

Integrated Finance Monitoring Report for the period ending 31 August 2021

To: Strategy & Resources Committee

Meeting Date: 2 November 2021

From: Chief Finance Officer

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2021/062

Outcome: The Committee will have received information setting out the current financial position of the Council, enabling it to assess delivery of the Council's business plan. It will also have made decisions around the allocation of resources. Overall, this will contribute to good financial management and stewardship of public funds.

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

- a) Approve the earmarking of £464k from income the Council expects to receive this year from the Cambridgeshire business rates pool dividend to contribute to the Council Tax Compliance and Counter-Fraud Initiative as set out in 5.1;
- b) Approve additional prudential borrowing of £450k across 2021/22 and 2022/23 for the Mill Farmhouse scheme as set out in section 6.6;
- c) Note the additional £0.4m contributions due in 2021/22 for the March Future High Street project as set out in section 6.7;
- d) Note the additional £0.3m contributions due in 2021/22 for the St Neots Future High Street project as set out in section 6.8; and
- e) Note and comment on the Finance Monitoring Report for Corporate Services (Appendix 3).

Officer contact:

Name: Stephen Howarth
Post: Assistant Director of Finance
Email: stephen.howarth@cambridgeshire.gov.uk
Tel: 01223 507126

Member contacts:

Names: Councillors Nethsingha & Meschini
Post: Chair/Vice-Chair
Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Purpose

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

2. Overview

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

Finance and Key Activity

Revenue budget forecast outturn -£1.452m (0.3%) forecast year end variance, however there continues to be uncertainty about the pandemic impact in the coming months Green	This is a £0.523m increase in the forecast revenue underspend compared to last month. There is a £0.150m decrease in the forecast capital year-end expenditure compared to last month.	Capital programme forecast outturn -£1.2m (-0.7%) forecast year end variance Green
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Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	Aug 21	May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21
Nursing	520	492	Increasing	Stayed the same
Residential	884	864	Increasing	Stayed the same
Community	1,946	1,932	Increasing	Stayed the same

Working Age Adults receiving long term services	Aug 21	May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21
Nursing	71	69	Stayed the same	Increasing
Residential	358	358	Stayed the same	Increasing
Community	2,916	2,868	Increasing	Increasing

Children in Care	Aug 21	May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21
Children in Care placements	300	308	Decreasing	Increasing
Fostering and Supervised Contact	253	226	Increasing	Decreasing
Adoption	426	430	Decreasing	Stayed the same

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

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end underspend of -£1.452m. The forecast pressures are largely within Corporate Services (CS) (+£0.8m). These are offset by forecast underspends in Funding Items (-£1.5m), People & Communities (P&C) (-£0.5m) and Place & Economy (P&E) (-£0.3m). See section 3 for details.
- The Capital Programme is forecasting a year-end underspend of -£1.2m at year-end. This includes use of the capital programme variations budget. See section 6 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 (July) £000	Service	Current Budget for 2021/22 £000	Actual (Aug) £000	Forecast Variance (Aug) £000	Forecast Variance (Aug) %	Overall Status	DoT
64,317	-205	Place & Economy	64,266	15,118	-289	-0.4%	Green	↑
302,530	-426	People & Communities	300,069	86,229	-496	-0.2%	Green	↑
0	0	Public Health	0	-26,029	0	-	Green	↓
25,489	1,064	Corporate Services	26,307	10,970	837	3.2%	Amber	↑
31,295	0	CS Financing	31,295	2,535	0	0.0%	Green	↔
423,632	433	Service Net Spending	421,937	88,823	52	0.0%	Green	↑
11,745	-1,362	Funding Items	13,440	13,440	-1,504	-	Green	↑
435,377	-930	Grand Total Net Spending	435,377	102,263	-1,452	-0.3%	Green	↑
155,583		Schools	155,583					
590,960		Total Spending 2021/22	590,960					

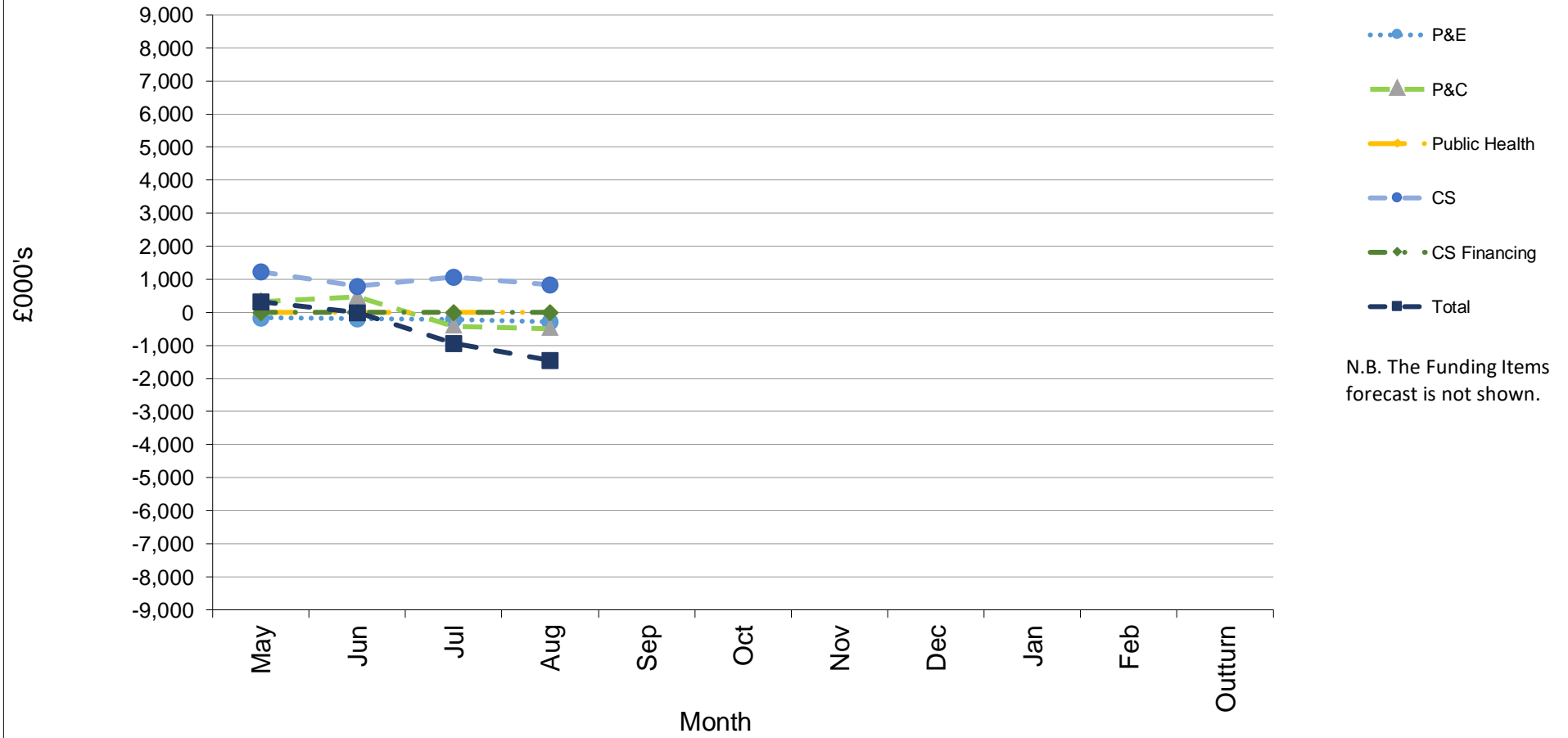
¹ The budget figures in this table are net.

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

³ The budget of £0k stated for Public Health is its cash limit budget. In addition to this, Public Health has a budget of £26.8m from ring-fenced public health grant, £15.6m from the Contain Outbreak Management Fund, £2.6m from the Enduring Transmission Grant, £1.8m from the Community Testing Grant, £1.1m from Test and Trace Support Grant and £0.5m from other grants which make up its gross budget.

⁴ The 'Funding Items' budget comprises the £9.2m Combined Authority Levy, the £424k Flood Authority Levy and £3.8m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e., more income received than budgeted.

Forecast Outturn Position 2021/22



3.2 Summary of Forecast Covid-19 Related Costs by Directorate for 2021/22

Directorate	Net Covid-19 Pressure £000
Place & Economy	1,220
People & Communities	13,061
Corporate Services	2,680
Total	16,961

These Covid-19 related costs are a mixture of additional expenditure, reduced income, and savings not delivered as a result of the pandemic. They are also net of any external funding received to cover specific functions and pressures (such as the Contain Outbreak Management Fund). Increasingly, some of these additional costs have been included within initial budgets and as such do not impact on the services' forecast outturns reported elsewhere within this report. However, the overall costs related to Covid-19 are still required to be categorized and reported to central government.

3.3 Key exceptions this month are identified below.

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

3.3.1 Place & Economy:

-£0.289m (-0.4%) underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).

3.3.2 People & Communities:

-£0.496m (-0.2%) underspend is forecast at year-end.

- Mental Health Services

Outturn Variance £m	Outturn Variance %
+0.612	(+4%)

A +£0.612m pressure is forecast. This is a decrease of £0.255m on the pressure position previously reported last month. It was reported last year that the Covid pandemic had a significant impact on mental health clients with the most acute needs in the short-term. However, there has been a significant increase in placements into care homes for this cohort into 2021/22. Similar to Older People's Services, there is considerable uncertainty around impact of the pandemic on longer-term demand for services, and so it is not yet clear whether the increase in placements is indicative of an emerging trend or a short-term outcome of the second wave.

In addition, pressure is emerging in community based-care with a number of high-cost supported living placements being made by Adult Mental Health services since the start of the year. It has previously been reported that Mental Health care teams are experiencing a significant increase in demand for Approved Mental Health Professional (AMHP) services, and the anticipated increase in the provision of

packages for working age adults with mental health needs may now be manifesting in reported commitment.

We will continue to review in detail the activity information and other cost drivers to validate this forecast position. This remains subject to variation as circumstances change and more data comes through the system.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£0.496m. For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

3.3.3 Public Health:

- A balanced budget is forecast for year-end.

- **Public Health Directorate Staffing and Running Costs**

Outturn Variance £m	Outturn Variance %
-0.298	(-13%)

A -£0.298m underspend is forecast. This is due to vacant posts. The current national demand for public health specialists is making recruitment very difficult and repeat advertising is being required for some posts leading to the forecast underspend across the staffing budgets.

- A combination of more minor variances sum with the above to lead to an overall balanced budget forecast; the -£1,297k underspend being reported in the Public Health directorate will be transferred to the Public Health ring-fenced grant reserve at year-end, leading to a balanced budget overall. For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

3.3.4 Corporate Services:

+£0.837m (+3.2%) pressure is forecast for year-end.

- **Collective Investment Funds**

Outturn Variance £m	Outturn Variance %
-0.290	(-53%)

A -£0.290m underspend is forecast. This relates in full to a change since last month. This is primarily due to income of £225k relating to last financial year which was not accounted for. In addition, from the latest report received we are now expecting an improvement on the return in this financial year.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£0.837m. For full and previously reported details, see the [CS Finance Monitoring Report](#).

3.3.5 CS Financing:

A balanced budget is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the [CS Finance Monitoring Report](#).

3.3.6 Funding Items:

-£1.504m underspend is forecast for year-end. There are no exceptions to report this month.

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

4. Key Activity Data

- 4.1 The latest key activity data for: Children in Care Placements; Special Educational Needs (SEN) Placements; Adults & Safeguarding; Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C and PH Finance Monitoring Report](#) (section 5).

5. Funding Changes

5.1 Taxation Counter-Fraud Initiative, and Business Rates Pool Dividend

[In December 2019](#), the former General Purposes Committee agreed a business case for a saving to be included in the 2019-24 business plan around investing alongside the local district councils in counter-fraud and compliance activity to increase Council Tax income. A saving from this activity was included and remains in the business plan for 2022/23, but requires an up front, one off investment from all partners (relative to the proportion of additional income received). The approach has been utilised successfully in Essex and Norfolk.

The beginning of the Covid-19 pandemic disrupted planning for this work, but it has since recommenced and approval for investment is being sought in the partner councils in the second half of 2021. After extensive discussions between the partners, it is still expected that this work can deliver additional revenue in return for an upfront investment, and so the original business case agreed by committee linked above remains valid. The County's share of the upfront investment is £464k over three years, and this funds staff who will be based in the district councils, as well as an IT system that assists with the review. The partner councils are progressing with agreeing their shares of the investment. The current split of the County's investment by district council is shown below, with the total anticipated cost per district across all partners shown for comparison:

Authority	Total costs across all partners		Contributions
	Staffing £	IT costs £	County Share £
Cambridge City	140,000	41,000	98,538
East Cambs	140,000	25,000	88,956
Fenland	140,000	27,000	85,592
Huntingdonshire	140,000	49,000	99,918
South Cambs	140,000	31,000	91,079
Totals	700,000	173,000	464,082

Total estimated gross savings for the project are £2.37m over 3 years across all authorities. The County's share would be £1.26m over 3 years, which is £420k per year.

In order to fund this, it is proposed to earmark part of the dividend the Council expects to receive this year from the Cambridgeshire business rates pool. This pool was set up in 2020/21 and continued into 2021/22 to ensure that any growth in business rates in Cambridgeshire remained fully with the local councils. The current forecast income in 2021/22 from the pool is projected to exceed the budgeted amount, and it is proposed to earmark up to £464k of this to fund the counter-fraud work outlined above. For context the business rate pool raised £1.78m for the Council in relation to 2020/21. The actual amount receivable in relation to 2021/22 will not be known until completion of NNDR3 forms by district councils in the spring.

Strategy & Resources Committee is asked to agree to earmark up to £464k of funding to enable investment in the cross-Cambridgeshire Council Tax counter-fraud work.

6. Capital Programme

6.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2021/22 Budget as per Business Plan £000	Forecast Variance - Outturn (July) £000	Service	Revised Budget for 2021/22 £000	Actual-Year to Date (Aug) £000	Forecast Variance - Outturn (Aug) £000	Forecast Variance - Outturn (Aug) %	Total Scheme Revised Budget (Aug) £000	Total Scheme Forecast Variance (Aug) £000
96,983	-	P&E	101,981	11,665	-	0.0%	545,916	-2,044
44,588	0	P&C	43,473	6,132	0	0.0%	534,966	-651
10,261	-1,004	Corporate Services	23,266	8,274	-1,154	-5.0%	196,194	-150
-	-	Outturn adjustment	-	-	-	-	-	-
151,832	-1,004	Total Spending	168,720	26,072	-1,154	-0.7%	1,277,076	-2,845

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2021/22 of £40.0m and is currently forecasting a balanced budget at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

6.2 2021-22 capital programme variations budgets

6.2.1 A summary of the use of the 2021-22 capital programme variations budgets by services is shown below. These variation budgets are set annually and reflect an estimate of the average variation experienced across all capital schemes, and reduce the overall borrowing required to finance our capital programme. There are typically delays in some form across the capital programme due to unforeseen events, but we cannot project this for each individual scheme. We therefore budget centrally for some level of delay. Any known delays are budgeted for and reported at scheme level. If forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Aug) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Aug) £000
P&E	-25,237	-2,650	2,650	10.50%	0
P&C	-5,805	-3,512	3,512	60.49%	0
CS	-5,620	-6,774	5,620	100.00%	-1,154
Outturn adjustment	-	-	-	-	-
Total Spending	-36,662	-12,936	11,782	32.14%	-1,154

6.2.2 As at the end of August, Corporate Services schemes have exceeded the capital variations budget allocated to them, forecasting an in-year underspend of -£1.2m. The current overall forecast position is therefore a -£1.2m underspend; the forecast will be updated as the year progresses.

6.3 Capital Current Year Key Exceptions

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

6.3.1 Place & Economy:

A balanced budget is forecast at year-end.

- Wisbech Town Centre Access Study

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Aug) £'000	Forecast Spend - Outturn Variance (Aug) £'000	Variance Last Month (July) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
3,822	1,778	-2,044	0	-2,044	-2,044	0

An in-year underspend of -£2.0m is forecast. Following a decision made by the Combined Authority in August, the scope of this scheme has been reduced to delivering Design and Land purchase only. This scheme is fully funded by contributions from the Combined Authority.

- P&E Capital Variation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Aug) £'000	Forecast Spend - Outturn Variance (Aug) £'000	Variance Last Month (July) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
-25,237	-22,587	2,650	517	2,133	0	2,650

As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when rephasing exceeds this budget. Therefore, the net £2.7m underspend is balanced by use of the capital variations budget. The £2.1m change since last month relates primarily to the change in forecast on the Wisbech Town Centre Access Study scheme as reported above, together with more minor variances.

- For full and previously reported details, see the [P&E Finance Monitoring Report](#).

6.3.2 People & Communities:

A balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

6.3.3 Corporate Services:

A -£1.154m (-5.0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details, see the [CS Finance Monitoring Report](#).

6.4 Capital Total Scheme Key Exceptions

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

6.4.1 Place & Economy:

A -£2.0m (-0.4%) total scheme underspend is forecast.

- Wisbech Town Centre Access Study

Total Scheme Revised Budget £'000	Total Scheme Forecast Spend - Outturn (Aug) £'000	Total Scheme Forecast Spend - Outturn Variance (Aug) £'000	Variance Last Month (July) £'000	Movement £'000
10,500	8,456	-2,044	-	-2,044

A **total scheme** underspend of -£2.0m is forecast on the Wisbech Town Centre Access Study scheme as noted earlier in section 6.3.1.

- For full and previously reported details, see the [P&E Finance Monitoring Report](#).

6.4.2 People & Communities:

A -£0.7m (-0.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the P&C Finance Monitoring Report.

6.4.3 Corporate Services:

A -£0.2m (-0.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [CS Finance Monitoring Report](#).

6.5 Capital Funding Changes

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

Funding Source	B'ness Plan Budget £m	Rolled Forward 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	16.1	3.5	-2.0	4.0	21.6	-	21.6	-	-
Basic Need Grant	-	1.0	-	-	1.0	-	1.0	-	-
Capital Maintenance Grant	3.1	2.2	-	0.7	6.1	-	6.1	-	-
Devolved Formula Capital	0.8	1.3	-	-0.0	2.0	-	2.0	-	-
Specific Grants	20.3	4.0	-2.4	5.0	26.9	-	21.9	-	-5.0
S106 Contributions & Community Infrastructure Levy	23.5	-0.3	-3.8	0.5	19.8	-	19.9	-	0.1
Capital Receipts	1.6	-	0.0	-0.3	1.3	-	1.5	-	0.2
Other Contributions	16.0	0.6	-2.8	6.7	20.5	-	18.9	-	-1.6
Revenue Contributions	-	-	-	-	-	-	-	-	-
Prudential Borrowing	70.4	21.6	-18.6	-3.9	69.5	-	74.6	-	5.1
TOTAL	151.8	33.8	-29.6	12.6	168.7	-	167.6	-	-1.2

¹ Reflects the difference between the anticipated 2020/21 year-end position used at the time of building the initial Capital Programme budget, as incorporated within the 2021/22 Business Plan, and the actual 2020/21 year-end position.

6.6 Mill Farmhouse

Additional prudential borrowing of £450k is requested across 2021/22 and 2022/23 for the Mill Farmhouse scheme, of which £58k relates to 2021/22. The scheme proposal is to demolish the existing house which has been deemed structurally beyond economical repair and to replace it with a new dwelling. Mill Farmhouse is a 3-bedroom bungalow extending to approximately 112 sqm and has been suffering from subsidence related issues for many years. This movement is particularly common in the Fenland area given the structure of the soils. This has been exacerbated by nearby large trees and movement of heavy machinery.

Following a structural survey by PRP Structural Engineers (PRP), their structural report confirmed that the dwelling's stability was compromised and beyond economic repair. The dwelling has been monitored on an ongoing basis, with only minor repairs in line with the budget having been undertaken to keep the house habitable during the tenant's occupation, whilst keeping these costs as low as possible. The dwelling has deteriorated further since the original survey to the point that a replacement dwelling is now required.

Demolishing the existing house and replacing it will enable the Council to comply with its obligations as Landlord to provide a structurally safe and habitable dwelling, as now defined by the Homes (Fitness for Human Habitation) Act 2018. A new dwelling will improve the capital value of the holding and protect annual rental income. The business case is for a total budget of £450k across 2021/22 and 2022/23 and is being requested in full now to obtain authorisation for the commencement of planning, design, competitive tendering and construction works this year. The proposal has been discussed with the County Farms Member Reference Group; a number of queries have been raised and responded to and the scheme is now forwarded to S&R for its decision. The scheme will be funded by borrowing; the annual cost of borrowing starting in 2023/24 is estimated at £18k and decreases each year thereafter.

Strategy & Resources Committee is asked to approve additional prudential borrowing of £450k across 2021/22 and 2022/23 for the Mill Farmhouse scheme.

6.7 March Future High Street Project

Fenland District Council (FDC) has engaged CCC following a successful bid for project funding to undertake the delivery of the March Future High Street Project. FDC and their appointed consultancy developed a feasibility study which contributed to the funding approval. CCC is to be the Delivery Agent for the project, which includes Preliminary Design and Investigation, Detailed Design, Construction Procurement and Construction. FDC will be the Project Sponsor and have overall responsibility for the project and will typically lead on consultation and stakeholder engagement and management. The scheme will be fully funded; CCC is due to receive funding of £336k in 2021-22 from FDC (£168k) and the Combined Authority (£168k). In total £6,023k funding is due to CCC for the scheme across 2021-22 to 2024-25.

Strategy & Resources Committee is asked to note the additional £0.4m contributions due in 2021/22 for the March Future High Street project as above.

6.8 St Neots Future High Street Project

Huntingdonshire District Council (HDC) has engaged CCC following a successful bid for project funding to undertake the delivery of the St Neots Future High Street Project. HDC and their appointed consultancy developed a feasibility study which contributed to the funding approval. CCC is to be the Delivery Agent for the project, which includes Preliminary Design and Investigation, Detailed Design, Construction Procurement and Construction. HDC will be the Project Sponsor and have overall responsibility for the project and will typically lead on consultation and stakeholder engagement and management. The scheme will be fully funded; CCC is due to receive funding of £349k in 2021-22. In total £8,522k funding is due to CCC for the scheme across 2021-22 to 2024-25.

Strategy & Resources Committee is asked to note the additional £0.3m contributions due in 2021/22 for the St Neots Future High Street project as above.

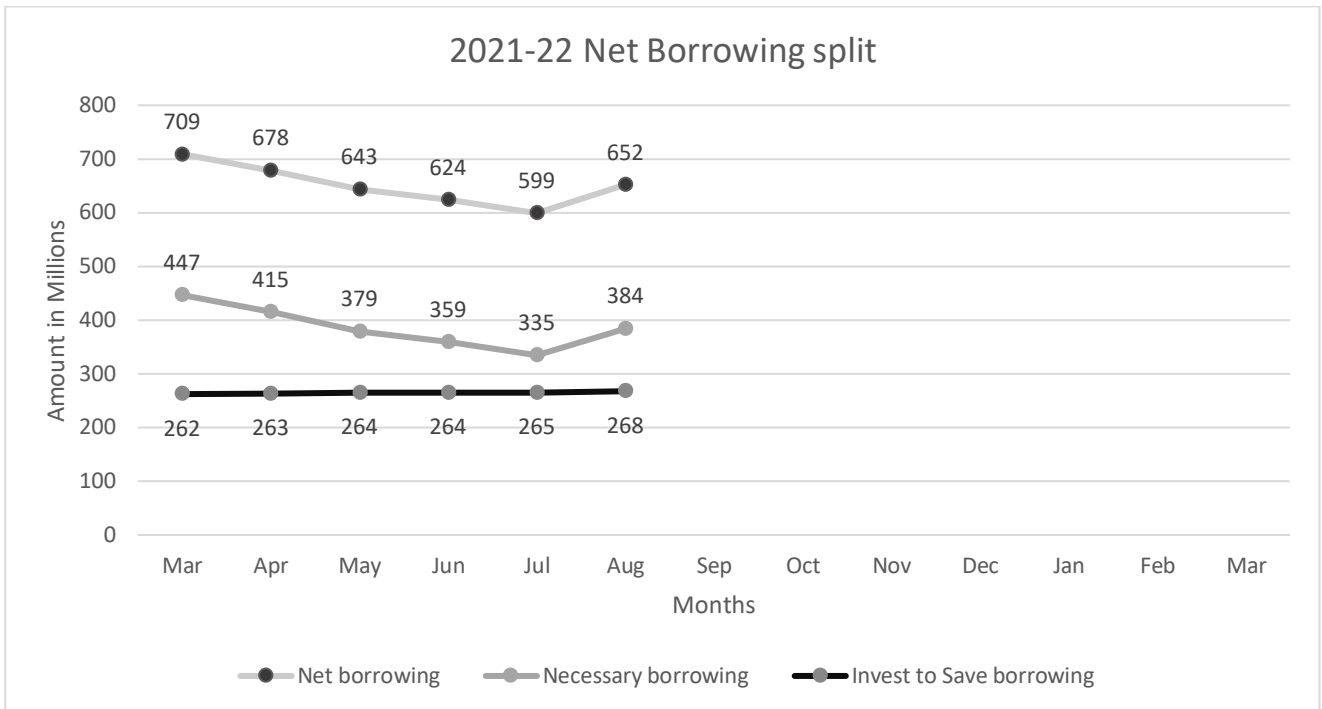
7. Balance Sheet

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

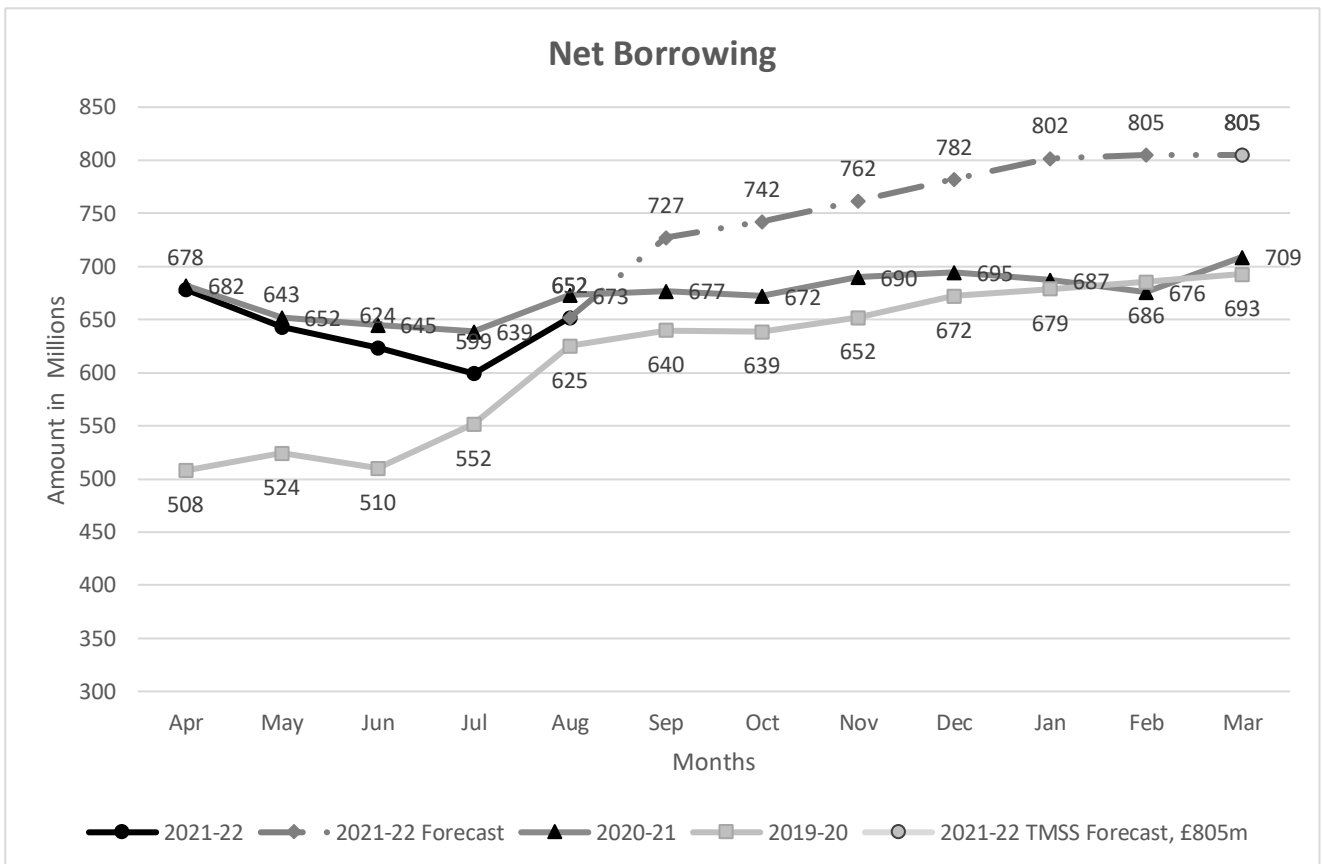
Measure	Year End Target	Actual as at the end of Aug 2021¹
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	88%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£9.59m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£2.14m
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	95.4%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	78.3%

¹ The debt figures exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. The amount of debt owed by Cambridgeshire & Peterborough CCG exceeding one year hold was £4.62m (a reduction from £6.1m reported in 2020-21). The overdue amounts primarily relate to funding contributions to nursing care and for aftercare provided under section 117 of the Mental Health Act. The CCG now funds care homes for nursing care directly, rather than via the Council, so this issue relates to historic sums accrued between 2017 and 2019. Individual payments continue to be received and officers are working to reconcile these to payments owed and allocate against specific invoiced amounts. Both the Council and the CCG continue to work together to agree, expedite and reconcile payments for clients eligible for NHS funding.

7.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2021-22, it is estimated that £268m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



7.3 The graph below shows net borrowing (borrowings less investments) on a month-by-month basis and compares the position with previous financial years. At the end of August 2021, investments held totalled £135.6m (excluding all 3rd party loans, Equity and This Land) and gross borrowing totalled £787.6m, equating to a net borrowing position of £652.0m.



7.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2020-21 actual net borrowing positions, cash flows at the

beginning of the year are typically stronger than at the end of the year, as many grant receipts are received in advance of spend (and due to the current Covid-19 pandemic the Council is in receipt of further grants compared to before the pandemic). The 2021-22 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

- 7.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2021-22 TMSS was set in February 2021, it anticipated that net borrowing would reach £805.0m by the end of this financial year.
- 7.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer-term borrowing should underlying interest rates be forecast to rise in a sustained manner.
- 7.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 7.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

8. Alignment with corporate priorities

8.1 Communities at the heart of everything we do

There are no significant implications for this priority.

8.2 A good quality of life for everyone

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

8.5 Protecting and caring for those who need us

There are no significant implications for this priority.

9. Significant Implications

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 Engagement and Consultation Implications

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

9.6 Localism and Local Member Involvement

There are no significant implications within this category.

9.7 Public Health Implications

There are no significant implications within this category.

9.8 Environment and Climate Change Implications on Priority Areas

9.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Positive

Explanation: The Mill Farmhouse capital proposal includes building a replacement dwelling. The new build will be completed in accordance with the latest building and design standards and regulations, incorporating in its design energy efficient design and energy provision from renewable sources, which complies with the Council's latest climate change targets and policies.

9.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Neutral

Explanation: There are no significant implications within this category

9.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Neutral

Explanation: There are no significant implications within this category:

9.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

9.8.6 Implication 6: Air Pollution.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Neutral

Explanation: There are no significant implications within this category

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Tom Kelly

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? No

Name of Officer: Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law? No

Name of Legal Officer: Not applicable

Have the equality and diversity implications been cleared by your Service Contact? No

Name of Officer: Not applicable

Have any engagement and communication implications been cleared by Communications?
No

Name of Officer: Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? No

Name of Officer: Not applicable

Have any Public Health implications been cleared by Public Health? No

Name of Officer: Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

10. Source documents

10.1 Source documents

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

Appendix 1 – transfers between Services throughout the year

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

Budgets and Movements	P&C £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	302,530	64,317	31,295	25,489	11,745
Adult's and Children's Recruitment transfer to HR	-177			177	
Permanent element of 2021-26 BP mileage saving C/R.6.104	-164	-5		169	
Centralisation of postage budget	-93	-40		133	
Redundancy and Pensions Corporate Services budget move to P&C	846			-846	
ICT Service (Education) transfer from CS to P&C	-200			200	
Communications transfer	-21			21	
Budget rebaselining as approved by S&R, 6th July	-2,411			716	1,695
Transfer of Qtr 1 Mileage Savings	-234	-7		240	
PPE budget to Property	-7			7	
Current budget	300,076	64,266	31,295	26,299	13,440
Rounding	0	0	0	0	0

Appendix 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2021 £000s	Movements in 2021-22 £000s	Balance at 31 Aug 2021 £000s	Forecast Balance at 31 March 2022 £000s	Notes
- County Fund Balance	26,094	1,619	27,713	29,166	
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS (LGSS Cambridge & Shared Services)	925	-22	903	903	
General Reserves subtotal	27,019	1,597	28,617	30,069	
4 Insurance	4,830	-91	4,739	4,739	
Specific Earmarked Reserves subtotal	4,830	-91	4,739	4,739	
5 P&C	0	0	0	0	
6 P&E	0	0	0	0	
7 Corporate Services	0	0	0	0	
Equipment Earmarked Reserves subtotal	0	0	0	0	
8 P&C	8,540	160	8,700	3,426	
9 PH	2,801	0	2,801	2,513	
10 P&E	5,184	-17	5,167	3,626	
11 Corporate Services	3,867	-20	3,847	2,818	
12 Transformation Fund	30,653	-4,063	26,590	21,448	Savings realised through change in MRP policy.
13 Innovate & Cultivate Fund	687	300	987	358	
14 Corporate- COVID	26,987	0	26,987	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
15 Specific Risks Reserve	2,140	0	2,140	2,140	
16 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
17 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
18 Collection Fund Volatility & Appeals Account	3,690	0	3,690	3,690	
19 Grant carry forwards	20,332	-20,332	0	0	Carry forward of unspent grant to spend in accordance with purposes for which the grant was given. At 2020-21 year-end £14.6m related to specific Covid related grants.
Other Earmarked Funds subtotal	113,671	-23,972	89,698	75,796	
SUBTOTAL	145,520	-22,466	123,054	110,604	
20 P&C	3,592	0	3,592	0	
21 P&E	7,315	941	8,256	0	
22 Corporate Services	10,861	1,151	12,012	0	
23 Corporate	49,816	17,220	67,037	54,152	Section 106 and Community Infrastructure Levy balances.
Capital Reserves subtotal	71,584	19,312	90,897	54,152	
GRAND TOTAL	217,105	-3,154	213,951	164,756	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long-term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

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

Appendix 3

Service: Corporate Services

Subject: Finance Monitoring Report – August 2021

Key Indicators

Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Amber	1.1 – 1.3
Green	Capital Programme	Remain within overall resources	Green	2

Contents

Section	Item	Description	Page
1	Revenue Executive Summary	High level summary of information; By Directorate Narrative on key issues in revenue financial position	2-5
2	Capital Executive Summary	Summary of the position of the Capital programme	6
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	6
4	Technical Note	Explanation of technical items that are included in some reports	6-7
Appx 1	Service Level Financial Information	Detailed financial tables for Corporate Services	8-9

1.2 Summary of Revenue position by Directorate

The service level budgetary control report for Corporate Services & Financing Costs for the year 2021/22 can be found in [appendix 1](#).

Outturn Variance (previous) £'000	Directorate	Budget £'000	Actual £'000	Outturn Variance £'000	Outturn Variance %	Status
164	Customer & Digital Services	16,901	9,509	126	0.7%	Amber
0	Business Improvement & Development	1,656	1,780	2	0.1%	Amber
7	Resources Directorate	6,980	57	1	0.0%	Amber
-31	Legal & Governance	2,345	895	-26	-1.1%	Green
0	Corporate & Miscellaneous	6,923	1,332	0	0.0%	Green
521	Investment Activity	-11,056	-4,640	332	3.0%	Green
401	Property Services	2,557	2,039	401	15.7%	Amber
0	Financing Costs	31,295	2,535	0	0.0%	Green
1,064	Total	57,602	13,505	837	1.5%	Amber

Further analysis can be found in appendix 2 for Corporate Services

1.3 Significant Issues

Corporate Services are currently forecasting an overspend of £837k a decrease of £227k since last month.

Significant issues are detailed below:

Customer & Digital Services

Corporate and Digital Services budgets are currently forecasting an overspend of £126k, an improvement of £38k from the position reported last month. This favourable movement is mainly due to an additional staff vacancy saving in Customer Services and Emergency Management.

Business Improvement & Development

Business Improvement & Development budgets are currently forecasting an overspend of £2k.

There are no exceptions to report this month.

Resources Directorate

The Resources Directorate budgets is currently forecasting an overspend of £1k, a decrease of £6k from the previous forecast.

There are no exceptions to report this month.

Legal and Governance

Legal and Governance budgets are currently forecasting an underspend of £26k, a decrease of £5k from the previous forecast.

There are no exceptions to report this month.

Corporate & Miscellaneous

Corporate & Miscellaneous budgets are currently forecasting a balanced position.

Investment Activity

Investment Activity is currently forecasting an overspend of £332k, a decrease of £189k since last month due to:

- A review has been undertaken of the current advertising and sponsorship income. Opportunities are being explored for further products to achieve some advertising and sponsorship income, as well as discussions being held with local authority partners to achieve greater economies of scale in joint contractual arrangements. A contract previously held for some advertising income has now expired, having been in place for some years, and the opportunity to update terms is being taken and we expect to return to the market for procurement in the autumn. To reflect the time required to negotiate these arrangements, we anticipate a temporary in-year reduction of the target to £100k.
- The Collective Investment Funds budget is currently forecasting an overachievement of £290k. We're expecting an improved return in investment from the multi-class credit fund, and £225k for a period during last financial year which was not budgeted for.

Property Services

Property Services is currently forecasting an overspend of £401k, same as the previous forecast.

There are no exceptions to report this month.

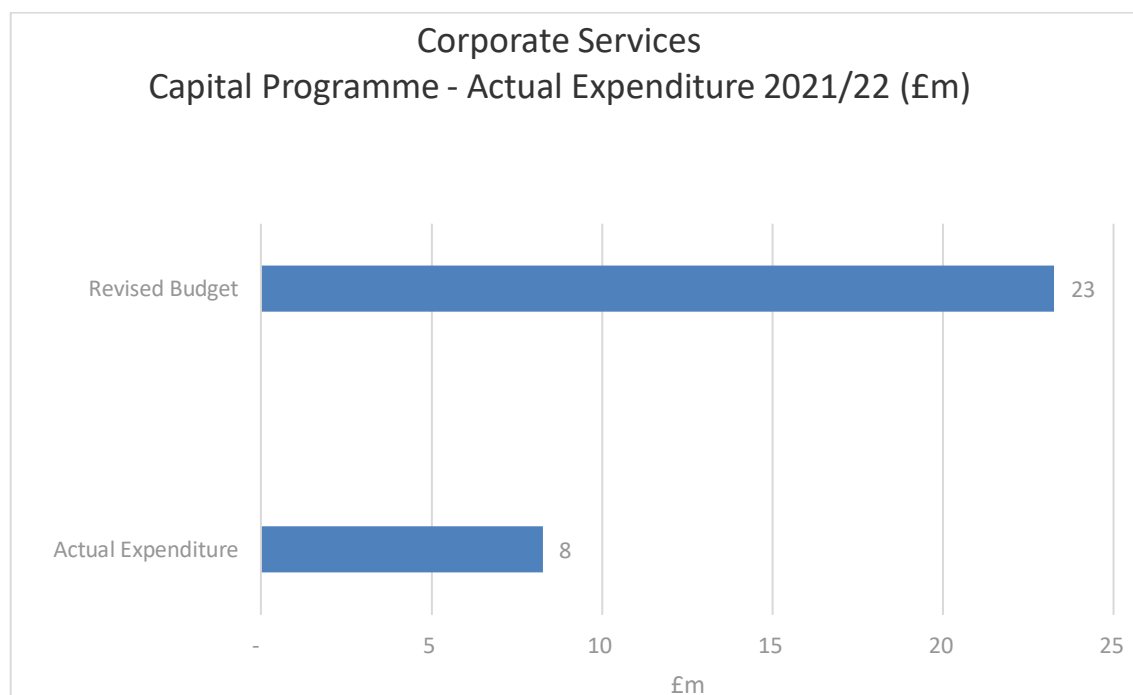
Financing Costs

Financing costs are currently predicting a balanced position.

2. Capital Executive Summary

2.1 Expenditure

Corporate Services has a capital budget of £23,266k and expenditure to date of £8,274k in 2021/22.



There are no exceptions to report this month.

Please note the variations budget has been updated to reflect the recent changes to the hierarchy, resulting in a lower figure and therefore increasing the overall budget from £15m to £23m.

Details of the capital variances and funding can be found in appendix 3

2.2 Funding

Corporate Services has a capital budget of £15m in 2021/22. This includes £5m of funding carried forward from 2020/21.

Mill Farmhouse

Additional prudential borrowing of £450k is requested across 2021/22 and 2022/23 for the Mill Farmhouse scheme, of which £58k relates to 2021/22. The scheme proposal is to demolish the existing house which has been deemed structurally beyond economical repair and to replace it with a new dwelling. Mill Farmhouse is a 3-bedroom bungalow extending to approximately 112 sqm and has been suffering from subsidence related issues for many years. This movement is particularly common in the Fenland area given the structure of the soils. This has been exacerbated by nearby large trees and movement of heavy machinery.

Following a structural survey by PRP Structural Engineers (PRP), their structural report confirmed that the dwelling's stability was compromised and beyond economic repair. The

dwelling has been monitored on an ongoing basis, with only minor repairs in line with the budget having been undertaken to keep the house habitable during the tenant's occupation, whilst keeping these costs as low as possible. The dwelling has deteriorated further since the original survey to the point that a replacement dwelling is now required.

Demolishing the existing house and replacing it will enable the Council to comply with its obligations as Landlord to provide a structurally safe and habitable dwelling, as now defined by the Homes (Fitness for Human Habitation) Act 2018. A new dwelling will improve the capital value of the holding and protect annual rental income. The business case is for a total budget of £450k across 2021/22 and 2022/23 and is being requested in full now to obtain authorisation for the commencement of planning, design, competitive tendering and construction works this year. The proposal has been discussed with the County Farms Member Reference Group; a number of queries have been raised and responded to and the scheme is now forwarded to S&R for its decision. The scheme will be funded by borrowing; the annual cost of borrowing starting in 2023/24 is estimated at £18k and decreases each year thereafter.

3. Savings Tracker Summary

The savings tracker is produced quarterly. The Q1 table can be found in appendix 4

4. Technical Notes

A technical financial appendix has been included as appendix 5 for Corporate Services.

This appendix covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of corporate services from other services (but not within corporate services), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down.

Appendix 1 – Corporate Services Level Financial Information

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual August 2021 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
-	Customer & Digital Services	-	-	-	
30	Director, Customer & Digital Services	415	300	21	5%
3	Chief Executive	130	2	3	2%
17	Communication and Information	737	425	13	2%
-91	Customer Services	2,034	821	-117	-6%
215	IT & Digital Service	2,499	2,101	218	9%
-3	IT Managed	7,197	4,446	-3	0%
0	Elections	170	14	0	0%
-42	Human Resources	1,622	681	-42	-3%
0	Health, Safety & Wellbeing	181	39	0	0%
34	Learning & Development	1,916	680	34	2%
164	Customer & Digital Services Total	16,901	9,509	126	1%
	Business Improvement & Development				
1	Policy, Design and Delivery	613	1,133	3	1%
-1	Business Intelligence	1,043	647	-1	0%
0	Business Improvement & Development Total	1,656	1,780	2	0%
	Resources Directorate				
0	Resources Directorate	374	136	0	0%
7	Professional Finance	1,835	1,073	0	0%
0	Procurement	613	268	0	0%
-2	CCC Finance Operations	338	121	1	0%
0	Shared Finance Operations	434	387	0	0%
0	Insurance	2,229	164	0	0%
0	External Audit	75	-96	0	0%
1	Shared Services	1,082	-1,997	0	0%
7	Resources Directorate Total	6,980	57	1	0%
	Legal & Governance				
0	Legal & Governance Services	103	60	0	0%
0	Information Management	875	311	0	0%
12	Democratic & Member Services	326	117	16	5%
-43	Members' Allowances	1,041	407	-43	-4%
-31	Legal & Governance Total	2,345	895	-26	-1%
	Corporate & Miscellaneous				
0	Central Services and Organisation-Wide Risks	3,989	0	0	0%
0	Investment in Social Care Capacity	1,300	0	0	0%
0	Subscriptions	110	32	0	0%
0	Authority-wide Miscellaneous	94	-129	0	0%
0	Transformation Fund	1,429	1,429	0	0%
0	Corporate & Miscellaneous Total	6,923	1,332	0	0%
	Investment Activity				
521	Property Investments	-3,544	-232	522	15%
0	Shareholder Company Dividends & Fees	-491	16	0	0%
0	Housing Investment (This Land Company)	-6,063	-3,918	0	0%
0	Contract Efficiencies & Other Income	-201	-0	100	50%
0	Collective Investment Funds	-544	11	-290	-53%
0	Investments	26	108	0	0%
0	Renewable Energy Investments	-239	-626	0	0%
521	Commercial Activity Total	-11,056	-4,640	332	3%
	Property Services				
400	Facilities Management	5,181	2,228	400	8%
0	Property Services	799	383	0	0%
1	Property Compliance	204	-550	1	0%
-0	County Farms	-4,329	174	0	0%

Previous Forecast Outturn Variance £000's	Service	Budget 2021/22 £000's	Actual August 2021 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
1	Strategic Assets	703	-196	1	0%
401	Property Services Total	2,557	2,039	401	16%
	Financing Costs				
0	Debt Charges and Interest	31,295	2,535	0	0%
0	Financing Costs Total	31,295	2,535	0	0%
1,064	Total	57,602	13,505	837	1%

The full appendices to this report can be viewed in the [online version](#).