

## Integrated Finance Monitoring Report for the period ending 31 October 2020

To: General Purposes Committee

Meeting Date: 22 December 2020

From: Chief Finance Officer

Electoral division(s): All

Forward Plan ref: 2020/020

Key decision: Yes

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

Recommendation: General Purposes Committee (GPC) is recommended to:

Note the receipt of the £5.2m Contain Outbreak Management Fund (COMF) from the Department of Health and Social Care for ring-fenced purposes, and delegating agreement of detailed allocations to the Director of Public Health and Chief Finance Officer, as set out in section 5.1.

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## 1. Purpose

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

## 2. Overview

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

## Finance and Key Activity

<b>Revenue budget forecast outturn</b>  -£0.4 m (-0.1%) forecast year end variance, however there is major uncertainty about pandemic impact in the second half of the year  <b>Amber</b>	This is a £0.325m increase in the revenue underspend since last month's forecast.  Forecast use of grant for Covid-19 pressures has decreased by £1.4m.  There is a £5.8m decrease in the forecast capital year-end variance compared to last month.	<b>Capital programme forecast outturn</b>  -£6.0m (-3.1%) forecast year end variance  <b>Green</b>
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## Number of service users supported by key care budgets

<b>Older people aged 65+ receiving long term services</b>	<b>Oct-20</b>	<b>May-20</b>	<b>Trend since May 20</b>
Nursing	473	472	Stayed the same
Residential	867	898	Decreasing
Community	1,851	1,861	Decreasing

<b>Adults aged 18+ receiving long term services</b>	<b>Oct-20</b>	<b>May-20</b>	<b>Trend since May 20</b>
Nursing	70	72	Stayed the same
Residential	356	351	Stayed the same
Community	2,373	2,360	Stayed the same

<b>Children open to social care</b>	<b>Oct-20</b>	<b>Apr-20</b>	<b>Trend since Apr 20</b>
Children in Care	681	730	Decreasing
Child Protection	399	324	Increasing

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 -£0.4m. The pressures are largely within People & Communities (P&C) (+£12.1m), Place & Economy (P&E) (+£3.3m), Commercial & Investment (C&I) (+£2.4m), and LGSS Operational (£0.6m). These are offset by underspends in Funding Items (-£18.2m), CS Financing (-£0.4m) and Corporate Services (-£0.2m). See section 3 for details.
- The Capital Programme is forecasting a year-end underspend of -£6.0m 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 (Sept) £000	Service	Current Budget for 2020/21 £000	Actual (Oct) £000	Forecast Variance (Oct) £000	Forecast Variance (Oct) %	Overall Status	DoT	Covid-19 Financial Impact £000	Non Covid-19 Financial Impact £000
56,470	3,272	Place & Economy	56,443	24,594	3,278	5.8%	Red	↓	4,817	-1,539
275,096	13,408	People & Communities	275,588	156,061	12,144	4.4%	Red	↑	15,532	-3,388
0	0	Public Health	10	-10,817	0	-	Green	↑	157	-157
29,440	-162	Corporate Services	35,022	25,508	-216	-0.6%	Green	↑	491	-707
-9,277	2,456	Commercial & Investment	-9,159	-2,103	2,403	-	Red	↑	2,611	-208
29,570	0	CS Financing	29,570	4,205	-400	-1.4%	Green	↑	0	-400
<b>381,299</b>	<b>18,974</b>	<b>Service Net Spending</b>	<b>387,474</b>	<b>197,448</b>	<b>17,209</b>	<b>4.4%</b>	Red	↑	<b>23,608</b>	<b>-6,399</b>
16,844	-19,606	Funding Items	16,844	7,411	-18,166	-	Green	↓	-	-
<b>398,143</b>	<b>-632</b>	<b>Subtotal Net Spending</b>	<b>404,318</b>	<b>204,859</b>	<b>-957</b>	<b>-0.2%</b>	Amber	↑	<b>23,608</b>	<b>-6,399</b>
6,286	557	Memorandum items: LGSS Operational	7,069	4,972	557	7.9%	Amber	↔	0	557
	<b>-75</b>	<b>Grand Total Net Spending</b>	<b>411,387</b>	<b>209,831</b>	<b>-400</b>	<b>-0.1%</b>	Amber	↑	<b>23,608</b>	<b>-5,842</b>
148,989		Schools	148,989							
<b>553,418</b>		<b>Total Spending 2021/21</b>	<b>560,376</b>							

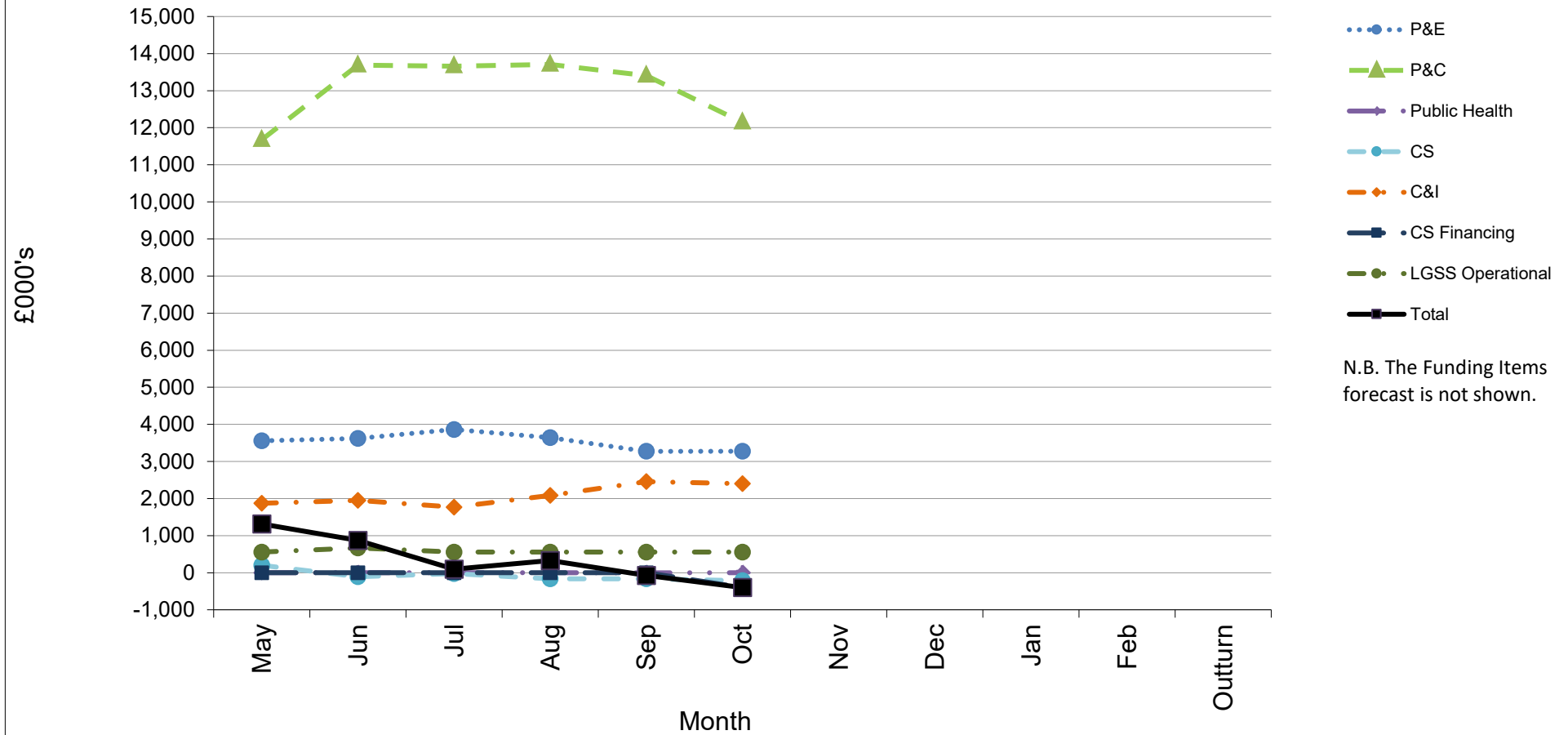
<sup>1</sup> The budget figures in this table are net.

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

<sup>3</sup> The budget of £10k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £26.4m from ring-fenced public health grant and £2.5m from Test and Trace Support Grant, which make up its gross budget.

<sup>4</sup> The 'Funding Items' budget comprises the £9.0m Combined Authority Levy, the £416k Flood Authority Levy and £7.4m 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 2020/21



3.1.1 In addition to the County Council forecast shown above for management accounting purposes, the Council is also monitoring and estimating the full potential financial consequences of the pandemic through an additional and enhanced process. The latest position as at 10 December is shown below:

Sum of Gross u	Column Lab												
Row Labels	Ring Fenced Grant	New Commitments	Income forgone	Savings Shortfall	Total	MHCLG	NHS	DSG	PCC	T&T	Other	SFC	Net total
Adults		31,308	416	5,082	36,806		-9,891		-225		-11,577		15,113
C&I		179	2,068	98	2,345								2,345
Communities		3,743	879		4,622				-148		-1,864		2,610
CYP	871	5,268	3,201	1,405	10,745			-871			-1,281		8,593
GPC		1,530	542	650	2,722				-301	-182			2,239
Health		7,702		17	7,719					-2,311	-5,228		180
E&S		594	291		885								885
H&T		4,187	3,808	990	8,985						-2,142		6,843
<b>Total</b>	<b>871</b>	<b>54,511</b>	<b>11,205</b>	<b>8,242</b>	<b>74,829</b>								
						-34,893						-4,153	-39,046
<b>GRAND TOTAL</b>	<b>871</b>	<b>54,511</b>	<b>11,205</b>	<b>8,242</b>	<b>74,829</b>	<b>-34,893</b>	<b>-9,891</b>	<b>-871</b>	<b>-674</b>	<b>-2,493</b>	<b>-22,092</b>	<b>-4,153</b>	<b>-238</b>

#### Key to abbreviations

MHCLG	– Ministry of Housing, Communities & Local Government
DSG	– Dedicated Schools Grant
PCC	– Peterborough City Council
T&T	– Test & Trace
SFC	– Sales, Fees and Charges
C&I	– Commercial & Investment
CYP	– Children and Young People
GPC	– General Purposes Committee
E&S	– Environment & Sustainability
H&T	– Highways & Transport

Other funding includes the Contain Outbreak Management Fund, Infection Control Grant, Transport funding from the Combined Authority, and grants from DEFRA and DWP.

- 3.1.2 This illustrates a potential financial impact, this year, on the Council of over £74m. The Council's in-year financial position has improved as a result of the confirmation of further government funding, including from the Contain Outbreak Management Fund, meaning that the Council now forecasts that there is sufficient funding in the current financing year to cover the pressures arising this year.
- 3.1.3 This method of anticipating the financial impact on the Council differs from the overall forecast shown on the previous page on a management accounting basis. At this stage there remain major variables and uncertainties about the impact of the pandemic and the approach remains that GPC continues to hold the MHCLG unringfenced funding centrally to offset a variety of risks across different departments of the Council.

### 3.2 Key exceptions this month are identified below.

#### 3.2.1 Place & Economy:

+£3.278m (+5.8%) pressure is forecast at year-end.

- Parking Enforcement

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+3.232	(-%)

A +£3.232m pressure is forecast. This is an increase of £0.273m on the position reported last month. With restrictions around the Covid-19 virus, there is expected to be a significant shortfall in income especially for on-street parking and bus lane enforcement. The assumptions behind this shortfall are continually being monitored.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£3.278m. For full and previously reported details, see the [P&E Finance Monitoring Report](#).

#### 3.2.2 People & Communities:

+£12.144m (+4.4%) pressure is forecast at year-end.

- Strategic Management - Adults

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+7.032	(+96%)

A +£7.032m pressure is forecast. This is an increase of £0.793m on the position previously reported last month. The increase is due to a provision being made for potential worsening of the financial position across Adult Services over the coming months due to the second national lockdown.

- Physical Disabilities

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+1.138	(+9%)

A +£1.138m pressure is forecast. This is an increase of £0.320m on the position previously reported in July and relates in full to a change since last month. The service has provided increased volumes of community-based support to clients since the start of the financial year which has resulted in higher than budgeted spend. This trend is continuing, and has resulted in the increase in forecast this month.

- Mental Health

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-1.028	(-8%)

A -£1.028m underspend is forecast. This is an increase of £0.370m on the underspend position previously reported in May, and relates in full to a change since last month.

New placements out of hospital or to facilitate avoidance of admission into hospital received full NHS funding for a short period, which has now come to an end. Work has been completed to further refine the assumptions regarding the financial impact of



clients with assessed mental health social care needs returning to local authority funding streams. This, together with one-off net savings from ongoing work to secure appropriate funding for service users with health needs, has resulted in the favourable movement in forecast this month.

- Think Communities

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+1.443	(+326%)

A +£1.443m pressure is forecast. This is an increase of £0.277m on the pressure position previously reported in June, of which £0.275m relates to a change since last month. The increase is mainly due to a £175k contribution to the Cambridgeshire Coronavirus Fund and the financial impact of the staff redeployed to Covid-19 response work until the end of September, predominantly supporting those who are shielding. This redeployment recharge is cost-neutral to the Council overall.

- Strategic Management - Children & Safeguarding

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.600	(-17%)

A -£0.600m underspend is forecast, of which £0.370m relates to a change since last month. This is made up of a forecast underspend of -£380k related to a service restructure which has been put on hold, realising an in-year saving whilst posts remain vacant and a further -£300k due to a combination of posts becoming vacant and recruitment to vacancies taking longer than anticipated in the current climate. This is partially offset by additional costs of £80k associated with the use of the Grafham Water Centre to provide temporary accommodation to vulnerable young people during the Covid-19 crisis.

- Children in Care

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-1.050	(-6%)

A -£1.050m underspend is forecast. This is an increase of £0.450m on the underspend position previously reported in July, of which £0.300m relates to a change since last month. This is in respect of the unaccompanied asylum seeker children (UASC) and Leaving care budgets. The increased underspend is due to the movement of more young people to lower cost but appropriate accommodation (£150k) and a revised forecast based on additional funding from the Home Office across both cohorts the grant supports. This improved position in 2020/21 has enabled £300k of base budget from this service to be offered up as a Business Planning saving in 2021/22.

- SEND Specialist Services (0 - 25 years)

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+11.593	(+30%)

An £11.593m pressure is forecast. This is a decrease of £0.844m on the position previously reported in May and relates in full to a change since last month. Based on current available funding levels compared to the continuing increase in the number of children and young people with an Education, Health and Care Plan (EHCP), and the complexity of need of these young people, the underlying in-year pressure on the High Needs Block element of the Dedicated Schools Grant (DSG) funded budgets is

estimated to be in the region of £11.4m for 2020/21. This includes savings in relation to funding devolved to secondary schools through the Behaviour and Attendance Improvement Partnerships (BAIP's) implemented from September and savings as a result of a number of high cost placements. Due to Covid-19 it is likely that a number of the remaining savings initiatives will be delayed and as such savings not realised until later in the year.

- **Financing DSG**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-11.286	(-16%)

An -£11.286m required contribution from the Dedicated Schools Grant (DSG) is forecast, which is a decrease of £1.151m on the position previously reported in May and relates in full to a change since last month. This contribution represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. Within P&C, spend of £69.3m is funded by the ring-fenced DSG. Pressures on SEND Financing (£12.74m); SEN Placements (£0.56m); Schools Partnership (£0.02m) and savings within SEND Specialist Services (-£0.83m); High Needs Top Up Funding (-£0.79m); Alternative Provision and Inclusion (-£0.29m) and 0-19 Organisation & Planning (-£0.13m) will be carried forward as a deficit on the DSG. The final DSG balance brought forward from 2019/20 was a deficit of £16.6m.

- **Children in Care Transport**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.500	(-28%)

A -£0.500m underspend is forecast, which relates in full to a change since last month. This underspend is as a result of a number of factors including improved procurement and route planning processes, an ongoing reduction in the number of children in care, and reduced spend on contact visits over the summer term due to the majority of these taking place remotely.

- **Executive Director**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.414	(-22%)

A -£0.414m underspend is forecast. This is a change of -£0.841m on the pressure position previously reported last month. The main cause of the underspend is a service-wide reduction in mileage spend, now assumed to continue through to at least the end of the third quarter. This line also includes substantial spend on Personal Protective Equipment (PPE); as the impact of the national scheme to provide free PPE to councils becomes clearer, projections around spend on equipment in the second part of the year will likely reduce.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£12.144m. For full and previously reported details, see the [P&C Finance Monitoring Report](#).

### 3.2.3 Public Health:

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

### 3.2.4 Corporate Services:

-£0.216m (-0.6m%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the [CS & LGSS Finance Monitoring Report](#).

### 3.2.5 CS Financing:

-£0.400m underspend is forecast for year-end.

- Debt Charges

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.400	(-1.4%)

Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a £400k forecast underspend. Whilst the cost of PWLB borrowing has been significantly higher over the past 12 months, the Council has been able to take advantage of lower rates on Local Authority borrowing in refinancing some of its existing loans. The cashflow position will continue to be monitored closely over the remaining months of the year and levels of borrowing will be adjusted accordingly.

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

### 3.2.6 Commercial & Investment:

+£2.403m (-%) pressure is forecast for year-end.

- Property Investments

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+0.928	(+25%)

A +£0.928m pressure is forecast. This is a decrease of £0.258m on the position last month. The improvement is from a reduction in the current expected loss from rental income for two of the Council's properties due to the impact of the Covid-19 pandemic; this is now forecast to be £1,152k rather than £1,411k.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of +£2.403m. For full and previously reported details, see the [C&I Finance Monitoring Report](#).

### 3.2.7 Funding Items:

-£18.166m underspend is forecast for year-end. This relates to forecast usage of the unbudgeted Covid-19 support grant from MHCLG in relation to forecast pressures as a result of the Covid-19 pandemic. The amount of Covid-19 grant identified as required has decreased by £1.4m since the previous report last month.

### 3.2.8 LGSS Operational:

+£0.557m (+8.1%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details, see the [CS & LGSS Finance Monitoring Report](#).

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 Finance Monitoring Report](#) (section 5).

## 5. Funding Changes

### 5.1 Contain Outbreak Management Fund

The County Council has been allocated £5.228m Contain Outbreak Management Fund (COMF) funding from the Department of Health & Social Care, received in November 2020. The Contain Outbreak Management Fund provides funding to local authorities in England to help reduce the spread of coronavirus and support local public health. The Director of Public Health and Chief Finance Officer have developed a protocol for allocation of the funds rapidly to priorities across CCC.

General Purposes Committee is asked to note the receipt of the £5.2m Contain Outbreak Management Fund (COMF) from the Department of Health and Social Care for ring-fenced purposes, and delegating agreement of detailed allocations to the Director of Public Health and Chief Finance Officer.

## 6. Capital Programme

### 6.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2020/21 Budget as per Business Plan £000	Forecast Variance - Outturn (Sept) £000	Service	Revised Budget for 2020/21 £000	Actual-Year to Date (Oct) £000	Forecast Variance - Outturn (Oct) £000	Forecast Variance - Outturn (Oct) %	Total Scheme Revised Budget (Oct) £000	Total Scheme Forecast Variance (Oct) £000
29,051	-	P&E	54,520	16,150	-	0.0%	428,371	-
61,817	3,014	P&C	50,754	21,854	3,482	6.9%	574,180	-
11,006	-3,296	Corporate Services	16,134	2,843	-3,840	-23.8%	74,043	-727
74,569	0	C&I	71,443	25,878	-5,676	-7.9%	428,522	-11,323
-	-	Outturn adjustment	-	-	-	-	-	-
<b>176,443</b>	<b>-282</b>	<b>Total Spending</b>	<b>192,852</b>	<b>66,725</b>	<b>-6,035</b>	<b>-3.1%</b>	<b>1,505,116</b>	<b>-12,050</b>

#### 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 2020/21 of £37.4m and is currently forecasting an in-year underspend of -£1.0m at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

### 6.2 2020-21 capital programme variations budgets

6.2.1 A summary of the use of the 2020-21 capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when re-phasing exceeds this budget.

Service	Capital Programme Variations Budget £000	Forecast Variance - Outturn (Oct) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Oct) £000
P&E	-12,043	-2,120	2,120	17.60%	0
P&C	-6,523	-3,041	3,041	46.62%	3,482
CS	-4,010	-7,850	4,010	100.00%	-3,840
C&I	-17,625	-23,301	17,625	100.00%	-5,676
Outturn adjustment	-	-	-	-	-
<b>Total Spending</b>	<b>-40,201</b>	<b>-36,313</b>	<b>26,796</b>	<b>66.66%</b>	<b>-6,035</b>

6.2.2 As at the end of October, C&I and Corporate Services schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£5.7m and -£3.8m respectively. People & Communities are declaring an in-year pressure of

£3.5m, as the level of variation is not expected to fully use the -£6.5m P&C capital variations budget. The current overall forecast position is therefore a -£6.0m 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 are identified below.

#### 6.3.1 Place & Economy:

A balanced budget is forecast at year-end.

- King's Dyke

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
10,400	9,063	-1,337	-642	-695	0	-1,337

An in-year underspend of -£1.3m is forecast. This is an increase of £0.7m on the underspend position previously reported last month. The underspend is forecast this year based on a revised forecast expenditure profile received from the contractor. The contractor is continuing construction work on site alongside the design work, which will continue over the coming months. Earthworks are ongoing at the western end of the scheme with surcharge now being placed. The contractor has also started work on the underpass and the main compound is now complete. The construction is due to complete by December 2022.

- P&E Capital Variation

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
-12,043	-9,923	2,120	931	1,189	0	2,120

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 £2.1m underspend is balanced by use of the capital variations budget; this relates primarily to the underspend on King's Dyke together with more minor variances

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

### 6.3.2 People & Communities:

A +£3.5m (+6.9%) in-year pressure is forecast at year-end.

- Adaptations

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1	550	549	300	249	0	549

An in-year pressure of +£0.5m is forecast across Adaptations schemes. This is an increase of £0.3m on the pressure previously reported in August, and relates in full to a change since last month. This is primarily due to changes on the scheme outlined below:

- Duxford - Fire Damage Rebuild

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
0	550	550	300	250	0	550

This programme will be added to the 2021-22 business plan and a full business case has been submitted to Capital Programme Board. In response to the fire £550k of works is anticipated in 2020-21 for demolitions, temporary works and commencing redesign.

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

### 6.3.3 Corporate Services:

A -£4.023m (-26.1%) underspend is forecast at year-end.

- Capitalisation of Redundancies

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance: Rephasing £'000
1,036	300	-736	-	-736	-736	-

An underspend of £0.736m is forecast on capitalisation of redundancies. The amount of funding required from capital receipts for redundancies in 2020-21 is expected to be a maximum of £300k, a forecast underspend of £736k. This will reduce the capital receipts requirement in 2020-21 by £736k. The total scheme forecast has also reduced accordingly. (See also 5.4.3.)

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

### 6.3.4 Commercial & Investment:

A balanced budget is forecast at year-end.

- Commercial Investments

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
11,323	0	-11,323	0	-11,323	-11,323	0

An in-year underspend of -£11.3m is forecast. There are no active plans at this stage for investment prior to the end of the financial year, given the current market conditions and general uncertainty. This will reduce the capital receipts requirement by £11.3m.

- Housing Schemes

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
42,300	32,500	-9,800	-	-9,800	0	-9,800

An in-year underspend of -£9.8m is forecast. As a result of positive cashflows into the company, lending to This Land will be lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase. This will reduce the borrowing requirement in year by £9.4m and the capital receipts requirement by £0.4m.

- C&I Capital Variation

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Oct) £'000	Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
-17,625	0	17,625	2,179	15,446	0	17,625

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 £17.6m of the net underspend is balanced by full utilisation of the capital variations budget; this relates primarily to the underspends as reported above, together with more minor variances.

- For full and previously reported details, see the [C&I 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 are identified below:

### 6.4.1 Place & Economy:

A total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).



#### 6.4.2 People & Communities:

A total scheme balanced budget 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 -£0.727m (-1.1%) total scheme underspend is forecast.

- Capitalisation of Redundancies

Total Scheme Revised Budget £'000	Total Scheme Forecast Spend - Outturn (Oct) £'000	Total Scheme Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000
6,087	5,351	-736	0	-736

A total scheme underspend of -£0.736m is forecast on capitalisation of redundancies. The amount of funding required from capital receipts for redundancies in 2020-21 is expected to be a maximum of £300k, a forecast underspend of £736k. This will reduce the capital receipts requirement in 2020-21 by £736k. The total scheme forecast has also reduced accordingly. (See also 5.3.3.)

- For full and previously details, see the [CS & LGSS Finance Monitoring Report](#).

#### 6.4.4 Commercial & Investment:

A -£11.323m (-2.6%) total scheme underspend is forecast.

- Commercial Investments

Total Scheme Revised Budget £'000	Total Scheme Forecast Spend - Outturn (Oct) £'000	Total Scheme Forecast Spend - Outturn Variance (Oct) £'000	Variance Last Month (Sept) £'000	Movement £'000
192,416	181,093	-11,323	0	-11,323

A total scheme underspend of -£11.323m is forecast on Commercial Investments. There are no active plans at this stage for investment prior to the end of the financial year, given the current market conditions and general uncertainty. This will reduce the capital receipts requirement in 2020-21 by £11.323m. The total scheme forecast has also reduced accordingly. (See also 6.3.4.)

- For full and previously details, see the [C&I 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 <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	17.8	-	5.2	3.6	26.6	26.6	-0.0
Basic Need Grant	20.6	-	-	-	20.6	20.6	-
Capital Maintenance Grant	3.9	-	-	1.2	5.1	5.1	-
Devolved Formula Capital	0.8	1.4	-	-0.0	2.2	2.2	-
Specific Grants	9.0	0.1	2.7	3.4	15.3	15.0	-0.3
S106 Contributions & Community Infrastructure Levy	8.5	2.7	-2.9	3.0	11.3	11.2	-0.1
Capital Receipts	7.3	11.3	0.0	-5.1	13.5	4.2	-9.3
Other Contributions	11.4	0.0	1.7	7.8	21.0	20.3	-0.7
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	97.1	46.0	-59.7	-6.2	77.3	81.6	4.3
<b>TOTAL</b>	<b>176.4</b>	<b>61.6</b>	<b>-52.9</b>	<b>7.8</b>	<b>192.9</b>	<b>186.8</b>	<b>-6.0</b>

<sup>1</sup> Reflects the difference between the anticipated 2019/20 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2020/21 Business Plan, and the actual 2019/20 year end position.

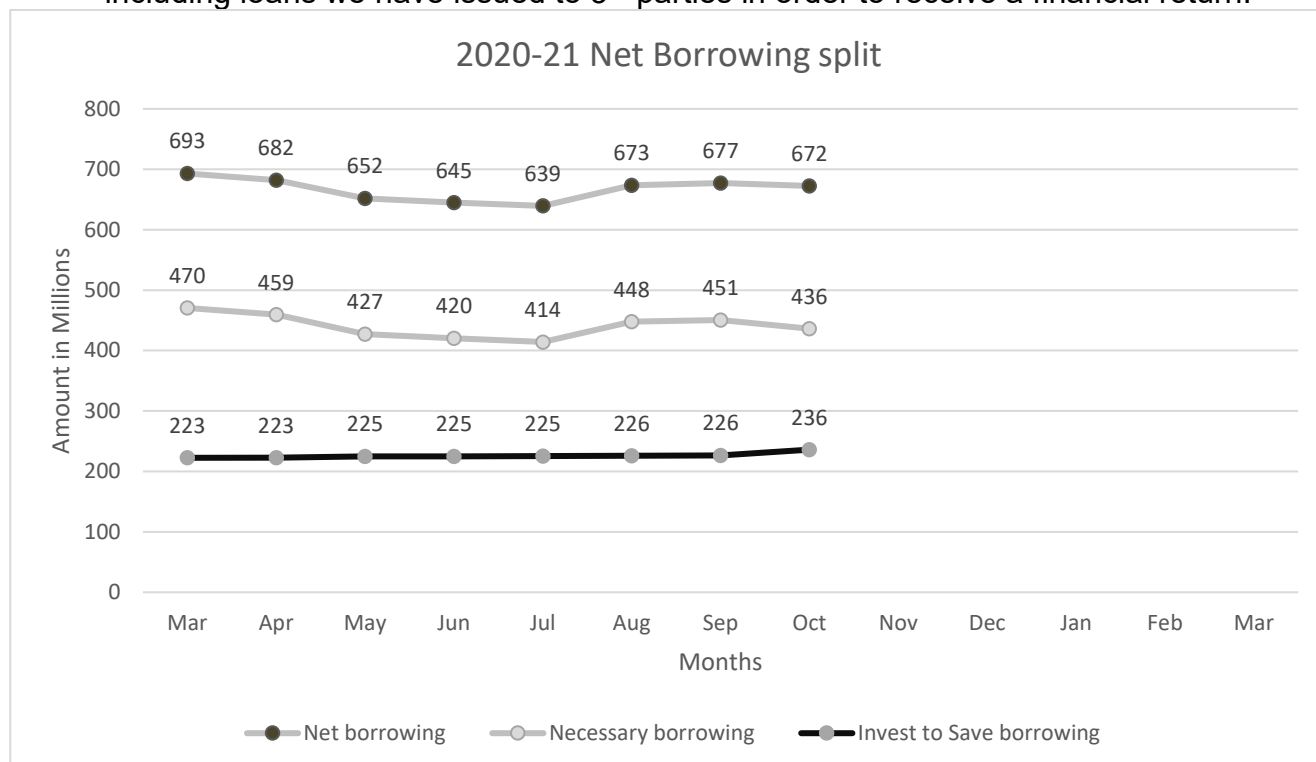
## 7. Balance Sheet

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

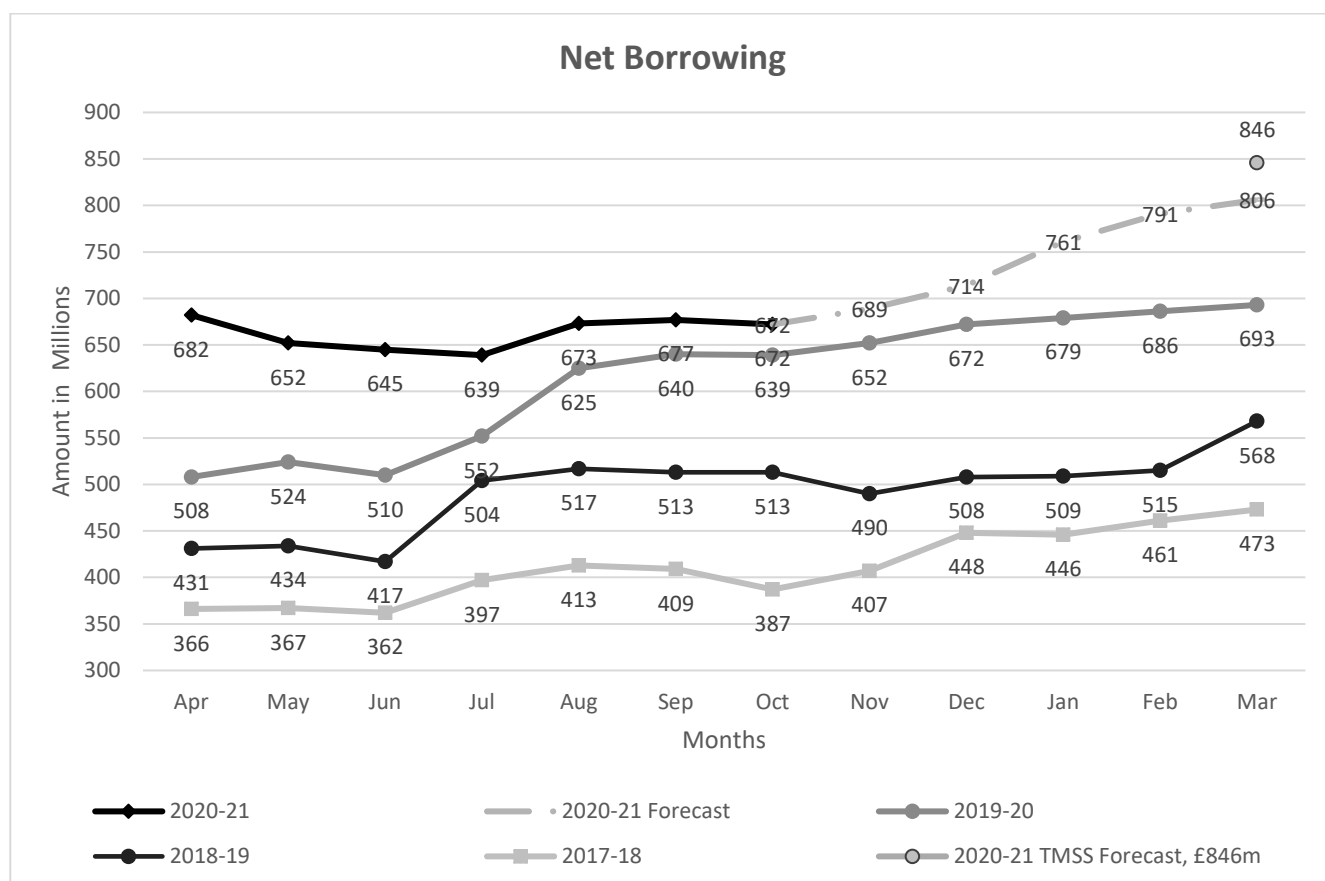
Measure	Year End Target	Actual as at the end of Oct 2020 <sup>1</sup>
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£7.21m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£2.20m
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	97.3%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	81.7%

<sup>1</sup> 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 £3.94m. 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 2020-21, it is estimated that £236m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3<sup>rd</sup> parties in order to receive a financial return.



7.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of October 2020, investments held totalled £130.4m (excluding all 3<sup>rd</sup> party loans) and gross borrowing totalled £802.6m, equating to a net borrowing position of £672.2m.



- 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 2019-20 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 2020-21 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 2020-21 TMSS was set in February 2020, it anticipated that net borrowing would reach £846.0m by the end of this financial year. Based on the 2019-20 outturn position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £806.0m 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. 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 A good quality of life for everyone

There are no significant implications for this priority.

### 8.2 Thriving places for people to live

There are no significant implications for this priority.

### 8.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

### 8.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

## 9. Significant Implications

### 9.1 Resource Implications

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

### 9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

### 9.4 Equality and Diversity Implications

There are no significant implications within this category.

### 9.5 Engagement and Consultation Implications

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

### 9.6 Localism and Local Member Involvement

There are no significant implications within this category.

### 9.7 Public Health Implications

There are no significant implications within this category.

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 the LGSS 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

## 10. Source documents

### 10.1 Source documents

P&E Finance Monitoring Report (October 20)

P&C Finance Monitoring Report (October 20)

PH Finance Monitoring Report (October 20)

CS and LGSS Cambridge Office Finance Monitoring Report (October 20)

C&I Finance Monitoring Report (October 20)

Capital Monitoring Report (October 20)

Report on Debt Outstanding (October 20)

CCC Prompt Payment Report (October 20)

### 10.2 Location

1<sup>st</sup> Floor,

Octagon,

Shire Hall,

Cambridge

# 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	Public Health £'000	P&E £'000	CS Financing £'000	Corporate Services £'000	C&I £'000	LGSS Op £'000	Financing Items £'000
<b>Opening Cash Limits as per Business Plan</b>	275,096	0	56,470	29,570	29,441	-9,277	6,286	16,844
Greater Cambridge Partnership budgets not reported in CCC budget					-649			
Cambridgeshire Music and Outdoor Education - moving from C&I to P&C	-72					72		
Integrated Finance- moving from LGSS to Corporate Services					6		-6	
Transfer re Social Work recruitment	31				-31			
Transfer for temporary relocation of Babbage House staff					-15	15		
Transfer from Democratic Services to School Organisation and Planning Service	29				-29			
Transfer from Fostering to Communications	-34				34			
Transfer of IT trainer budgets from LGSS to Corporate Services IT & Digital Service					262		-262	
Transfer of IT CCC SLA, Customer Services, Desktop and laptop charges to LGSS to replace annual recharging	-20				-655		675	
Transfer of Ely Archives property costs from P&C to County Offices	-78					78		
County Offices and Early Help District Delivery Service adjustments	-5					5		
Transfer of Recruitment team from P&C to Corporately Managed	-212				212			
Transfer budget for additional Information Management storage					20	-20		
Transfer IT networks budget from IT Managed to IT Operations					-202		202	
Transfer Children's Centres CPSN and VOIP budgets	-9				9			
Transfer Desktop and Application support budgets to IT Operations					-175		175	
Centralisation of postage budgets	-93		-40		133	0		
Transfer of P&E Management restructure savings from PCC Shared Service			-22		22			
Transfer Non-Exec Director fees budget to C&I					35	-35		
Budget for New Homes Bonus contribution no longer required for Greater Cambridge Partnership					376			
Repatriation of Procurement from LGSS to Corporate Services					373		-373	
Repatriation of Finance Operations from LGSS to Corporate Services					45		-45	
Repatriation of Human Resources from LGSS to Corporate Services					1,340		-1,340	

Repatriation of Health, Safety & Wellbeing from LGSS to Corporate Services					182		-182	
Repatriation of Learning & Development from LGSS to Corporate Services					1,586		-1,586	
Repatriation of Finance Assessments from LGSS to P&C	569						-569	
Repatriation of IT & Digital Services from LGSS to Corporate Services					340		-340	
Repatriation of IT Managed from LGSS to Corporate Services					2,807		-2,807	
Budget allocation to cover extra 0.75% LGE pay increase	386	10	35		-447	4	12	
<b>Current budget</b>	<b>275,589</b>	<b>10</b>	<b>56,443</b>	<b>29,570</b>	<b>35,022</b>	<b>-9,159</b>	<b>-162</b>	<b>16,844</b>
Rounding	0	0	0	0	0	0	1	0



## Appendix 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2020 £000s	Movements in 2020-21 £000s	Balance at 31 Oct 2020 £000s	Forecast Balance at 31 March 2021 £000s	Notes
<b>- County Fund Balance</b>	17,658	1,829	19,487	19,887	
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	825	-228	597	284	
<b>General Reserves subtotal</b>	18,483	1,601	20,084	20,171	
5 Insurance	4,165	-767	3,398	3,398	
<b>Specific Earmarked Reserves subtotal</b>	4,165	-767	3,398	3,398	
6 P&C	0	0	0	0	
7 P&E	0	0	0	0	
8 CS	3	-3	0	0	
9 C&I	0	0	0	0	
<b>Equipment Earmarked Reserves subtotal</b>	3	-3	0	0	
10 P&C	1,097	0	1,097	1,097	Includes liquidated damages in respect of the Guided Busway
11 PH	2,728	167	2,895	2,069	
12 P&E	4,669	102	4,771	1,312	
13 Corporate Services	5,423	-113	5,310	5,231	Savings realised through change in MRP policy.
14 C&I	705	0	705	0	
15 Transformation Fund	24,593	7,594	32,186	26,846	
16 Innovate & Cultivate Fund	972	21	993	156	Includes COVID-19 Support Grant 1st, 2nd and 3rd tranches
17 Corporate	14,612	15,301	29,912	0	
<b>Other Earmarked Funds subtotal</b>	54,799	23,071	77,870	36,711	
<b>SUBTOTAL</b>	<b>77,450</b>	<b>23,902</b>	<b>101,352</b>	<b>60,281</b>	
18 P&C	2,518	0	2,518	0	Section 106 and Community Infrastructure Levy balances.
19 P&E	5,024	7	5,031	0	
20 C&I	11,632	325	11,957	12,518	
21 Corporate	60,761	5,359	66,121	55,612	
<b>Capital Reserves subtotal</b>	79,935	5,691	85,627	68,130	
<b>GRAND TOTAL</b>	<b>157,385</b>	<b>29,594</b>	<b>186,979</b>	<b>128,411</b>	

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:

<b>Fund Description</b>	<b>Balance at 31 March 2020 £000s</b>	<b>Movements in 2020-21 £000s</b>	<b>Balance at 31 Oct 2020 £000s</b>	<b>Forecast Balance 31 March 2021 £000s</b>	<b>Notes</b>
1 P&E	0	0	0	0	
2 P&C	224	-24	200	200	
3 Corporate Services	2,093	0	2,093	2,093	
4 C&I	0	0	0	0	
<b>Short Term Provisions subtotal</b>	<b>2,317</b>	<b>-24</b>	<b>2,293</b>	<b>2,293</b>	
5 Corporate Services	3,613	0	3,613	3,613	
<b>Long Term Provisions subtotal</b>	<b>3,613</b>	<b>0</b>	<b>3,613</b>	<b>3,613</b>	
<b>GRAND TOTAL</b>	<b>5,930</b>	<b>-24</b>	<b>5,906</b>	<b>5,906</b>	