above to lead to an overall outturn of +£3.027m. For full and previously reported details see the [P&C Finance Monitoring Report](#), (<http://tiny.cc/ip46bz>).

3.2.3 Public Health: a balanced budget is forecast for year-end. There are no exceptions to report this month; for full details see the [PH Finance Monitoring Report](#), (<http://tiny.cc/4y46bz>).

- 3.2.4 **Corporate Services:** -£0.344m (-3.8%) 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](#), (<http://tiny.cc/s5nbcz>).
- 3.2.5 **LGSS Managed:** +£0.053m (+0.4%) 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](#), (<http://tiny.cc/s5nbcz>).
- 3.2.6 **CS Financing:** a balanced budget is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<http://tiny.cc/s5nbcz>).
- 3.2.7 **Commercial & Investment:** +£0.136m (-%) pressure is forecast at year-end.
- | | £m | % |
|---|--------|------|
| <ul style="list-style-type: none"> CCLA Managed Investment – a -£0.335m underspend is forecast. An investment in the CCLA Managed Investment Fund was approved by Commercial & Investment Committee in February 2019. The investment in this fund is expected to make a return of £335k in 2019/20. | -0.335 | (-%) |
- A combination of more minor variances sum with the above to lead to an overall outturn of +£0.136m. For full and previously reported details see the [C&I Finance Monitoring Report](#), (<http://tiny.cc/zvnbcz>).
- 3.2.8 **Funding Items:** a balanced budget is forecast at year-end. There are no exceptions to report this month.
- 3.2.9 **LGSS Operational:** +£0.563m (+6.9%) 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](#), (<http://tiny.cc/s5nbcz>).

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

4. FUNDING CHANGES

- 4.1 Where a virement of over £175k in 2019/20 revenue budget is requested between main budget headings compared to that budgeted in the Business Plan (BP), this will require approval by GPC.
- 4.2 Currently, Housing Investment is the only area where the estimated debt charges (revenue costs of financing capital) related to the scheme are recharged from the overall debt charges budget (this sits within Corporate Services under General Purposes Committee) in order to provide a true net return figure within Commercial & Investment. It is not possible to split out the debt charges budget fully across all capital schemes, however it is felt that it would be beneficial to do this for all commercial schemes in order to aid transparency and report a net return within Commercial Activity. This will be implemented for the August Finance Monitoring Reports. Although the changes in budget responsibility will be about management responsibility only and will not constitute virements as there is no change in purpose or outcomes, these will be recorded in August Integrated Finance Monitoring Report for the Committee to note.

5. SAVINGS TRACKER

- 5.1 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 £14.7m of savings against its original plan. Blue rated savings total £1.7m, exceeding the target on those initiatives. Green rated savings total £12.3m. The Savings Tracker as at late August 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.

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

BLUE			GREEN			AMBER			RED			BLACK				
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
1	-1,483	-208	48	-12,259	0	3	-480	187	2	-1,083	662	3	-480	480	-15,785	1,121

6. KEY ACTIVITY DATA

- 6.1 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 Monitoring Report](#), (<http://tiny.cc/ip46bz>) (section 2.5).

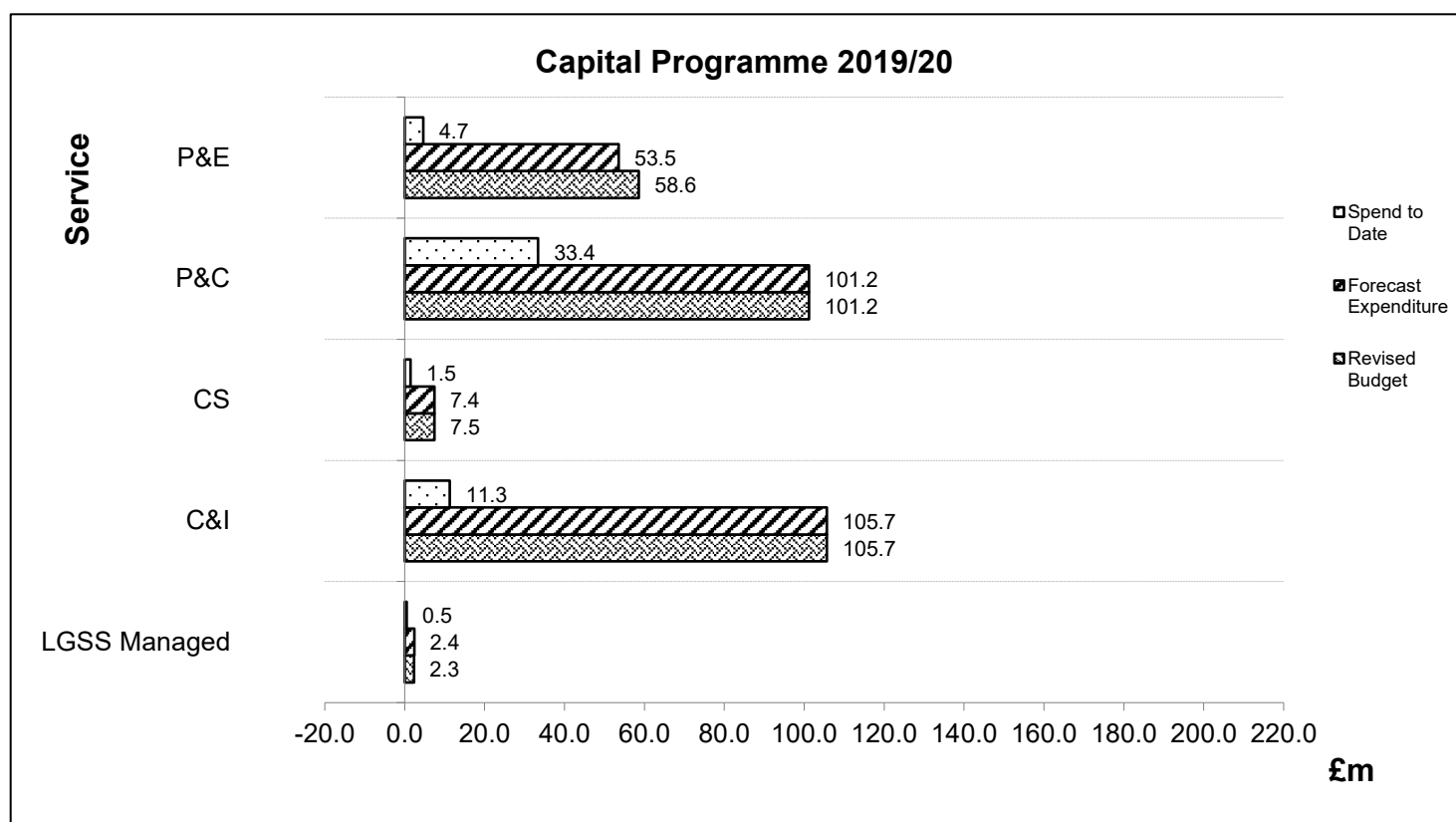
7. CAPITAL PROGRAMME

7.1 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 (June) £000	Service	Revised Budget for 2019/20 £000	Actual- Year to Date (July) £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (July) %	Total Scheme Revised Budget (July) £000	Total Scheme Forecast Variance (July) £000
43,908	-	P&E	58,601	4,681	-5,064	-8.6%	410,602	-
129,267	0	P&C	101,166	33,398	0	0.0%	677,339	-1,382
3,457	-40	CS	7,463	1,481	-40	-0.5%	24,677	-
2,827	40	LGSS Managed	2,339	472	40	1.7%	6,785	-
90,443	-	C&I	105,672	11,312	-	0.0%	304,511	-
-	-	Outturn adjustment	-	-	-	-	-	-
269,902	0	Total Spending	275,241	51,344	-5,064	-1.8%	1,423,914	-1,382

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 2019/20 of £30.8m and is currently forecasting an in-year underspend of £1.1m 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.

7.2 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	Forecast Variance - Outturn (July)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (July)
	£000	£000	£000	%	£000
P&E	-13,505	-18,569	13,505	100.00%	-5,064
P&C	-13,399	-3,426	3,426	25.57%	0
CS	-1,431	-68	68	4.75%	-40
LGSS Managed	-585	0	0	0.00%	40
C&I	-26,312	-6,706	6,706	25.49%	0
Outturn adjustment	-	-	-	-	-
Total Spending	-55,232	-28,769	23,705	42.92%	-5,064

7.3 As at the end of July 2019, Place & Economy schemes have exceeded the capital variations budget allocated to them, forecasting an in-year underspend of -£5.1m. 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.

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

7.4.1 Place & Economy: a -£5.1m (-8.6%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Forecast Spend - Outturn (July)	Forecast Spend - Outturn Variance (July)	Variance Last Month (June)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Delivering the Transport Strategy Aims – Cycling Schemes						
1,188	848	-340	-	-340	-100	-240
<p>An in-year underspend of -£0.3m is forecast across Delivering the Transport Strategy Aims – Cycling Schemes. This relates primarily to the following schemes:</p> <ul style="list-style-type: none"> Fenstanton to the Busway <p>Due to the need to work through a statutory process relating to changing a permissive footpath to a public bridleway by means of a 'Creation Order' this will delay the scheme's delivery and hence £100k will be spent in this financial year, and £100k in 20/21.</p> <ul style="list-style-type: none"> Rampton to Willingham <p>It was originally planned to make some surface improvements to a quiet road that traverses through The Irlams. The condition of the route is such that much more than £100k is required to do this and thus a scheme will not be delivered at this time.</p> <ul style="list-style-type: none"> Girton to Oakington (funded by S106 from Northstowe) <p>Widening and improving the existing shared use path is likely to involve piping lengths of open ditch and in other areas sheet piling. This requires more complex design and certain approvals to be obtained. This means a lengthier design phase and hence expenditure in this financial year being lower than first anticipated.</p>						
Operating the Network						
16,637	16,159	-478	-	-478	0	-478
<p>An in-year underspend of -£0.5m is forecast across Operating the Network schemes. This relates primarily to the following Traffic Signal Replacement scheme:</p> <ul style="list-style-type: none"> C233 Cherry Hinton Rd Cambridge (At Queen Edith's Way / Robin Hood junction). <p>An underspend of £575k is forecast in 2019-20. Work on this scheme has been delayed as a nearby cycle scheme has been pushed back to start in January 2020. With the Highways site so close work can begin after this work is complete. The current plan is to construct from April 2020 onwards. The revised outturn is based on work to complete modelling and get the scheme to the construction ready level.</p>						
Ely Crossing						
1,469	1,000	-469	-	-469	0	-469
<p>An in-year underspend of -£0.5m is forecast. Expenditure on the scheme now relates to finalising the construction contract value for the bypass, the underpass scheme, landscaping and accommodation works, land compensation claims and statutory undertakers' final claims. These items are subject to negotiations which are currently underway. The timescales for resolution of such claims is uncertain, especially for land compensation, as claims for compensation are often significantly higher than the County Council's evaluation and negotiations can become protracted.</p>						
King's Dyke						
17,300	570	-16,730	-	-16,730	0	-16,730
<p>An in-year underspend of -£16.7m is forecast. Following the Economy & Environment (E&E) committee decision on 15th August to re-tender the construction contract for King's Dyke, the profile has been updated to reflect this. The forecast expenditure for 2019/20 is now currently estimated at £570k.</p>						

688	283	-405	-	-405	0	-405
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P&E Capital Variation

As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset

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- A horizontal number line is shown with tick marks at every integer from 0 to 10. The segment between the tick marks for 4 and 5 is highlighted in blue.

Basic Need - Primary

34,294	35,423	1,129	-1,277	2,406	-1,277	2,406
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Histon Additional Places

Although delays were initially anticipated on this project as it involves building a replacement for the

Basic Need - Secondary

An in-year underspend of -£4.5m is forecast across Basic Need – Secondary schemes. This is a

Fenland Secondary

None of the applications submitted to the Department for Education (DfE) to establish the new

P&C Capital Variation

-13,399	-9,973	3,426	1,832	1,594	-1,382	-2,044
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- For full and previously reported details see the [P&C Finance Monitoring Report](http://tiny.cc/ip46bz), (<http://tiny.cc/ip46bz>).

7.4.3 **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 Monitoring Report](http://tiny.cc/s5nbcz), (<http://tiny.cc/s5nbcz>).

7.4.4 **LGSS Managed:** 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 Monitoring Report](http://tiny.cc/s5nbcz), (<http://tiny.cc/s5nbcz>).

7.4.5 **Commercial & Investment:** a balanced budget is forecast at year-end.

Revised Budget for 2019/20	Forecast Spend - Outturn (July)	Forecast Spend - Outturn Variance (July)	Variance Last Month (June)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Schemes						
56,847	54,903	-1,944	-	-1,944	-	-1,944
An in-year underspend of -£1.9m is forecast. This is due to some loans to This Land being issued later than anticipated, so some loans that were initially planned for 2019/20 will be pushed back into 2020/21.						
Community Hubs - East Barnwell						
1,041	200	-841	-	-841	-	-841
An in-year underspend of -£0.8m is forecast. This is due to difficulties in obtaining the relevant planning permission, which means that the only costs in 2019/20 will be related to planning, and any construction costs will be in future years.						
C&I Capital Variation						
-26,312	-19,606	6,706	3,753	2,953	-	6,706
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 £6.7m underspend is balanced by use of the capital variations budget; this is an increase of £3.0m on the use of variations budget reported last month and relates primarily to the underspends on the Housing Schemes and Community Hubs- East Barnwell scheme as reported above.						

- For full and previously reported details see the [C&I Finance Monitoring Report](http://tiny.cc/zvnbcz), (<http://tiny.cc/zvnbcz>).

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

7.5.1 **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](http://tiny.cc/4i46bz), (<http://tiny.cc/4i46bz>).

7.5.2 **People & Communities:** a -£1.382m (-0.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full details see the [P&C Finance Monitoring Report](http://tiny.cc/ip46bz), (<http://tiny.cc/ip46bz>).

7.5.3 **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](http://tiny.cc/s5nbcz), (<http://tiny.cc/s5nbcz>).

7.5.4 **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 Monitoring Report](#), (<http://tiny.cc/s5nbcz>).

7.5.5 **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](#), (<http://tiny.cc/zvnbcz>).

7.6 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	1.4	17.6	19.3	1.7
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	-	0.7	9.1	7.4	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.4	10.3	10.3	-0.0
Capital Receipts	45.4	10.4	-10.5	-	45.3	45.3	-
Other Contributions	24.6	3.3	-	4.3	32.2	17.5	-14.6
Revenue Contributions	10.1	-	-	-	10.1	10.1	-
Prudential Borrowing	133.4	19.8	-13.4	-2.5	137.4	147.1	9.7
TOTAL	269.9	39.3	-37.0	3.0	275.2	270.2	-5.1

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.

- 7.7 In the July [C&I Finance Monitoring Report](#), Commercial and Investment Committee is recommending to General Purposes Committee the approval of £295k additional capital funding for the demolition and rebuilding of the house at Meads Farm which has been deemed structurally beyond economic repair. This project will preserve the value of the asset and the rental income received from it, but will not generate any additional income. The purpose of the scheme is to comply with the Council's obligations as Landlord. To do this, we need a structurally safe and habitable dwelling, as now defined by the Homes (Fitness for Human Habitation) Act 2018. The current dwelling has significant structural issues and is beyond economic repair, as confirmed in the structural report and subsequent letter. Subsequently planning consent has been obtained for demolition of the existing dwelling and a new 3 bedroom detached dwelling to be built on the site. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme will start in 2020/21 at £16k, and decreases each year thereafter.

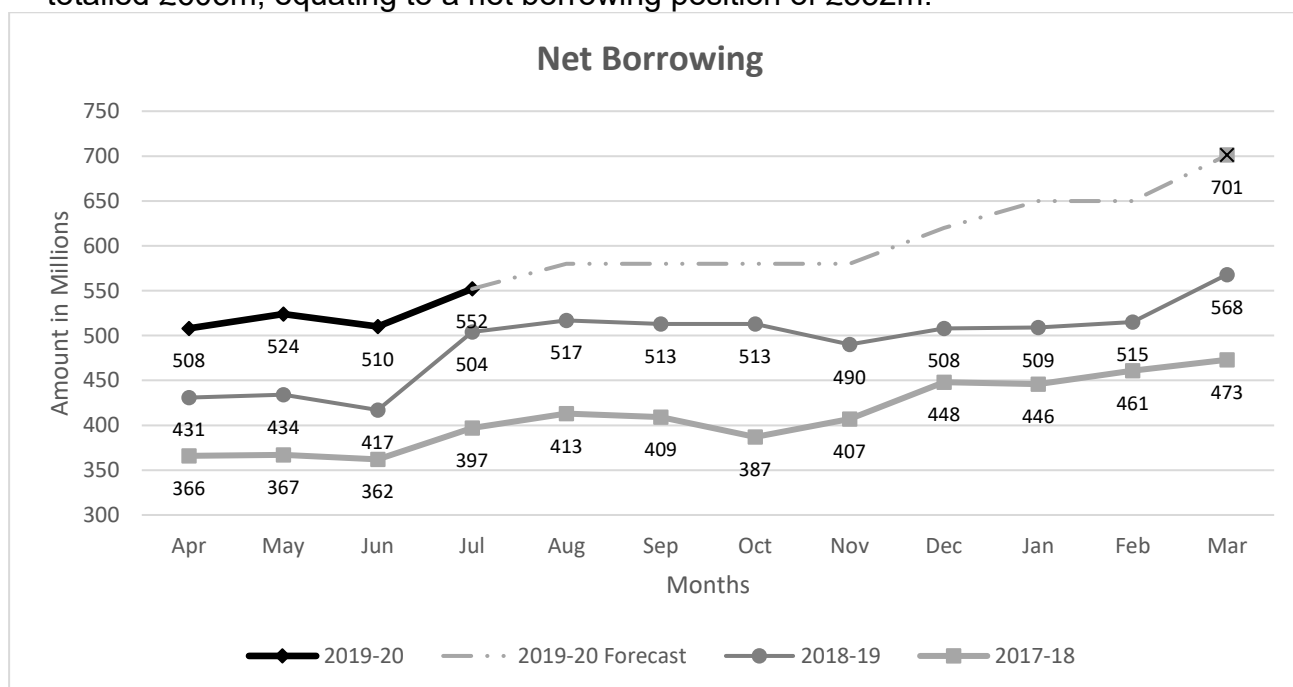
General Purposes Committee is asked to approve additional prudential borrowing of £295k in 2019/20 for the Meads Farm scheme.

8. BALANCE SHEET

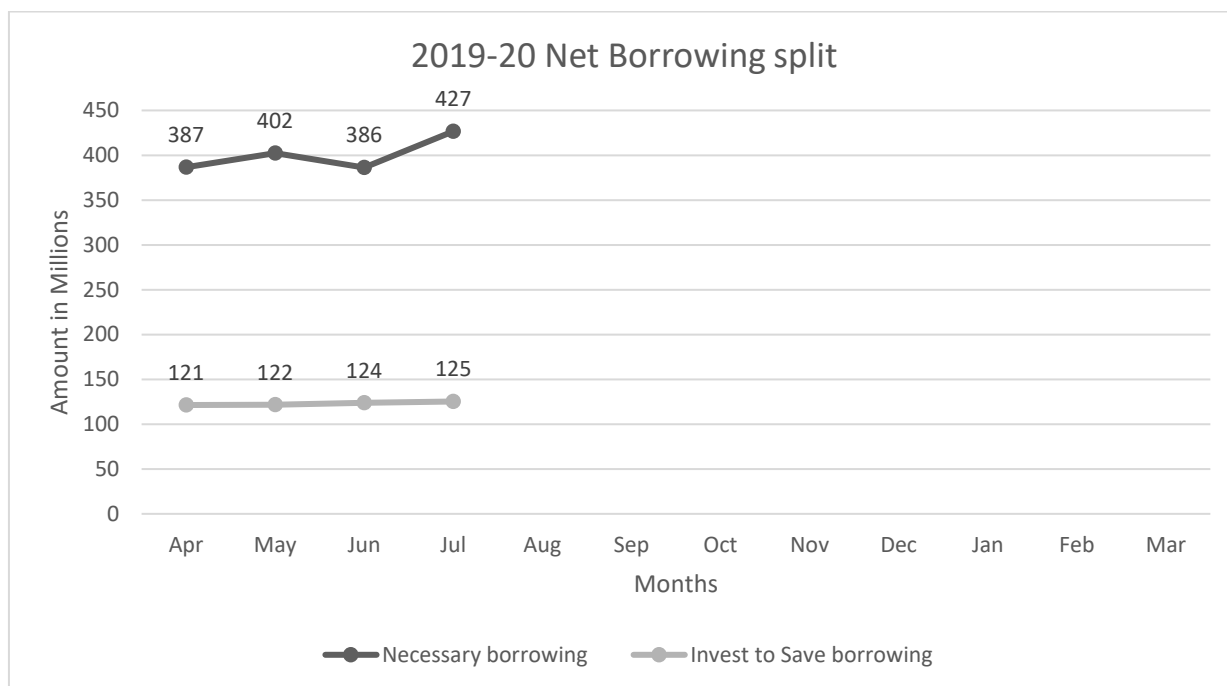
- 8.1 A more detailed analysis of balance sheet health issues is included below:

Measure		Year End Target	Actual as at the end of July 2019
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£9.67m
	Sundry	£1.71m	£4.30m

- 8.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of July 2019, investments held totalled £51m (excluding 3rd party loans) and gross borrowing totalled £603m, equating to a net borrowing position of £552m.



- 8.3 Of the gross borrowing in 2019-20, it is estimated that £125m 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. The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing.



- 8.4 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 the comparative 2017-18 and 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.
- 8.5 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 is, this is now forecast to be £700.5m by the end of this financial year.
- 8.6 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.
- 8.7 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.

- 8.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/y6t9eojk), (<https://tinyurl.com/y6t9eojk>).
- 8.9 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](#).

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 A good quality of life for everyone

There are no significant implications for this priority.

9.2 Thriving places for people to live

There are no significant implications for this priority.

9.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

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

10.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

10.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

10.4 Equality and Diversity Implications

There are no significant implications within this category.

10.5 Engagement and Consultation Implications

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

10.6 Localism and Local Member Involvement

There are no significant implications within this category.

10.7 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 (July 19) P&C Finance Monitoring Report (July 19) PH Finance Monitoring Report (July 19) CS and LGSS Cambridge Office Finance Monitoring Report (July 19) C&I Finance Monitoring Report (July 19) Capital Monitoring Report (July 19) Report on Debt Outstanding (July 19)	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						
Current budget	262,728	390	52,102	28,161	9,096	14,208	-9,371	8,113	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 July 2019		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	12,850	4,699	17,549	16,562	
- 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	0	112	0	
subtotal	12,962	4,699	17,661	16,562	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,060	-364	3,696	3,696	
subtotal	4,060	-364	3,696	3,696	
- 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	286	0	286	286	
11 PH	2,886	0	2,886	2,586	
12 P&E	5,134	-240	4,894	3,437	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	297	3,490	3,509	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	
16 Transformation Fund	24,504	4,567	29,071	20,706	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	0	1,561	997	
subtotal	38,227	4,624	42,852	32,200	
SUB TOTAL	55,316	8,959	64,276	52,469	
<u>Capital Reserves</u>					
- Services					
18 P&C	29,463	0	29,463	29,463	
19 P&E	6,069	571	6,640	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,208	33,623	0	
22 Corporate	54,694	11,744	66,438	56,711	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	25,523	136,164	87,174	
GRAND TOTAL	165,957	34,483	200,439	139,644	

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 July 2019		
	£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 JUNE 19 REPORT

The June Integrated Resources and Performance Report included a number of recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Resources and Performance Report to be presented at a meeting of GPC was the May report, on 16th July 2019.

GPC is asked to approve the recommendations in the June report, which were circulated to the Committee by email.

June 19 Integrated Resources and Performance Report

Three recommendations concerning capital funding, found in section 5.6:

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – grant and prudential borrowing	C&I	-£0.6 +£0.6	As noted in the May C&I Finance & Performance report , Annex 7, the Investment in the CCC Asset Portfolio scheme was reported in the 2019/20 Business Plan as being funded from £550k Capital Maintenance Grant. The scheme will actually be funded from prudential borrowing, and the revised funding has been updated to reflect this. £550k additional prudential borrowing is therefore requested to offset this change. General Purposes Committee is asked to note the funding change from Capital Maintenance Grant and to approve additional prudential borrowing of £550k to offset this for the Investment in the CCC Asset Portfolio scheme.
Addition/Reduction in Funding - Other contributions	P&E	+£0.5	£494k additional contributions are expected to be used in relation to the Smarter Travel Management - Integrated Highways Management Centre scheme, funded from the on-street account. General Purposes Committee is asked to note the additional 2019/20 contributions of £494k from the on-street account expected to be used in relation to the Smarter Travel Management - Integrated Highways Management Centre scheme.
Addition/Reduction in Funding - Other contributions	P&E	+£3.5	£3,505k additional contributions are expected in relation to Combined Authority (CA) Schemes in line with the increased level of work expected to be carried out by CCC above that originally anticipated at the beginning of the financial year. The Combined Authority is invoiced on a monthly basis for work on CA schemes. General Purposes Committee is asked to note the additional 2019/20 contributions of £3,505k expected in relation to Combined Authority Schemes.