Agenda Item No.5

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

To:	**General Purposes Committee**
Date:	**2nd June 2020**
From:	**Chief Finance Officer**
Electoral division(s):	**All**
Forward Plan ref:	**2020/003** *Key decision:* **Yes**
Outcome:	**This report:**

- **Details the performance of the Council for the 2019/20 financial year.**
- **Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

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

a) Note the Council's year-end resources position for 2019/20;

b) Approve the accounting for capital financing as set out in section 12.7, including an increase in prudential borrowing of £1,212k in order to optimise the minimum revenue provision taking account of available funding as at 31 March 2020; and

c) Note the additional 2019/20 contributions of £1,339k received in relation to the EastNet scheme, as set out in section 12.7.

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1. PURPOSE

1.1 To present financial and performance information for the financial year 2019/20.

2. OVERVIEW

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

Finance and Key Activity

Revenue budget outturn

+£0.2m (+0.1%) variance at end of year

AMBER

This is a £0.305m decrease in the revenue pressure since last month's forecast.

This is a £23.592m decrease in the in-year capital expenditure compared to last month's forecast.

Capital programme outturn

-£83.8m (-23.9%) variance at end of year

AMBER

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Mar 20	May 19	Trend since May 19
Nursing	489	489	Stayed the same
Residential	934	873	Increasing
Community	1,514	1,476	Increasing

Adults aged 18+ receiving long term services

	Mar 20	May 19	Trend since May 19
Nursing	61	45	Increasing
Residential	357	376	Stayed the same
Community	2,658	2,855	Decreasing

Children open to social care

	Mar 20	Apr 19	Trend since Apr 19
Children in Care	741	783	Decreasing
Child Protection	327	581	Decreasing
Children in need *	1,664	2,207	Decreasing

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

2.2 This report summarises the overall financial position for the 2019/20 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report, there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.2.

2.3 The key issues included in the summary analysis are:

- The overall revenue budget position was a pressure of +£0.2m (<0.1%) at year end. This is a movement of -£0.3m on the forecast reported as at the end of February with the majority of services reporting favourable movements on their February forecasts with the exception of C&I. The pressures are largely within People & Communities (P&C) (+£4.3m), Commercial & Investment (C&I) (+£2.6m), and LGSS Operational (£0.6m). These are partially offset by underspends in Place & Economy (P&E) (-£3.5m), Corporate Services (-£1.2m), Funding Items (-£0.7m), CS Financing (-£1.3m) and Public Health (-£0.4m). See section 3 for details.

- The Capital Programme is reporting an underspend of -£83.8m compared to the position originally anticipated when the capital programme variations budget was set. This includes full utilisation of the £55.2m capital programme variations budget. See section 12 for details.

3. REVENUE BUDGET

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Original Budget as per BP	**Service**	**Revised Budget**	**Application of Carry Forwards/ Additional Funding approved from General Reserves**	**Total Funds (3)+(4)**	**Actual Spending**	**Variation**		**Transfer to (+) / from (-) Reserves**
£'000		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**%**	**£'000**
57,504	Place & Economy (P&E)	53,771	0	53,771	50,243	-3,528	-6.6%	3,528
254,936	People & Communities (P&C)	261,062	2,360	263,422	267,717	4,295	1.6%	-4,295
390	Public Health (PH)	390	0	390	0	-390	-%	390
10,221	Corporate Services (CS)	12,532	-322	12,210	11,035	-1,175	-9.6%	1,175
14,048	LGSS Managed	11,166	-250	10,916	10,729	-187	-1.7%	187
-9,502	Commercial & Investment (C&I)	-8,828	122	-8,706	-6,134	2,572	-%	-2,572
28,161	CS Financing	27,558	0	27,558	26,273	-1,285	-4.7%	1,285
355,758	**Service Net Spending**	**357,652**	**1,910**	**359,562**	**359,864**	**301**	**0.1%**	**-301**
20,357	Funding Items	18,447	0	18,447	17,783	-664	-3.6%	664
376,115	**Net Spending**	**376,100**	**1,910**	**378,010**	**377,646**	**-363**	**-0.1%**	**363**
	Memorandum Items:							
8,161	LGSS Operational	6,094	0	6,094	6,676	582	9.6%	-582
384,276	**Total Net Spending 2019/20**	**382,193**	**1,910**	**384,103**	**384,322**	**219**	**0.1%**	**-219**

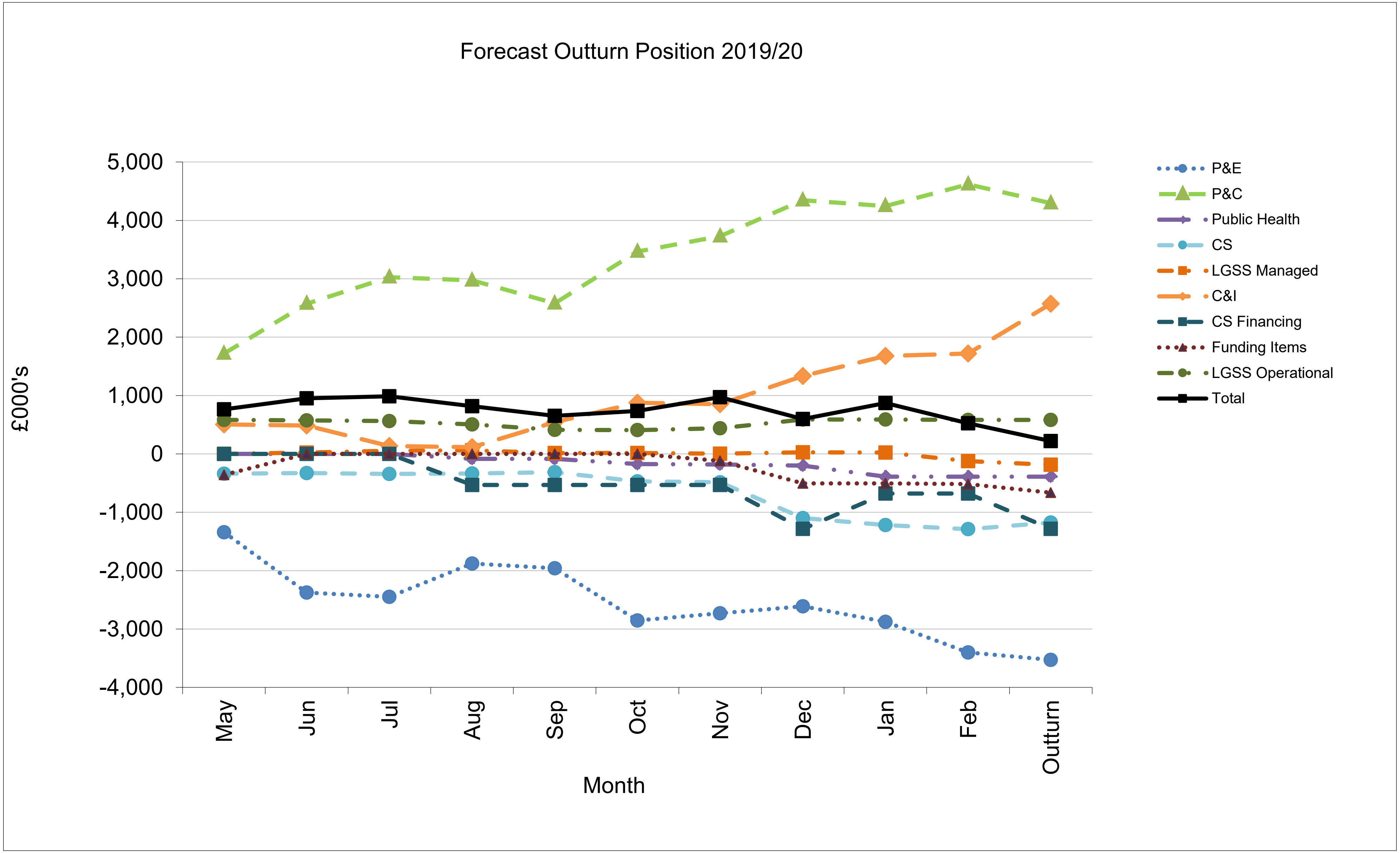
[1] The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

2 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.

3 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 outturn on this line reflects the variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

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

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


Forecast Outturn Position 2019/20
£000's
5,000
4,000
3,000
2,000
1,000
0
-1,000
-2,000
-3,000
-4,000
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Outturn
Month
P&E
P&C
Public Health
CS
LGSS Managed
C&I
CS Financing
Funding Items
LGSS Operational
Total

3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£3.528m (-6.6%) underspend is being reported at year-end.

	£m	%
• **Winter Maintenance –** a +£0.074m pressure is being reported at year-end. This is a decrease of £0.389m on the pressure position previously reported in August, of which £0.185m relates to a change since last month. The original forecast pressure for 2019/20 was £463k which estimated 53 runs. This was reviewed in January and the number of runs estimated lowered to 46 runs given the milder than average winter, reducing the forecasted pressure to £259k. Due to warmer weather conditions during March the total number of full runs completed for 19/20 was 33, subsequently reducing the actual pressure to £74k.	+0.074	(+3%)
• **Community Transport–** a -£0.047m underspend is being reported at year-end. This is a decrease of -£0.266m on the underspend position previously reported in September, of which -£0.166m relates to a change since last month. Overall this year, costs in this area came in lower than expected partly due to some of the contracts not being let due to a lack of bidders and also some of contracts tendered cost less than expected.	-0.047	(-2%)
• **County Planning, Minerals & Waste –** a +£0.267m pressure is being reported at year-end, of which £0.025m relates to a change since last month. The Public Inquiry relating to the Waterbeach Energy for Waste has now been held and the costs of this appeal are now known. The legal expenditure and specialist officer advice (excluding the CCC employed officer time) amounts to £223k.	+0.267	(+59%)

- 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 -£3.528m. For full and previously reported details, see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

3.2.2 **People & Communities:** +£4.618m (+1.8%) pressure is being reported at year-end.

	£m	%
• **Strategic Management - Adults –** a -£3.901m underspend is being reported at year-end. This is a decrease of £0.370m on the underspend position reported last month. This line contains grant and financing mitigations that are partially offsetting care pressures. Government has continued to recognise pressures on the social care system through the Adult Social Care Precept and a number of ringfenced grants. As well as using these grants to make investments into social care to bolster the social care market, reduce demand on health and social care services and mitigate delayed transfers of care, we are able to hold a portion as a contingency against in-year care pressures.	-3.901	(-2537%)
• **Learning Disability Partnership (LDP)** – a +£0.865m pressure is being reported at year-end, with the NHS paying a further £0.228m as part of the pooled budget. This is an increase of £0.277m on the pressure previously reported in September, of which £0.119m relates to a change since last month. This is a	+0.865	(+1%)

group of supported people whose needs have been increasing year-on-year in line with experiences nationally. Changes over the first part of the year highlighted that costs would likely exceed budgets, with that trend continuing for much of the year. In particular, the cost of young people transitioning into adults was high, linked to rising cost of services for children with complex needs. Savings delivery within the LDP overachieved, which provided some mitigation.

• **Older People's Services** - a +£5.682m pressure is being reported at year-end. This is a decrease of £0.542m on the position previously reported in December, of which £0.349m relates to a decrease since last month. The cause of the pressure is predominantly the higher than expected costs of residential and nursing care compared to when budgets were set, in part due to the ongoing focus on discharging people from hospital as quickly as is appropriate. A detailed explanation of the pressures due to prior-year activity was provided to Adults Committee and GPC in the first reports of the financial year, and much of the further in-year pressure is due to the trends in price increases continuing. Trends suggesting an increase in demand over the Winter period were reported in December and were broadly accurate, reflecting similar experiences in the NHS and in other councils.	+5.682	(+12%)
• **Children in Care** – a -£0.126m underspend is being reported at year-end. This is a decrease of -£0.476m on the pressure position previously reported in May, of which -£0.285m relates to a change since last month. This is a significant improvement from the previously reported positon due to a comprehensive review of Unaccompanied Asylum Seeking Children (UASC) placements.	-0.126	(-1%)
• **Early Help District Delivery Service - North**– a -£0.270m underspend is being reported at year-end, which relates in full to a change since last month. This is predominantly due to £230k of Dedicated Schools Grant vacancy savings across the service, due to a combination of more posts being vacant and recruitment to vacancies taking longer than anticipated.	-0.270	(-6%)
• **Financing DSG** – an -£11.0m contribution is required from Dedicated Schools Grant (DSG). This is a decrease of £0.5m on the required contribution reported last month. This represents the amount 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 (£4.6m), High Needs Top Up Funding (£3.5m), Out of School Tuition (£2.6m), SEN Placements (£0.4m), SEND Specialist Services (£0.4m) partially offset by underspends on District Delivery Service (-£0.2m) and 0-19 Organisation & Planning (-£0.1m).	-10.997	(-18%)

- 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 +£4.295m. For full and previously reported details, see the [P&C Finance Monitoring Report](https://tinyurl.com/yax36zrx), (https://tinyurl.com/yax36zrx).

3.2.3 **Public Health:** -£0.390m (-%) underspend is being reported at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance Monitoring Report, (https://tinyurl.com/y7g3e5ul).

3.2.4 **Corporate Services:** -£1.175m (-9.6%) underspend is being reported at year-end.

	£m	%
• **Customer Services –** a -£0.250m underspend is being reported at year-end, of which -£0.09m relates to a change since last month. The underspend is mainly due to the team holding several vacancies during the year. There have been a number of recruitment campaigns throughout the year, but new staff have not kept pace with leavers. Recruitment campaigns have been managed in accordance with service peaks and management capacity to supervise groups of probationers. In addition, there has been an increase of forecast underspend in Salary Sacrifice and Blue Badge income, offset by workstation refurbishment, overtime and training costs.	-0.250	(-13%)

- 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 -£1.175m. For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.5 **LGSS Managed:** -£0.187m (-1.7%) underspend is being reported at year-end.

	£m	%
• **IT Managed –** a -£0.344m underspend is being reported at year-end, of which -£0.157m relates to a change since last month. The underspend in this area has increased due to the reduced requirement for IT expenditure in revenue this year, reduction in MFD and Office 365 costs, offset by a pressure for Mobile Phones, EastNet and Universal Systems, with the need to buy Firmstep e-Forms.	-0.344	(-8%)

- 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 -£0.187m. For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.6 **CS Financing:** -£1.285m (-4.7%) underspend is being reported at year-end.

	£m	%
Debt Charges– An underspend of -£1.285m is being reported at year-end across the Debt Charges budgets. This is an increase of -£0.6m on the underspend position previously reported in December, and relates in full to a change since last month. This is mainly due to the following: ○ an increase in interest receivable of -£291k since the previous forecast. This is due to an investment of £100m in Certificate of deposits, and the utilisation of other Money Market Funds and a Call Account that attracted higher interest rates during the year. There were also additional investments in CCLA property fund and Diversified Income Fund towards the end of the year.	-1.285	(-5%)

    - a decrease in interest payable of -£650k since the previous forecast. The final capital spend was significantly lower at year-end than previously forecast, and combined with lower interest rates, this resulted in a lower year-end interest payable final position.
    - a decrease in the capitalisation of interest income recharge of £425k since the previous forecast. This partially offsets the lower interest payable figure above; as lower capital spend and lower interest rates resulted in lower interest costs being charged to schemes, consequently there was a smaller recharge back to the financing costs budget
- For full and previously reported details, see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

3.2.7 **Commercial & Investment**: +£2.572m (-%) pressure is being reported at year-end.

	£m	%
• **Property Investments & Other Income–** a +£0.942m pressure is being reported at year-end. This is an increase of £0.287m on the pressure position previously reported in December, of which £0.144m relates to a change since last month. This is due to several smaller variances, including loss of £19k rental income on properties (Cromwell Leisure Park and Evolution Business Park) towards the end of March due to the Covid-19 pandemic, and final calculations of the net income due from Brunswick House.	+0.942	(+20%)
• **Outdoor Education –** a +£0.736m pressure is being reported at year-end. This is an increase of £0.435m on the pressure position previously reported in October, which relates in full to a change since last month. Grafham Water Centre ended the year with a deficit of £736k. The underlying pressure on the service worsened by £53k and the closure of the centre in mid-March due to Covid-19 resulted in lost income in the region of £61k. The remaining adverse change (£324k) is the result of bringing the service in line with the recently introduced accounting standard IFRS 15. This was a one-off adjustment involving changing the year in which income from maintained schools is recognised and will not be repeated in future years.	+0.736	(+954%)

- 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 +£2.572m. For full and previously reported details, see the C&I Finance Monitoring Report, (https://tinyurl.com/y8m659ht).

3.2.8 **Funding Items:** -£0.664m (-3.6%) underspend is being reported at year-end. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** +£0.582m (+9.5%) pressure is being reported 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/y7su8u5k).

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. For 2019/20, the Council has delivered £13.2m of savings against its original plan. Blue rated savings totalled £1.7m, exceeding the target on those initiatives. Green rated savings totalled £6.9m. The year-end Savings Tracker is included as **Appendix 3** to this report.

It is also important to note the relationship with the reported positon within this report. As pressures arose in-year, further mitigation and/or additional savings were required to deliver a balanced positon.

4.2 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
5	-643	-1,128	36	-6,929	0	4	-4,450	1,082	3	-2,566	1,440	9	-1,197	1,197	-15,785	2,591

5. KEY ACTIVITY DATA

5.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest P&C Finance Monitoring Report (section 5), (https://tinyurl.com/yax36zrx).

6. SCHOOLS

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

6.2 Total schools balances as at 31st March 2020 are as follows:

	31st March 2019 £m (original published balances)	31st March 2019 £m (amended for in-year academy conversions)	31st March 2020 £m	Change £m
Nursery Schools	0.9	0.9	0.8	-0.1
Primary Schools	11.1	10.6	10.6	0
Special Schools	0.5	0.5	0.5	0
Pupil Referral Units (PRUs)	0.1	0.1	0.1	0
Sub Total	**12.6**	**12.1**	**12.0**	**-0.1**
Other Revenue Balances (Community Focused Staff)	1.1	1.1	1.1	0
TOTAL	**13.7**	**13.2**	**13.1**	**-0.1**

It must be noted that further to the DSG, schools budgets include funding from the Education & Skills Funding Agency (ESFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Schools that converted to Academy status prior to 31 March are no longer reported by the Local Authority and therefore are not included within the figures.

The change in individual school balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years' funding amounts.
- Some schools have chosen to apply balances in 2019/20 to maintain current staffing levels and class structures.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

6.3 Analysis is currently being undertaken to look at the individual changes in balances, and appropriate challenge given to both schools in a deficit position, and schools with excessive balances. Schools budget submissions are also currently being scrutinised to identify instances where schools are either planning to use a high proportion of their carry-forward to balance in-year or where already holding excessive balances where these are forecast to increase further. These will be monitored during the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

6.4 A more detailed report on financial health of individual schools, including surplus and deficit balances and a school-by-school breakdown will be submitted to Schools Forum for consideration in July. This will include proposals to reconsider the levels of balances deemed as excessive and the appropriate measures to be put in place for those schools requiring improvement or judged inadequate by Ofsted.

The balances can be further analysed in the tables below:

Sector	Schools with Reported Deficit Balances as at 31st March 2020
Nursery	0
Primary	8
Special	2
Total Schools	**10**

Value of revenue deficits at 31st March 2020:

Deficit	Nursery	Primary	Special	Total
£100k+	0	0	0	**0**
£60k - £100k	0	0	0	**0**
£20k - £60k	0	3	2	**5**
£10k - £20k	0	4	0	**4**
£1k - £10k	0	1	0	**1**

Value of surplus revenue balances held by schools at 31st March 2020:

Surplus	Nursery	Primary	Secondary	Special	Total
£0k - £10k	0	1	1	0	**2**
£10k - £20k	0	5	0	0	**5**
£20k - £60k	2	36	0	0	**38**
£60k - £100k	0	33	0	0	**33**
£100k - £150k	1	20	0	1	**22**
£150k - £200k	4	8	0	0	**12**
£200k - £300k	0	6	0	0	**6**
£300k - £400k	0	4	0	0	**4**
£400k+	0	0	0	1	**1**

Please note: the figures in 6.2 and 6.4 are based on the year-end returns from schools. However, following further validation of the Consistent Financial Reporting (CFR) returns the final information on Schools balances published by the Department for Education may differ slightly.

7. GENERAL RESERVE BALANCES

7.1 Balances on the general reserve as at 31st March 2020 are £17.7m as set out below:

General Reserve Balance	2019/20 Final Outturn £m
Balance as at 31st March 2019	12.850
Changes Arising:-	
Planned Business Plan adjustments	4.699
Additional pensions contributions net overachievement	0.144
Debt write offs approved at April 2020 GPC meeting	-0.080
Prior year accrual correction	0.163
Surplus Corporate Grants	0.765
Commercial & Investment	-2.572
People & Communities	-4.295
Debt Charges	1.285
Corporate Services	1.176
Public Health[1]	0.390
Place & Economy	3.528
LGSS Managed	0.187
LGSS Operational	-0.582
Balance as at 31st March 2020	**17.658**

[1] The Public Health transfer to the General Reserve relates to unringfenced funding; this was the -£390k underspend on the County Council core budget allocated to the Public Health Directorate in 2019/20 to supplement the national ringfenced grant.

7.2 As a minimum, it is proposed that the General Reserve should be no less than 3% of the gross expenditure of the Council (excluding schools expenditure and Combined Authority Levy). At year-end, the General Reserve was 2.9% of budgeted 2020-21 gross non-school expenditure. This deficit has been addressed as part of Business Planning, whereby £1.9m are added to reserves on 1 April 2020, restoring them to the 3% level.

8. REVIEW OF OTHER RESERVES

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

9. TREASURY MANAGEMENT ACTIVITY

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

	Budget £m	**Outturn £m**	**Variance £m**
Interest payable	15.669	15.103	(0.566)
Interest receivable	(0.574)	(0.743)	(0.168)
Capitalisation of Interest Costs	(2.406)	(1.736)	0.670
Technical & Other	0.590	0.567	(0.023)
MRP	14.278	13.083	(1.196)
Total	**27.557**	**26.273**	**(1.283)**

9.2 Interest payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. Short term loans at lower rates of interest were raised instead to meet liquidity needs. Minimum Revenue Provision (MRP) and Capitalisation of Interest Costs were less than budgeted as a consequence of reprofiling and alternative funding of capital expenditure.

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

	1st April 2019 £m	**31st March 2020 £m**	**Difference**
Long Term Debt	442.3	526.7	**84.4**
Short Term Debt	156.0	242.2	**86.2**
	598.3	**768.9**	**170.6**
Less: Investments	29.6	69.7	**40.1**
Less: 3rd Party Loans & Share Capital	95.4	106.2	**10.8**
Net Debt	**473.3**	**593.0**	**119.7**

£85m of this increase in borrowing is to fund capital expenditure during 2019-20 on properties with an income yield, in future these are expected to generate a financial return of £4.3m per annum.

9.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 3.26%. The average rate paid on short term debt was 0.93%. The overall average rate on total borrowing was 2.09%.

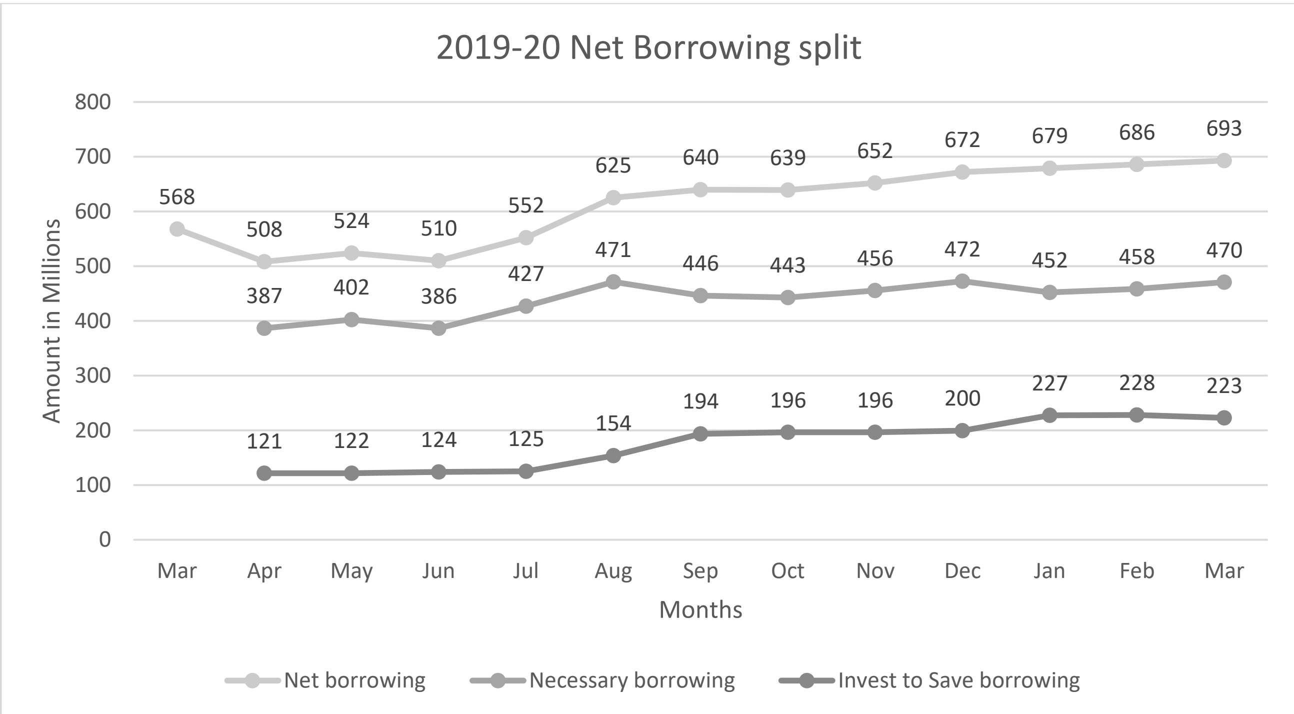
9.5 Each year the Council must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2019/20 compares with approved limits as follows:

	Approved	Actual
Financing Costs		
% of Net Revenue Stream	8.4%	6.4%
Authorised Limit for Debt	£1,088.6m	£758.9m
Operational Boundary for Debt	£984.6m	£758.9m
Interest Rates Exposure (as % of total net debt)		
Fixed Rate	150%	98%
Variable Rate	65%	-5%
Debt Maturity Range (as % of total debt) *		
Under 1 year	0 to 80%	31.5%
1 – 2 years	0 to 50%	14.9%
2 – 5 years	0 to 50%	6.7%
5 – 10 years	0 to 50%	9.5%
Over 10 years	0 to 100%	37.4%

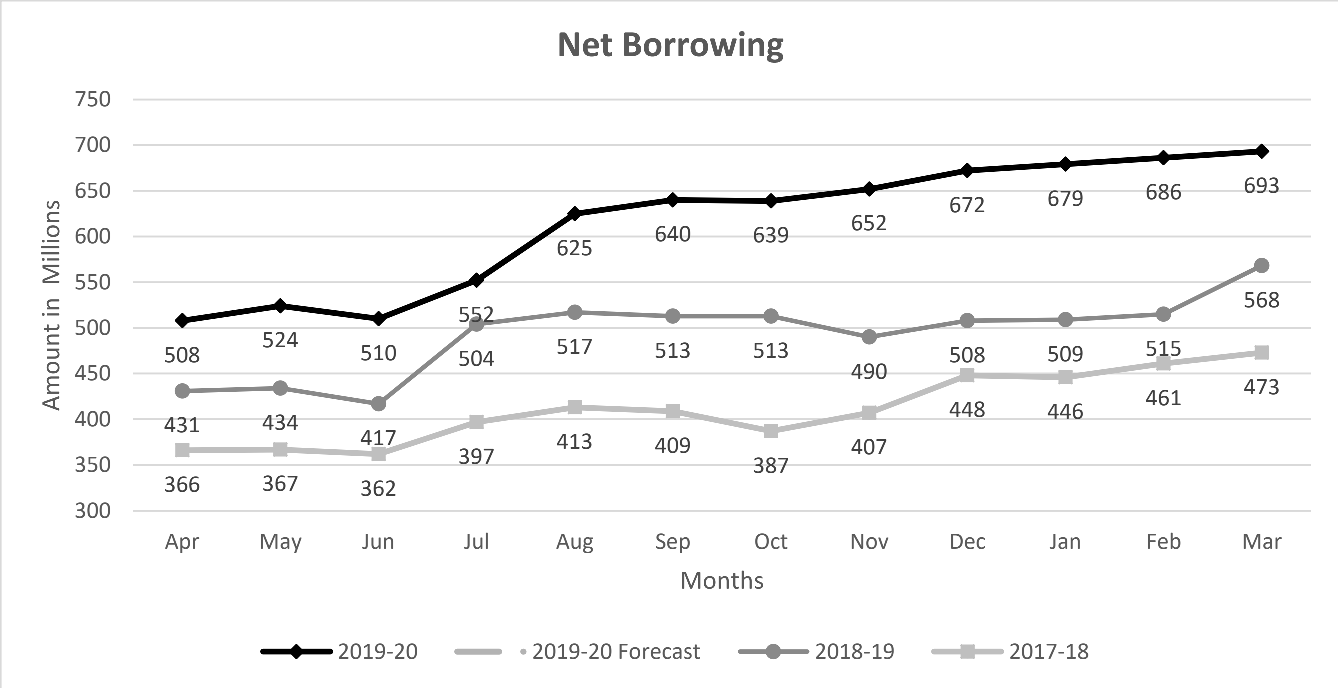
* The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity, regardless of likelihood of this option being exercised.

10. BALANCE SHEET

10.1 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £223m 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.



10.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of March 2020, investments held totalled £70m (excluding 3rd party loans) and gross borrowing totalled £763m, equating to a net borrowing position of £693m.



10.3 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, precepts - 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 has taken a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

10.4 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 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, the actual net position as at 31.03.2020 was £693m.

10.5 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Councils exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.

10.6 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.

10.7 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report, (https://tinyurl.com/y96tav47).

10.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding: see Appendix 2.

11. DEBT MANAGEMENT

11.1 An overview of debt management outcomes is shown below:

Measure		Year End Target	Actual as at the end of Mar 2020[1]
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£5.06m
	Sundry	£1.71m	£1.95m

[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 £3.70m. 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.

11.2 Bad Debt Provision

As a result of the levels of debt at year end, assessed for security, the Council has increased the provision it carries on its balance sheet for bad debt by £0.134m.

11.3 Summary Final Position:

Overall debt outstanding has decreased since February. Overdue debt (total less current) has decreased by £9m from £26m to £17m.

91 days + KPI debt balances have decreased by £0.55m since February. The target of £5.08m was not achieved, with the final balance being £7.01m.

11.4 Adults Social Care

Adult Social Care (ASC) and Older People– 91 days + debt has decreased by £183k since February. Final balances are £5.06m against a target of £3.37m. Audit & Accounts Committee members are receiving a detailed paper in June (by circulation) considering progress being made with the debt management position.

11.5 Sundry (non- Adult Social Care)

Overall sundry 91 days + debt has decreased by £367k since February. This consists primarily of debt decreases of £240k in Commercial & Investment and £161k in Corporate Services. This has resulted in the final sundry 91 days + debt balance being £1.95m against a target of £1.71m.

12. CAPITAL PROGRAMME

12.1 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 (Feb) £000	Service	Revised Budget for 2019/20 £000	Actual- Year to Date (Outturn) £000	Actual Variance - Outturn 2019/20 £000	Actual Variance - Outturn 2019/20 %	Total Scheme Revised Budget (Outturn 1920) £000	Total Scheme Forecast Variance (Outturn 1920) £000
43,908	-22,864	P&E	60,923	33,771	-27,152	-44.6%	422,898	-
129,267	1,900	P&C	101,627	100,604	-1,023	-1.0%	678,525	-12,717
3,457	-90	CS	7,863	6,307	-1,556	-19.8%	25,077	-721
2,827	-556	LGSS Managed	4,837	4,159	-678	-14.0%	7,122	-235
90,443	-38,608	C&I	176,128	122,727	-53,401	-30.3%	375,987	-
-	-	Outturn adjustment	-	-	-	-	-	-
269,902	**-60,218**	**Total Spending**	**351,378**	**267,568**	**-83,811**	**-23.9%**	**1,509,609**	**-13,672**

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 12.2.

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 reporting an in-year underspend of -£3.0m 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.

12.2 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduced the programme budget for 2019/20. This was allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage.

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

2019-20					
Service	**Capital Programme Variations Budget £000**	**Actual Variance - Outturn 2019/20 £000**	**Capital Programme Variations Budget Used £000**	**Capital Programme Variations Budget Used %**	**Actual Variance Against Revised Budget - Outturn 2019/20 £000**
P&E	-13,505	-40,657	13,505	100.00%	-27,152
P&C	-13,399	-14,422	13,399	100.00%	-1,023
CS	-1,431	-2,987	1,431	100.00%	-1,556
LGSS Managed	-585	-1,263	585	100.00%	-678
C&I	-26,312	-79,713	26,312	100.00%	-53,401
Outturn adjustment	-	-	-	-	-
Total Spending	**-55,232**	**-139,043**	**55,232**	**100.00%**	**-83,811**

12.3 As at year-end, all services have exceeded the capital programme variations budget allocated to them. Place & Economy (P&E), People & Communities (P&C), Corporate Services, LGSS Managed and C&I schemes are reporting in-year underspends of -£27.2m, -£1.0m, -£1.6m, -£0.7m and -£53.4m respectively after full utilisation of the capital programme variations budget. Overall expenditure on the 2019/20 capital programme is therefore underspent by -£83.8m compared to the position originally anticipated when the capital variations budget was set.

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

12.4.1 **Place & Economy:** a -£27.2m (-44.6%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

<table>
<tr><th rowspan="2">Revised Budget for 2019/20</th><th rowspan="2">Actual Spend (Outturn 19-20)</th><th rowspan="2">Actual Variance (Outturn 19-20)</th><th rowspan="2">Variance Last Month (February)</th><th rowspan="2">Movement</th><th colspan="2">Breakdown of Variance</th></tr>
<tr><th>Underspend/ pressure</th><th>Rephasing</th></tr>
<tr><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th><th>£'000</th></tr>
<tr><td colspan="7">Operating the Network</td></tr>
<tr><td>16,889</td><td>13,884</td><td>-3,005</td><td>-1,144</td><td>-1,861</td><td>0</td><td>-3,005</td></tr>
<tr><td colspan="7">An in-year underspend of -£3.0m is being reported across Operating the Network schemes. This is a change of -£1,861k on the position reported last month. This relates primarily to the following schemes:
Carriageway Maintenance
• Countywide Prep patching for Surface Dressing - £300k underspend - Workforce unavailable to complete 2019-20 programme due to Covid-19 disruption. Funding will be carried forward to 2020-21.
• Countywide Retread programme - £700k underspend - Workforce hotel accommodation unavailable to complete 2019-20 programme due to Covid-19 disruption. Funding will be carried forward to 2020-21.

Bridge Strengthening
• Whittlesford Railway Bridge - £172k underspend – site closed down due to coronavirus, work to be completed in 2020-21.
• Martin’s Bridge, March - £59k underspend – Skanska final account still to be agreed.
• Quayside Walkway, Cambridge - £150k underspend – Legal dispute has prevented work from starting.
• Design for future year schemes, sites closed down due to coronavirus and work to be completed in 2020-21. Alconbury Weston, new footbridge £165k, Archer Bridge, Barrington £150k, Great Staughton church bridge £50k, B1040 at Hilton £150k.</td></tr>
<tr><td colspan="7">Cycling Schemes</td></tr>
<tr><td>3,586</td><td>2,219</td><td>-1,367</td><td>-30</td><td>-1,337</td><td>0</td><td>-1,337</td></tr>
<tr><td colspan="7">An in-year underspend of -£1.4m is being reported across Cycling Schemes, of which -£1.3m relates to a change since last month. This relates primarily to the following scheme:
Abbey Chesterton Bridge
• Works on the bridge are progressing well – the foundations and wingwalls for the bridge have now been completed. The final outturn for 2019/20 is below the forecast. The construction contract covers Chisholm Trail Phase One and Abbey-Chesterton Bridge, and to date most of the costs have been charged to Chisholm Trail. An apportionment exercise needs to be undertaken, with some costs charged back to the bridge. This will take place early in the 2020/2021 financial year.</td></tr>
<tr><td colspan="7">Ely Crossing</td></tr>
<tr><td>1,469</td><td>1,298</td><td>-171</td><td>-547</td><td>+376</td><td>0</td><td>-171</td></tr>
<tr><td colspan="7">An in-year underspend of -£0.2m is being reported at year-end. This is a decrease of £298k in the underspend position previously reported in July, and relates in full to a change since last month. Overall the actual spend for the 2019/20 financial year was lower than the budget of £1.469m as the values and number of land compensation claims received in the period was less than expected. The timescales for resolution of land compensation claims is uncertain as claims are sometimes higher than the County Council’s evaluation and negotiations can become protracted.</td></tr>
<tr><td colspan="7">Guided Busway</td></tr>
<tr><td>500</td><td>170</td><td>-330</td><td>0</td><td>-330</td><td>0</td><td>-330</td></tr>
</table>

An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. The overall underspend this financial year is due to land compensation payments in relation to the busway being lower than anticipated.						
Combined Authority Schemes						
3,453	3,050	-403	-73	-330	0	-403
An in-year underspend of -£0.4m is being reported at year-end, of which -£0.3m relates to a change since last month. Some work scheduled by Cambridgeshire and Peterborough Combined Authority (CPCA) has been re-phased as agreements between CPCA and CCC are progressed.						

- For full and previously reported details see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

12.4.2 People & Communities: a -£1.0m (-1.0%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,420	29,758	-4,662	-1,865	-2,797	-1,899	-2,763
An in-year underspend of -£4.7m is being reported at year-end across Basic Need – Primary schemes. This is a change of -£2.8m on the position reported last month. This is primarily due to changes on the schemes outlined below:						
Chatteris Additional Primary Places						
4,600	0	-4,600	-2,300	-2,300	0	-4,600
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.						
Histon Additional Places						
400	2,530	2,130	2,600	-470	0	2,130
Although delays were initially anticipated on this project as it involves building a replacement for the current Histon & Impington Infant School on a site (Buxhall Farm) in the Green Belt, the scheme has accelerated and construction is now well underway.						
Basic Need - Secondary						
51,096	46,525	-4,571	-8,360	3,789	-652	-3,919
An in-year underspend of -£4.6m is forecast across Basic Need – Secondary schemes. This is a change of +£3.8m on the position previously reported in January, which relates in full to a change since last month. This is primarily due to changes on the schemes as outlined below:						
Cromwell Community College, Chatteris						
5,500	5,781	281			0	281
This scheme has now been combined with that listed separately for Chatteris Additional Primary Places (see above), 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.						
Northstowe Secondary						
32,000	34,030	2,030			0	2,030
Spend for 2019/20 has been in line with the latest contractor cash flow forecast, with progress ahead of the original contractor schedule.						
Basic Need - Early Years						
2,173	819	-1,354	0	-1,354	0	-1,354
An in-year underspend of -£1.4m is being reported across Basic Need – Early Years schemes, which relates in full to a change since last month. A number of schemes being undertaken have not completed as anticipated in 2019-20. This includes £500k expenditure at Waterbeach for additional early years' capacity. This scheme will complete in 2020-21.						
Specialist Provision						
4,073	5,693	1,620	1,387	+233	0	1,620
An in-year pressure of +£1.6m is being reported at year-end across Specialist Provision schemes. This is an increase of £0.3m on the position previously reported in January, 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	5,370	1,770	1,400	+370	0	1,770
The value of works is higher than anticipated in 2019/20 due to pre-fabricated construction and works progressing ahead of schedule. The project is likely to be completed in May 2020.						
Site Acquisition and Development						
485	129	-356	0	-356	-21	-335
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. Rephasing of £335k is attributable to the purchase of Abington Wood classroom space which was expected to be completed by the end of 2019/20 and has experienced a slight delay.						
Cultural and Community Services						
5,157	2,439	-2,718	-1,849	-869	0	-2,718
An in-year underspend of -£2.7m is being reported across Cultural & Community Services schemes at year-end. This is a change of -£0.9m on the position previously reported in January, which relates in full to a change since last month. This is primarily due to changes on the schemes as outlined below:						
Community Hubs – Sawston						
1,603	745	-858	-423	-435	0	-858
An in-year underspend of -£0.9m is being reported at year-end. This is an increase of -£0.4m on the underspend position previously reported in January and relates in full to a change since last month. Work is ongoing to complete the new Sawston Community Hub. Progress has been slower than originally anticipated and will continue into 2020/21.						
Mobile Libraries' Replacement						
327	0	-327	0	-327	0	-327
An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. The new mobile library vehicles were due for delivery in the last week of March. However, this has not been possible due to the Covid-19 outbreak. Work at the depot was suspended and the vehicles are unlikely to be delivered until later in the new financial year.						
Capitalised Interest						
2,744	1,264	-1,480	0	-1,480	-1,480	0
An in-year underspend of -£1.5m is being reported at year-end, which relates in full to a change since last month. This is due to lower interest rates in 2019/20 than anticipated at the time of budget setting, resulting in lower interest costs being charged to schemes.						

- For full and previously reported details see the P&C Finance Monitoring Report, (https://tinyurl.com/yax36zrx).

12.4.3 **Corporate Services:** a -£1.6m (-19.8%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mosaic						
1,117	761	-356	0	-356	-356	0
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. The required resources planned to deliver the programme were in fact less than planned. This relates both to external consultants (which is the bulk of cost) and to less backfill on full time posts assisting with the project. This information will aid our future budget planning for similar projects.						
Capitalisation of Redundancies						
1,036	732	-304	0	-304	0	-304
An in-year underspend of -£0.3m is being reported at year-end, which relates in full to a change since last month. This is due to a lower spend on redundancies in 2019/20 than originally anticipated.						
Capitalisation of Transformation Team						
2,182	1,793	-389	0	-389	-389	0
An in-year underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. In 2019/20 the scheme has spent £1,793k on transformation work, which means we have used £389k less capital receipt this year.						
Children's Services IT System						
2,130	1,665	-465	0	-465	-365	-100
An in-year underspend of -£0.5m is being reported at year-end, which relates in full to a change since last month. £100k of the remaining budget will be required to finish the project in 2020/21 for two final consultants to finish their work, and data migration clean up with Capita data. The remaining -£365k is a forecast budget saving on the project.						

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.4.4 LGSS Managed: a -£0.7m (-14.0%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Eastnet (CPSN Replacement)						
3,493	3,220	-273	-572	+299	0	-273
An in-year underspend of -£0.3m is being reported at year-end. This is a decrease of £299k in the underspend position previously reported in December, and relates in full to a change since last month. As reported to GPC in January, in the November Integrated Finance Monitoring Report, we are approximately 60% of the way through the installation of new Eastnet circuits across the partnership. All 'central services' (WiFi, Firewalls, Domain Name System) have been completed and we are pushing to have the final circuits migrated to Eastnet by the Spring 2020. This therefore represents a rephasing of the capital scheme.						

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.4.5 Commercial & Investment: a -£53.4m (-30.3%) in-year underspend is being reported at year-end after the capital programme variations budget has been utilised in full.

Revised Budget for 2019/20	Actual Spend (Outturn 19-20)	Actual Variance (Outturn 19-20)	Variance Last Month (February)	Movement	Breakdown of Variance	
					Underspend/ pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commercial Investments						
124,605	103,406	-21,199	-20,000	-1,199	0	-21,199
An in-year underspend of -£21.2m is being reported at year-end. This is an increase of -£1,199k in the underspend position previously reported in January, and relates in full to a change since last month. The £20m additional budget approved by GPC in January for investment in a multi-class credit pooled fund, will now not be invested until the start of the new financial year due to the legal advice required, and the technical and procurement arrangements that will need to be put in place. This has also afforded the C&I Investment Working group time to review the position in light of the current situation facing global financial markets. In addition, on further investigation it has been determined that the multi-class credit investment can be funded through treasury management activity, and therefore it does not require capital receipts. As such, an additional £5.8m of capital receipts were used to fund the property purchases with £11.6m of capital receipts being retained to fund future investment. The £21.2m in-year underspend has reduced the capital receipt requirement by £14.2m and the prudential borrowing requirement by £7.0m.						
Housing Schemes						
56,847	10,133	-46,714	-36,625	-10,089	0	-46,714
An in-year underspend of -£46.7m is being reported at year-end. This is a -£10.1m increase on the underspend position previously reported in December and relates in full to a change since last month. This relates to continuing adjustments in relation to the amount and timing of the final construction loan due to be issued in 2019-20, and therefore reflects a timing issue.						
Stanground Closed Landfill Energy Project						
454	138	-316	-219	-97	0	-97
An in-year underspend of -£0.3m is being reported at year-end. Stage one and the majority of stage two of the Investment Grade Proposal (IGP) have been completed. Development of a planning application has proven much more time consuming than initially projected, with new surveying of great crested newt populations defining the timeline. The final stages of the IGP are now scheduled to complete in December 2020 with planning timelines continuing to define the critical path.						
Investment in the CCC asset portfolio						
3,034	1,594	-1,440	-1,004	-436	0	-1,440
An in-year underspend of -£1.4m is being reported at year-end. This is a -£0.4m increase on the underspend position previously reported in January and relates in full to a change since last month. There has been a delay in the timeline around initiating building work for the Spokes Buildings scheme due to delays with the planning process. Expenditure will therefore need to be pushed back into the next financial year.						
Shire Hall Relocation						
7,971	4,016	-3,955	-1,490	-2,465	0	-3,955
An in-year underspend of -£4.0m is being reported at year-end. This is a -£2.5m increase on the underspend position previously reported in January and relates in full to a change since last month. Delays to work starting onsite at Alconbury due to site remediation issues (now resolved) resulted in an increase in the amount of 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/y8m659ht).

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

12.5.1 **Place & Economy:** a total scheme balanced budget is being reported at year-end. There are no exceptions to report this month; for full details see the P&E Finance Monitoring Report, (https://tinyurl.com/y9fj9vcy).

12.5.2 **People & Communities:** a -£12.717m (-1.9%) total scheme underspend is being reported at year-end. There are no exceptions to report this month; for full details see the P&C Finance Monitoring Report, (https://tinyurl.com/yax36zrx).

12.5.3 **Corporate Services:** a -£0.721m (-2.9%) total scheme underspend is being reported at year-end.

Total Scheme Revised Budget	Total Scheme Forecast (Outturn 19-20)	Total Scheme Variance (Outturn 19-20)	Variance Last Month (Feb)	Movement
£'000	£'000	£'000	£'000	£'000
Mosaic				
3,620	3,264	-356	0	-356
A total scheme underspend of -£0.4m is being reported at year-end, which relates in full to a change since last month. The required resources planned to deliver the programme were in fact less than planned. This relates both to external consultants (which is the bulk of cost) and to less backfill on full time posts assisting with the project. This information will aid our future budget planning for similar projects.				
Children's Services IT System				
2,653	2,288	-365	0	-365
A total scheme underspend of -£0.4m is forecast, which relates in full to a change since last month. £100k of the remaining budget will be required to finish the project in 2020/21 for two final consultants to finish their work, and data migration clean up with Capita data. The remaining -£365k is a forecast budget saving on the project.				

- For full and previously reported details see the CS & LGSS Finance Monitoring Report, (https://tinyurl.com/y7su8u5k).

12.5.4 **LGSS Managed:** a -£0.235m (-3.3%) total scheme underspend is being reported 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/y7su8u5k).

12.5.5 **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/y8m659ht).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.9	**18.2**	19.6	1.4
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**	1.4	-1.4
Specific Grants	8.4	0.0	-	1.2	**9.7**	7.3	-2.4
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.6	**10.5**	16.5	6.0
Capital Receipts	45.4	10.4	-10.5	-0.6	**44.7**	22.3	-22.4
Other Contributions	34.7	3.3	-	7.0	**45.0**	26.6	-18.4
Revenue Contributions	-	-	-	0.1	**0.1**	1.9	1.8
Prudential Borrowing	133.4	22.2	-13.4	67.8	**210.0**	168.5	-41.5
TOTAL	**269.9**	**41.7**	**-37.0**	**76.8**	**351.4**	**267.6**	**-83.8**

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.

12.7 Key funding changes (of greater than £0.25m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Specific Grants and Other Contributions, and Prudential Borrowing)	All	-£1.2 (Grants & Contributions) +£1.2 (Prudential Borrowing)	Funds received for Horizons (£0.7m) and from the Combined Authority for the Wisbech Access Strategy (£6.0m) which have not been needed in 2019/20 in cash flow terms for the specific schemes they relate to have been used in place of borrowing to fund other schemes across the capital programme. This will reduce the MRP charge that will be payable for 2020/21. When these funds are needed in the future for the specific schemes that they relate to, the Council will account for the borrowing to repay them. Funds previously received for the Greater Cambridge Partnership (£1.0m), and Basic Need (£6.9m) that have already been 'used' in place of borrowing are now required to fund expenditure in 2019/20; this expenditure will therefore be partially funded by the use of the Combined Authority contributions and Horizons funding as described above, with the remainder being funded by prudential borrowing. This results in a net funding swap for 2019/20 of £1.2m. **General Purposes Committee is asked to approve the use of £721k Horizons funding and £6,000k Combined Authority contributions, to partially offset the additional funding required to repay the use in previous years of £1,028k Greater Cambridge Partnership and £6,905k Basic Need funding, as well as the resulting increase of £1,212k in the prudential borrowing requirement.**
Additional / Reduction in Funding (Other Contributions)	LGSS Managed	+£1.3	Additional contributions of £1,339k have been received from other local authorities and public bodies to fund installation and rental costs in relation to the EastNet (Cambridgeshire Public Sector Network replacement) scheme **General Purposes Committee is asked to note the additional 2019/20 contributions of £1,339k received in relation to the EastNet scheme.**

12.8 For previously reported key funding changes see the respective Service Finance Monitoring Reports (appendix 3):

P&E Finance Monitoring Report

P&C Finance Monitoring Report
CS & LGSS Finance Monitoring Report
C&I Finance Monitoring Report

12.9 At the January General Purposes Committee (GPC) meeting, as part of the Capital Strategy in the 2020-21 Business Plan, GPC recommended that CCC, alongside the other two existing shareholders of LGSS Law Ltd, should inject additional equity capital into the company (£475k from each shareholder). At that stage there was uncertainty about which financial year all three shareholders would be ready for a simultaneous increase in equity. The equity injection was made in March 2020 and additional shares issued. his has strengthened LGSS Law Ltd.'s balance sheet and enabled the repayment of same aged amounts owed to CCC for provision of support services. The company completed a pleasing financial year in 2019/20 in profit. Further information about the equity injection can be found in section 5.3 of the paper here.

13. EXTERNAL AND CONTEXTUAL ISSUES

13.1 In terms of the 2019/20 financial year, the UK lockdown started in the last week of March 2020 so the main financial impact of the coronavirus pandemic is likely to be seen in 2020/21. Aside from the pandemic, financial risks and uncertainties continued to be of critical important to the Council throughout the year. CCC has continued to face substantial increases in demand for its services, both as a result of population growth and changing demographics, particularly in relation to the ageing population and those with complex care needs.

13.2 Crucially, and in contrast to recent years, the number of Children in Care has decreased and significant work has continued to reduce high cost placements. Although this is evident in the improved outturn results for Children & Safeguarding, the placement market is saturated, with Independent Fostering Agency (IFA) providers having no vacancies, which results in children going into higher cost residential placements. We are, however, seeing a net increase in in-house fostering placements, which is contributing towards planned savings. Similarly to councils nationally, cost pressures are also faced by adult social care. There have been rising costs in Older People's residential and nursing care; this area is emerging as a significant pressure after a number of years where demand and price have been managed very effectively following reform of commissioning & social work in Cambridgeshire. Serious pressures have grown and continued on Special Education Needs and High Needs block, leading to the carried forward deficit reported in section 3.2.2. Although that deficit is ring-fenced the increase this year is particularly concerning given it now exceeds the balances held elsewhere within dedicated schools grant by individual schools in total (see section 6), that there are limited measures the Council can take to control expenditure in this area, and that the application to transfer funds in the winter from mainstream schools was rejected by the Secretary of State. Work continues to mitigate and understand these risks

Altogether, these pressures, coupled with assumed levels of government grants, led to a savings requirement of £61m from 2019/20 to 2023/24.

13.3 After three years in which material overspends were the overall revenue outcome for the Council, the £0.2m outturn reported here is the closest to a "break-even" position for some time. Although this will require drawing on £0.2m from the Council's non-earmarked reserves, given the scale of the risks and potential pressures the Council has faced this is a pleasing outcome. Details of the pressures that have led to this year's position can be found in previous Finance Monitoring Reports.

13.4 The financial outlook for 2020/21 remains extremely constrained. At the time of writing, the financial impacts of the coronavirus pandemic are being estimated, projected and monitored with weekly reporting to the strategic management team. As well as adult social care, there are a wide range of other additional costs and reduced income likely. GPC will be updated further in due course. The Council holds general reserves partly to respond to unforeseen and exceptional events. We are recording spend in detail such that it is in a position to respond to regular requests from the Ministry of Housing, Communities & Local Government to account for funds and as part of a case for further support contingent on the length of disruption. Additionally, the Council is working in collaboration to spend on purchasing of care placements that are recharged to the NHS as part of arrangements to ensure the swiftest possible hospital discharges during the current period. District Councils are also receiving funding to support financial hardship (including through Council tax support) and for the businesses in their areas.

13.5 Beyond the pandemic, there is also uncertainty surrounding the UK's public finances not including around our future relationship with the European Union following Brexit. Potential impacts on economic growth, migration policy, and the cost of goods and services may influence levels of resources available to local authorities. In addition to the international uncertainty, there are a number of Central Government consultations currently underway, most notably those on technical aspects of Fair Funding and the Business Rates Retention Scheme, which are expected to affect the Council's funding. Local Authorities had expected these funding reforms to take effect from 2020/21, however Government has confirmed that these will now be deferred until 2022 or beyond, given the latest situation.

13.6 The Council will see an overall increase in funding (excluding schools grants) of 10.4% to 2024/25, primarily due to increases in Council tax assumed within the medium term financial strategy. Nevertheless, inflationary pressures, population growth and increased demand for services are expected to result in additional budget pressures of 18.6% of gross budget over the same period, resulting in a savings requirement of £66m over the next five years. However, following the 2016/17 change in the way the Council bears the cost of borrowing through its Minimum Revenue Position policy, it has been able to establish a Transformation Fund which will be further utilised during 2020/21. The Transformation Programme is integrated into the Business Planning process with a programme of investments and savings reflecting the transformational changes planned for 2020/21 and beyond. This continues to make resources available for Services to invest in strategies and to overhaul their services in a way that will deliver long-term savings.

13.7 The Council will focus on transforming and reforming services through this approach and will need to align its medium term financial plans to the impact of the pandemic and recovery in due course, alongside a reset timetable for local government funding review. For further information see the Council's Medium Term Financial Strategy.

14. ALIGNMENT WITH CORPORATE PRIORITIES

14.1 A good quality of life for everyone

There are no significant implications for this priority.

14.2 Thriving places for people to live

There are no significant implications for this priority.

14.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

14.4 **Net zero carbon emissions for Cambridgeshire by 2050**

There are no significant implications for this priority.

15. SIGNIFICANT IMPLICATIONS

15.1 **Resource Implications**

This report provides the year-end resources information for the Council and so has a direct impact.

15.2 **Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

15.3 **Statutory, Legal and Risk Implications**

There are no significant implications within this category.

15.4 **Equality and Diversity Implications**

There are no significant implications within this category.

15.5 **Engagement and Consultation Implications**

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

15.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

15.7 **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 (Outturn 19-20) P&C Finance Monitoring Report (Outturn 19-20) PH Finance Monitoring Report (Outturn 19-20) CS and LGSS Cambridge Office Finance Monitoring Report (Outturn 19-20) C&I Finance Monitoring Report (Outturn 19-20) Capital Monitoring Report (Outturn 19-20) Report on Debt Outstanding (March 20)	1st Floor, Octagon, Shire Hall, Cambridge

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

	P&C £'000	Public Health £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	LGSS Managed £'000	C&I £'000	LGSS Op £'000	Financing Items £'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		
Transfer IT staffing budget					10			-10	
Current budget	**263,422**	**390**	**53,772**	**27,558**	**12,211**	**10,917**	**-8,706**	**6,093**	**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		Notes
		Movements in 2019-20	Balance at 31 March 2020	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	12,850	4,808	17,658	
- Services				
1 P&C	0	0	0	
2 P&E	0	0	0	
3 CS	0	0	0	
4 LGSS Operational	112	713	825	
subtotal	12,962	5,521	18,483	
Earmarked				
- Specific Reserves				
5 Insurance	4,060	105	4,165	
subtotal	4,060	105	4,165	
- Equipment Reserves				
6 P&C	8	-8	0	
7 P&E	0	0	0	
8 CS	3	0	3	
9 C&I	56	-56	0	
subtotal	67	-64	3	
Other Earmarked Funds				
10 P&C	1,047	50	1,097	
11 PH	2,886	-158	2,728	
12 P&E	5,571	-902	4,669	Includes liquidated damages in respect of the Guided Busway
13 CS	3,193	2,177	5,370	
14 LGSS Managed	63	0	63	
15 C&I	600	105	705	
16 Transformation Fund	24,504	89	24,593	Savings realised through change in MRP policy.
17 Innovate & Cultivate Fund	1,561	-589	972	
18 Corporate	0	14,612	14,612	Includes COVID-19 Support Grant
subtotal	39,425	15,384	54,809	
SUB TOTAL	**56,514**	**20,946**	**77,460**	
Capital Reserves				
- Services				
19 P&C	29,463	-7,488	21,975	
20 P&E	6,069	4,270	10,339	
21 LGSS Managed	0	0	0	
22 C&I	20,415	-8,783	11,632	
23 Corporate	54,694	6,067	60,761	Section 106 and Community Infrastructure Levy balances.
subtotal	110,641	-5,934	104,707	
GRAND TOTAL	**167,155**	**15,012**	**182,167**	

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		Notes
		Movements in 2019-20	Balance at 31 March 2020	
	£000s	£000s	£000s	
- Short Term Provisions				
1 P&E	0	0	0	
2 P&C	200	0	200	
3 CS	0	0	0	
4 LGSS Managed	2,093	0	2,093	
5 C&I	0	0	0	
subtotal	2,293	0	2,293	
- Long Term Provisions				
6 LGSS Managed	3,613	0	3,613	
subtotal	3,613	0	3,613	
GRAND TOTAL	**5,906**	**0**	**5,906**	