

## Integrated Finance Monitoring Report for the period ending 31 January 2022

To: Strategy & Resources Committee

Meeting Date: 29 March 2022

From: Chief Finance Officer

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2022/002

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 proposal for the use of £407k from Public Health reserves to support additional work on Health Checks in 2022/23, as set out in section 6.1;
- b) Approve earmarking £1,490k of the underspend on Funding items to invest in the Highways Maintenance Service as set out in section 6.2 and Appendix 6;
- c) Approve the transfer of £830k to earmarked reserves to enable expenditure to take place in 2022/23 for workforce development for the Adult Social Care and Health workforce across the Integrated Care System, as set out in section 6.3;
- d) Approve the transfer of funding into an earmarked reserve for continuing discharge to assess support for Cambridgeshire residents in 2022/23, delegate confirmation of the amount at year end to the Chief Finance Officer in consultation with the Chair and Vice-Chair of this committee, and delegate to the Executive Director of P&C authority to agree expenditure from this reserve, as set out in section 6.4;
- e) Approve the allocation of the additional unringfenced grant £1.14m Domestic Abuse Act Statutory Duty funding to People & Communities in 2021/22 and £1.14m in 2022/23, as set out in section 6.5;
- f) Note the changes in government grant income of £332k additional Local tax losses 2020-21 grant income, £375k reduction in

anticipated sales, fees and charges loss of income compensation 2020-21 and £1.4m of Contain Outbreak Management Fund grant income applied centrally as set out in section 6.6;

- g) Note the changes in forecast income in relation to business rates of an estimated £1.43m Business Rates Retention 2021-22 pool dividend and forecast £202k Alconbury Enterprise Zone Business Rates payment in respect of rates collected for 2021-22 as set out in section 6.7;
- h) Approve the debt write-offs of £29,108 and £27,784 relating to the estates of service users where there is now no prospect of debts being recovered, as set out in section 7.2;
- i) Approve additional prudential borrowing of £389k for 2022/23 for the Swaffham Prior Community Heat Project and £1,099k for 2022/23 for the North Angle Solar Farm scheme, as set out in section 8.6;
- j) Note the update provided on the Council's treasury management activity set out in section 9.10;
- k) Note and comment on the Finance Monitoring Report for Corporate Services (Appendix 4).
- l) Approve the criteria for accessing the Just Transition Fund (Appendix 5).
- m) Note the updated pricing and business case for the Babraham Road Smart Energy Grid, including the increase in capital cost of £630k, and authorise the Chief Finance Officer to make resulting budget changes in consultation with the Chair and Vice Chair and in accordance with the Addendum.

Officer contact:

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

Member contacts:

Names: Councillors Nethsingha & Meschini  
Post: Chair/Vice-Chair  
Email: [Lucy.Nethsingha@cambridgeshire.gov.uk](mailto:Lucy.Nethsingha@cambridgeshire.gov.uk)  
[Elisa.Meschini@cambridgeshire.gov.uk](mailto: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

<b>Revenue budget forecast outturn</b>  -£14.225m (-3.3%) forecast year end variance, however, there continues to be uncertainty about the pandemic impact in the coming months  Green	This is a £2.954m increase in the forecast revenue underspend compared to last month.  There is a £7.697m increase in the forecast capital year-end underspend compared to last month.	<b>Capital programme forecast outturn</b>  -£23.5m (-13.5%) forecast year end variance  Green
--	--	---

## Number of service users supported by key care budgets

Older people aged 65+ receiving long term services	Budgeted no. of care packages 2021/22	Actual Jan 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Nursing	585	520	492	Increasing	Stayed the same
Residential	987	866	864	Stayed the same	Stayed the same
Community	2,387	1,936	1,932	Stayed the same	Stayed the same

Working Age Adults receiving long term services	Budgeted no. of care packages 2021/22	Actual Jan 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Nursing	60	66	69	Stayed the same	Increasing
Residential	346	355	358	Stayed the same	Increasing
Community	2,836	2,945	2,868	Increasing	Increasing

Children in Care	Budgeted no. of placements 2021/22	Actual Jan 22	Actual May 21	Trend in service user numbers since May 21	Trend in average weekly unit cost since May 21 (budget expects an increase)
Children in Care placements	314	284	308	Decreasing	Increasing

<b>Children in Care</b>	<b>Budgeted no. of placements 2021/22</b>	<b>Actual Jan 22</b>	<b>Actual May 21</b>	<b>Trend in service user numbers since May 21</b>	<b>Trend in average weekly unit cost since May 21 (budget expects an increase)</b>
Fostering and Supervised Contact	297	260	226	Increasing	Decreasing
Adoption	477	429	430	Stayed the same	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 -£15.715m. The forecast underspends are largely within People & Communities (P&C) (-£9.0m), Funding Items (-£2.3m), Corporate Services (CS) (-£1.5m), CS Financing (-£1.0m) and Place & Economy (P&E) (-£0.5m). See section 3 for details.
- The Capital Programme is forecasting a year-end underspend of -£23.5m at year-end. This includes use of the capital programme variations budget. See section 8 for details.

2.3 The Council's forecast revenue underspend this financial year is primarily due to the short-term impact of the Covid-19 pandemic, and is concentrated in adult social care and corporate budgets. The Council budget for this year was set in a period of great uncertainty where the pattern of demand for social care services over the next year was unknown, and where it was unclear the level of risk of cost increases that needed to be provided for centrally.

2.4 As the current year has progressed the level of demand for social care services, and the level of general risk that needed to be funded, have not been as high as anticipated. Much of the central provision for risk was only for one year and is reversed out in 2022/23 so does not present a long-term over-provision of budget. Similarly, much of the budgetary gap between anticipated and actual demand levels in social care has been re-baselined as part of setting 2022/23's budget.

2.5 Nevertheless, the Council faces a challenging budget position over the medium-term, with budget gaps from 2023/24, and a continuing high level of uncertainty. We have rising costs from unprecedented inflation impacting both prices and wages, and uncertain levels of demand-led service activity. There is uncertainty about local NHS funding levels and activity that may impact on the Council's costs, particularly as national hospital discharge funding arrangements cease. There are also government reforms coming forward such as changes to Adult Social Care, and implementation of local priorities such as the climate change strategy that will require capacity for internal change.

2.6 The business plan and medium-term financial strategy for 2022-27 assumes a £7.7m underspend returning to general reserves based on the projections in December. S&R Committee will consider early in 2022/23 the annual budget reset and will be able to make decisions about reallocation of additional funding once the final outturn for this year fully known.

### 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 (Dec) £000	Service	Current Budget for 2021/22 £000	Actual (Jan) £000	Forecast Variance (Jan) £000	Forecast Variance (Jan) %	Overall Status	DoT
64,317	-276	Place & Economy	64,250	43,649	-436	-0.7%	Green	↑
302,530	-6,537	People & Communities	299,570	218,346	-9,028	-3.0%	Green	↑
0	0	Public Health	0	-26,619	0	-	Green	↑
25,489	-1,638	Corporate Services	26,821	17,804	-1,492	-5.6%	Green	↓
31,295	-1,015	CS Financing	31,295	31,116	-1,015	-3.2%	Green	↑
<b>423,632</b>	<b>-9,467</b>	<b>Service Net Spending</b>	<b>421,937</b>	<b>284,296</b>	<b>-11,971</b>	<b>-2.8%</b>	Green	↑
11,745	-1,804	Funding Items	13,440	13,440	-2,254	-	Green	↑
<b>435,377</b>	<b>-11,271</b>	<b>Grand Total Net Spending</b>	<b>435,377</b>	<b>297,735</b>	<b>-14,225</b>	<b>-3.3%</b>	Green	↑
155,583		Schools	155,583					
<b>590,960</b>		<b>Total Spending 2021/22</b>	<b>590,960</b>					

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

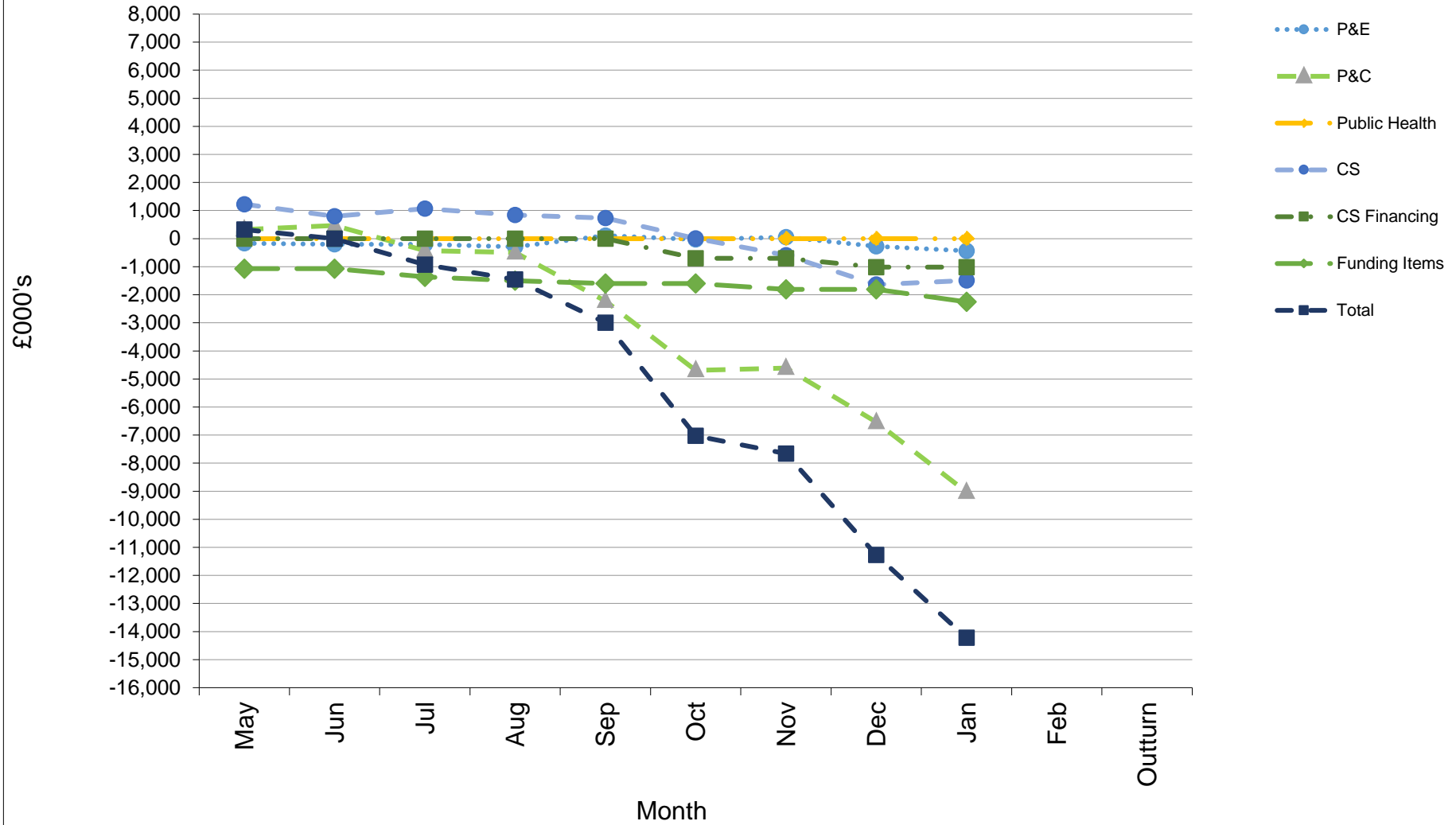
<sup>2</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).

<sup>3</sup> Public Health's budget is stated to be zero as it is entirely funded by ring-fenced grant, mainly the Public Health Grant. Public Health is expected to be underspent by £3,185k on its service budget, but this will be carried-forward into the public health grant reserve.

<sup>4</sup> 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.

<sup>5</sup> These forecasts assume that any recommendations to committee within this report are agreed.

Forecast Outturn Position 2021/22



### 3.2 Dedicated Schools Grant (DSG) Deficit Summary

<b>Opening Balance 2021-22 £m, deficit</b>	<b>Forecast in-year movement, £m</b>	<b>Forecast Closing Balance 2021-22 £m, deficit</b>
26.8	14.8	41.6

A cumulative DSG deficit of £26.4m has been carried forward into 2021/22, which has now been adjusted to £26.8m following clawback of funding relating to Early Years. Based on initial budget requirements for 2021/22 an underlying forecast pressure of £11.2m relating to High Needs was identified. However, as need for services has continued to increase at a faster rate than previous forecasts the in-year forecast pressure on High Needs has now risen to £14.734m.

There are some minimal offsetting underspends elsewhere within the DSG resulting in a net forecast overspend of £14.822m. This is a ring-fenced grant and, as such, overspends do not currently affect the Council's bottom line, but remains a risk. We continue to work with the Department for Education (DfE) to manage the deficit and evidence plans to reduce spend. Despite this ring-fence, the underlying causes of increasing high needs costs do have an impact on the Council's revenue budget, as costs for home to school transport and capital works to provide school places are closely linked to them.

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

<b>Directorate</b>	<b>Net Covid-19 Pressure £000</b>
Place & Economy	854
People & Communities	10,123
Corporate Services	3,136
<b>Total</b>	<b>14,113</b>

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.

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

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

#### 3.4.1 Place & Economy:

-£0.436m (-0.7%) underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).

#### 3.4.2 People & Communities:

-£9.028m (-3.0%) underspend is forecast at year-end.

- Strategic Management - Adults

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-1.633	(-27%)

A -£1.633m underspend is forecast. This is an increase of -£0.572m on the underspend position previously reported last month. This increase is primarily due to underspends from vacant posts now being forecast at £500k over expectation due to increased vacancy rates being experienced in the second half of the year.

- Older People's Services

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-6.684	(-11%)

A -£6.684m underspend is forecast. This is an increase of £0.6m on the underspend position previously reported in October and relates in full to a change since last month.

As was reported throughout 2020/21, the impact of the pandemic has led to a notable reduction in the number of people having their care and support needs met in care homes. This short-term impact has carried forward into forecasting for 2021/22 and includes a reduction in care spend relating to the final months of 2020/21 that has manifested since year-end. Spend today is below the level budgeted for and therefore budget is available for rising demand or costs. This is causing the forecasted underspend on the Older People's budget, but the financial position of this service is considerably uncertain. There is a growing number of people who have survived Covid, being left with significant needs, and many vulnerable adults have developed more complex needs as they have not accessed the usual community-based or early help services due to lockdown. The impact on delayed health care treatments such as operations will also impact individual needs and health inequalities negatively. It is anticipated that demand will increase as we complete more annual reviews, many of which are outstanding due to the pandemic.

Hospital Discharge systems continue to be pressured and we expect some substantial cost increases as both NHS funding is unwound fully at the end of March 2022, and the medium-term recovery of clients assessed as having primary health needs upon hospital discharge return to social care funding streams.



We will continue to review in detail 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.

- Strategic Management – Children & Safeguarding

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-2.000	(-56%)

A -£2.000m underspend is forecast. This is an increase of £1.1m on the underspend position previously reported in October and relates in full to a change since last month. This increase has predominantly been due to vacancies and the difficulty being faced in recruiting social workers.

- SEND Financing - DSG

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+14.974	(+22%)

A £14.974m pressure is forecast within the high needs block of the Dedicated Schools Grant (DSG). This is an increase of £0.330m on the pressure previously reported last month. Due to the continuing increase in the number of children and young people with Education, Health and Care Plans (EHCPs), and the complexity of need of these young people, the overall spend on the High Needs Block element of the DSG funded budgets has continued to rise. The revised forecast in-year pressure reflects the latest identified shortfall between available funding and current budget requirements.

- Financing - DSG

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-14.822	(-19%)

This line relates to the £14.822m that will be required to be drawn down from the DSG reserve to meet the in-year pressure on DSG funded services (mainly the high needs block). This reserve is currently negative (a deficit on the DSG). Within P&C, spend of £76.4m is funded from the ring-fenced Dedicated Schools Grant. The DSG balance brought forward from 2020/21 was a deficit of £26.4m, which has now been adjusted to £26.8m following clawback of funding relating to Early Years.

This is a ring-fenced grant and, as such, pressures do not currently affect the Council's bottom line. We continue to work with the Department for Education (DfE) to manage the deficit and evidence plans to reduce spend.

- Home to School Transport – Special

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+1.200	(+8%)

A £1.200m pressure is forecast. This is an increase of £0.500m on the pressure position previously reported in November and relates in full to a change since last month. This reflects the significant increase in numbers of pupils with Education, Health and Care Plans (EHCPs), which is also driving the DSG deficit referred to

above. The revised position is due to the continuing demand for places at Special Schools and High Needs Units combined with an increase in complexity of transport need, often resulting in children being transported in individual taxis with a Passenger Assistant.

- Home to School Transport – Mainstream

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.500	(-5%)

A -£0.500m underspend is forecast. The 2021/22 budget was based on 2020/21 contracts as it was not possible to retender routes due to Covid, resulting in increased forecast costs. However, tendering has now resumed and completed for September 2021 transport commitments, resulting in efficiencies for some routes.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£9.028m. For full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

### 3.4.3 Public Health:

-£3.185m underspend is forecast for year-end.

- Smoking Cessation GP & Pharmacy

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.253	(-37%)

A -£0.253m underspend is forecast. Planned activity and spend for Stop Smoking Services has not been achieved due to the ongoing impact of the pandemic and the GP involvement in the Vaccination Programme. GP payments are made based on unit cost and activity.

- Public Health Directorate Staffing and Running Costs

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-1.679	(-75%)

A -£1.679m underspend is forecast. This is an increase of -£0.302m on the underspend position previously reported in November and relates in full to a change since last month. The underspend is due to vacant posts and significant grant funding. The current national demand for Public Health specialists is making recruitment very difficult and repeat advertising is being required for some posts. In addition, many of the staff within the Public Health Directorate have focused much of their time on Outbreak Management work which is funded by the Contain Outbreak Management Fund grant.

- Contain Outbreak Management Fund

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.396	(-3%)

A -£0.396m underspend is forecast. The Contain Outbreak Management Fund (COMF) is a series of large grant payments given to the Council across 2020/21

and 2021/22 to fund local Covid outbreak management activity. Funding from the grant which is contributing to current year spend in the Public Health Directorate is reflected in the detailed forecasts across the directorate, with the remaining contribution from the grant to Public Health Directorate costs across the lifespan of the funding reflected against the grant. A similar use of this grant is made in other Council services that have worked on outbreak management and mitigation since Autumn 2020, noted in detailed service forecasts and in the Funding Items forecast.

- The overall -£3.185m 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. There are no exceptions to report this month; for full and previously reported details, see the [P&C and PH Finance Monitoring Report](#).

#### 3.4.4 Corporate Services:

-£1.492m (-5.6%) underspend is forecast for year-end.

- **Customer Services**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-0.266	(-13%)

A -£0.266m underspend is forecast. This is due to the challenge of recruiting suitably skilled individuals into our Customer Service Advisor Vacancies. This is in spite of the campaigns we have run over the last 12 months. The most recent campaign appointed 1.5FTE advisors who will start in Jan 2022, alongside two new Team Managers. With the plans to re-open some Council buildings, where a reception presence is needed, some of our Customer Service Assistants will no longer be able to be redeployed into our vacant Advisor positions in the Contact Centre. This, alongside the remaining vacancies, will create additional and potentially significant pressure on our ability to sustain operational performance. It will also have an impact on the availability of capacity to drive through service improvements. We are currently looking at how we address this situation so that we can mitigate the impact of these staffing pressures.

- **Insurance**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
+1.073	(+48%)

A £1.073m pressure is forecast. This is due to the need to increase the Insurance Fund to the recommended level as per the latest actuary report.

- **Investment in Social Care Capacity**

<b>Outturn Variance £m</b>	<b>Outturn Variance %</b>
-1.300	(-100%)

A -£1.300m underspend is forecast. This is an increase of £0.650m on the underspend position previously reported in October and relates in full to a change since last month. The Investment in Social Care Capacity budget is a contingency budget held to offset any pressures resulting from Covid-19 in adult or children's

social care. As a result of the pandemic significant additional grant funding has been received that has mitigated pressures, and in 2021/22 budget allocations to social care departments appear sufficient. This underspend reflects that no call on this budget is expected. This budget provision was only temporary and is removed in 2022/23 budgets.

- A combination of more minor variances sum with the above to lead to an overall forecast outturn of -£1.492m. For full and previously reported details, see the [CS Finance Monitoring Report](#).

#### 3.4.5 CS Financing:

-£1.015m (-3.2%) underspend 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](#).

#### 3.4.6 Funding Items:

-£2.254m underspend is forecast for year-end. This is an increase of £0.450m on the underspend position previously reported in November and relates in full to a change since last month. This is primarily due to the application of Contain Outbreak Management Fund (COMF) grant to this line. As noted elsewhere in this report, the COMF is a large grant given in stages from Autumn 2020 through to April 2021 for spend incurred, or to be incurred, in mitigating or managing local outbreaks. The transfer of grant funding to this line is to reflect staff time spent on eligible outbreak management work across the organisation in the second half of the previous financial year. This transfer was not done last year as the uncertain trajectory of the pandemic meant it was prudent to retain as much grant as possible for future outbreaks. As government guidance around outbreak management is becoming less strict, and as the government expects us to have spent this grant by June 2022 it is now appropriate to fund the staff time spent on outbreak management and so reimburse general Council resources for that time. We are continuing to review this grant to maximise the amount spent this financial year.

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

## 4. Savings Tracker

4.1 The “Savings Tracker” report is a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2021-22 Business Planning process. Currently, the Council is on track to deliver £8.4m of savings against its original plan. Blue rated savings total £1.2m, exceeding the target on those initiatives. Green rated savings total £4.5m. The Savings Tracker as at the end of quarter 3 is included as [Appendix 3](#) to this report. It is also important to note the relationship with the reported position within this report. As pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced position.

A summary of Business Plan savings achieved in previous years as per the savings tracker is shown below for comparison:

Financial Year	Business Plan Original Savings £m	Savings Delivered £m	Total Variance £m
2016-17	43.4	35.5	7.9
2017-18	33.4	27.1	6.3
2018-19	38.3	27.8	10.5
2019-20	15.8	13.2	2.6
2020-21	15.9	8.9	7.1
TOTAL	146.8	112.5	34.3

4.2 A summary of 2021-22 Business Plan savings by RAG rating is shown below:

RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	RAG Status	Number of Savings	Total Original Savings £000	Total Variance £000	Total Original Savings	Total Variance
Blue	1	-564	-613	Green	25	-4,464	0	Amber	4	-2,939	766	Red	1	-1,192	587	Black	7	-2,215	2,215	-11,374	2,955

## 5. Key Activity Data

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

## 6. Funding Changes

### 6.1 Use of Public Health reserves

At their meeting on 17<sup>th</sup> March, Adults & Health Committee reviewed the current position on Public Health reserves and agreed a recommendation to request that Strategy & Resources Committee approve the use of £407k from Public Health reserves to support additional work on Health Checks in 2022/23.

The commissioning approach for NHS Health Checks was the subject of a separate paper to Adults & Health Committee. The paper proposed delivery costs for GP health checks in 2022/23 of £806k, of which £399k is already budgeted for in 2022/23. The remaining £407k is requested to be funded from Public Health reserves.

There was previously an earmarked reserve for Health Checks but this was given up when reserves were reviewed in the latter part of 2021. At that stage it was felt that in year Health Check numbers were picking up and the reserve would not be needed. However, the impact of the Omicron variant of Covid over the winter months has led to the number of Health Checks being undertaken continuing to be suppressed. As a result the in-year forecast is for an underspend of £411k against the Health Checks budgets. This underspend will be transferred to Public Health reserves at year end and the request is that £407k of this funding is approved for use in 2022/23 to increase the number of checks that can be undertaken.

Strategy & Resources Committee is asked to approve the proposal for the use of £407k from Public Health reserves to support additional work on Health Checks in 2022/23.

### 6.2 Transfer to reserves for Highways Maintenance Service

Appendix 6 outlines the case for additional funding to be earmarked in the Highways Maintenance Service for 2022/23.

Strategy & Resources Committee is asked to agree to earmark £1,440k of the underspend on Funding items to invest in the Highways Maintenance Service as outlined in Appendix 6.

### 6.3 Transfer to reserves for workforce development for the Adult Social Care and Health workforce across the Integrated Care System

We are currently seeing significant pressures on the Adult Social Care workforce in Cambridgeshire. These include widespread staffing issues driving cost pressures including increased hourly rates, higher recruitment costs, retention incentives, increased agency use, increased training costs and increased staff sickness costs.

Staff health and wellbeing is challenged, leading many staff to leave the sector which is contributing to the difficulties faced by providers.

The position in Cambridgeshire is reflected across the eastern region, and similar issues are being seen by our health partners. The £1.6m of government funding received in the form of the Workforce Development Grant ends on 31st March 2022, however, pressures within the system will remain. We have been allocated £1.6m of funding for 2022/23 for the work required by the reforms of Adult Social Care due to come into effect in 2023, and some of this funding could be used to support the cost of care. However, we have also been in discussion with regional Local Authority and Health partners with regard to addressing workforce issues in a joined-up way across the system.

Strategy & Resources Committee is asked to approve the transfer to earmarked reserves of up to £830k to fund workforce development for the Adult Social Care and Health workforce at Integrated Care System and county wide level, working alongside regional Local Authority and Health partners. This reflects external funding contributions for workforce support across financial years received but not yet spent.

#### 6.4 Transfer to reserves for continuing discharge to assess support for Cambridgeshire residents

National funding for care following hospital discharges comes to an end on the 31st of March, and we are anticipating further funding from the NHS this financial year to recognise the increased costs incurred by the Council in supporting hospital discharges. Significant pressures remain in the health and care system that could risk an escalation in costs to the Adult Social Care budget. We are in discussion with health partners over funding to continue to sustain discharge support capacity into 2022/23 for the benefit of Cambridgeshire residents. We are in a position to earmark general funding this financial year to enable support to continue pending consultation with the system discharge group which brings together local authority and health colleagues. As discussions are not concluded, a delegation to the Chief Finance Officer is required to ensure that this can be done ahead of year-end, and the final value will be confirmed in the outturn finance report to this committee in June, and deployed to services under the superintendence of the Adults and Health Committee

Strategy & Resources Committee is asked to approve the transfer of funding into an earmarked reserve for continuing discharge to assess support for Cambridgeshire residents in 2022/23, agree that spend may take place from 1 April from this reserve to continue discharge support, and delegate confirmation of the amount at year end to the Chief Finance Officer in consultation with the Chair and Vice-Chair of this committee.

#### 6.5 Domestic Abuse Act Statutory Duty Funding

The Domestic Abuse Act 2021 came into force in late April 2021. The Act places a statutory duty on local authorities regarding the provision of safe accommodation for victims of Domestic Violence. New funding was announced in 2021/22 by the Ministry of Housing, Communities and Local Government (MHCLG) to meet the Domestic Abuse Act and Statutory Duty. The 2021/22 funding has been received and confirmed

as unringfenced. There remains an expectation that this funding is spent in line with new requirements Councils have in this area, and so Strategy & Resources Committee is asked to approve the allocation of the grant funding to People & Communities for support within safe accommodation for Domestic Violence victims for both 2021/22 (£1,140,318) and 2022/23 (£1,143,474). The report to Communities, Social Mobility and Inclusion Committee in September 2021 on the Council's Domestic Abuse Safe Accommodation Strategy can be found [here](#).

Strategy & Resources Committee is asked to approve the allocation of the additional unringfenced grant £1,140,318 Domestic Abuse Act Statutory Duty funding to People & Communities in 2021/22 and £1,143,474 in 2022/23

## 6.6 Changes in Grant Income

The following grants from government have variances against the amounts we expected to receive:

Grant	Notes	Impact
Local tax losses 2020-21 grant	The final outturn data has now been published and the second instalment will be made providing authorities with the remaining grant due to them. The total grant due to Cambridgeshire County Council is £2,153,600 which is slightly lower than the most recent forecast, though higher than the budgeted amount. As we are not a billing authority, we have only limited ability to project this grant.	Additional grant income of £332k
Sales, fees and charges loss of income compensation 2020-21 - reconciliation	Following final reconciliation of lost charging income over the Covid period, government will reduce our final payment as there was a lower than expected loss of income (reflected in our 2020/21 accounts and in the first quarter of this year).	£375k reduction in anticipated grant
Contain Outbreak Management Fund	As noted in section 3.4.3 above, part of this grant will be applied centrally to reflect eligible expenditure incurred in the previous financial year that is able to be retrospectively funded by this grant. This funding will reimburse CCC for corporate and service staff time spent on Covid outbreak mitigation and management in 2020/21.	£1.4m of grant income applied centrally

Strategy & Resources Committee is asked to note these funding changes.



## 6.7 Changes in projected Business Rates Income

Business Rates Retention 2021-22 Pool Dividend: Since April 2020 Cambridgeshire has been a member of a Business Rates pool with district councils and Cambridgeshire Fire Authority, administered by South Cambridgeshire District Council. The pool operates on the principle that wherever possible no authority will be worse off than if they had not pooled, subject to sufficient funds being available. The pool dividend is defined as the additional money the pool receives over and above what each council would have received if there had not been a pool. The forecast 2021-22 pool dividend applicable to the Council is estimated to be £1.43m based on the 2021-22 3<sup>rd</sup> quarter report from South Cambridgeshire District Council, which is in line with our forecasts. An accrual will be made at year-end based on the most up-to-date forecast to apply the income to revenue in 2021-22.

Alconbury Weald Enterprise Zone National Non-Domestic Rates (NNDR) income 2021-22: There is a memorandum of understanding (MOU) between the Council, the Combined Authority and Huntingdonshire District Council (HDC) regarding the development and delivery of the Alconbury Weald Enterprise Zone. As part of this the Council is due to receive its share of 18% retained business rates. The forecast Alconbury Enterprise Zone NNDR payment from Hunts DC in respect of rates collected for 2021-22 is currently estimated to be £202k. An accrual will be made at year-end based on the most up-to-date forecast to apply the income to revenue in 2021-22.

Strategy & Resources Committee is asked to note these changes in forecast income in relation to business rates

## 7. Debt Write-Offs

7.1 The Scheme of Financial Management requires that any proposed write-off of debts over £25,000 be reported to the Strategy & Resources Committee to seek authorisation.

### 7.2 Request to write-off debts owed by estates of two service-users

There are two debts of over £25,000 relating to the estates of service users in receipt of council arranged adult social care who have died and where we believe there is no prospect of recovering debts. Debt A is £29k in total, and Debt B £28k. This request to authorise write-offs follows extensive work to recover or secure the debt between the Council's income and social care teams, with the use of external legal advisers.

In the case of Debt A, which was accrued between 2016 and 2019, invoices from CCC went partly unpaid by a service-user's spouse, who was managing their financial affairs. We were unable to secure a deferred payment agreement on the service-user's house as that required the spouse's consent as a joint-owner. Upon the service-user's death, due to that joint-ownership the house did not form part of the estate from which this debt could be paid, and the estate does not have sufficient funds from other sources.

In the case of Debt B, a debt built up for a service-user who lacked capacity. In these cases, CCC applies to the Court of Protection for a deputyship, which takes an increasingly long time to get agreed; at the point of a deputyship being awarded

assessed client contributions can be paid against the debt. Unfortunately in this case, the service-user died before the deputyship was awarded. We are unable to trace next of kin for the service-user, despite extensive effort involving Pathfinder Legal Services and a tracing agent. We are therefore unable to make a claim against the service-user's estate without extensive further work to identify next of kin which is likely to be uneconomic.

It should be emphasised that debt write offs are used exceptionally, and social care contributions are collected successfully from thousands of clients and their estates each month.

Strategy & Resources Committee is asked to approve debt write-offs of £29,108 and £27,784 relating to the estates of these service users, where there is now no prospect of debts being recovered.

## 8. Capital Programme

### 8.1 Capital financial performance

A summary of capital financial performance is shown below:

Original 2021/22 Budget as per Business Plan £000	Forecast Variance - Outturn (Dec) £000	Service	Revised Budget for 2021/22 £000	Actual-Year to Date (Jan) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Total Scheme Revised Budget (Jan) £000	Total Scheme Forecast Variance (Jan) £000
96,983	-3,892	P&E	106,426	52,153	-8,261	-7.8%	575,386	-1,155
44,588	-6,383	P&C	43,473	22,872	-9,711	-22.3%	535,133	-22,474
10,261	-5,496	Corporate Services	23,816	13,548	-5,496	-23.1%	196,704	-674
-	-	Outturn adjustment	-	-	-	-	-	-
<b>151,832</b>	<b>-15,771</b>	<b>Total Spending</b>	<b>173,715</b>	<b>88,573</b>	<b>-23,468</b>	<b>-13.5%</b>	<b>1,307,223</b>	<b>-24,303</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 8.2.
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.

### 8.2 2021-22 capital programme variations budgets

8.2.1 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 (Jan) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Jan) £000
P&E	-25,237	-33,498	25,237	100.0%	-8,261
P&C	-5,805	-15,516	5,805	100.0%	-9,711
CS	-5,620	-11,116	5,620	100.0%	-5,496
Outturn adjustment	-	-	-	-	-
<b>Total Spending</b>	<b>-36,662</b>	<b>-60,130</b>	<b>36,662</b>	<b>100.0%</b>	<b>-23,468</b>

8.2.2 As at the end of January, Place & Economy, People & Communities and Corporate Services schemes have all exceeded the capital variations budgets allocated to them, forecasting in-year underspends of -£8.3m, -£9.7m and -£5.5m respectively. The current overall forecast position is therefore a -£23.5m underspend; the forecast will be updated as the year progresses.

### 8.3 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.

#### 8.3.1 Place & Economy:

A -£8.261m (-7.8%) underspend is forecast at year-end.

- Delivering the Transport Strategy Aims- Highways Schemes

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
2,846	793	-2,053	-1,372	-681	0	-2,053

An in-year underspend of -£2.1m is forecast. This is an increase of £0.7m on the underspend position previously reported in October, of which £0.68m relates to a change since last month. Most schemes have been delayed due to late agreement in September 2021; together with the required involvement of the various district councils and the complexity of the projects this will mean that expenditure will be rephased into next financial year. The delays have also been exacerbated by project team resources. It is anticipated that agreement to next year's allocation and programme will be made earlier, so that this year's rephased schemes plus next year's full programme will be delivered and spent within year.

- Bridge Strengthening

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
3,126	2,837	-289	-130	-159	0	-289

An in-year underspend of -£0.3m is forecast. The reactive capital works bridge repairs scheme needs an extra £475k for minor repairs, so funding this year will be moved from the St Ives Flood Arches/ Town Bridge and North of Girton Bridge, both of which have been delayed.

- £90m Highways Maintenance schemes - Other

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
6,566	4,696	-1,870	-1,049	-821	0	-1,870

An in-year underspend of -£1.9m is forecast. This is an increase of £1.1m on the underspend position previously reported in November, of which £0.8m relates to a change since last month. The increase is primarily due to rephasing of the following schemes:

- Haddenham (£600k) - 60% of the spend is expected to occur in this financial year (£240k), with the remainder to fall in 2022/23 (£360k). This is due to the procurement of the Eastern Highways Framework 3 (EHF3) contract requiring an exemption waiver, as we only received two tender returns from contractors. Delays in the design and tender process were due to current resource levels within the team overseeing the delivery process.
- Cromwell Road Wisbech (£450k) – The programmed start date is 21/3/2022; this scheme was originally scheduled to commence in early February 2022. Works have been delayed due to the scarcity of concrete components with no alternatives on the market that can fulfil the design.

- Pothole grant funding

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
6,841	6,756	-85	-752	667	0	-85

An in-year underspend of -£0.1m is forecast. This is a reduction of £0.5m on the underspend position previously reported in October and relates in full to a change since last month. There is a March 2022 programme planned, reducing the previously forecast in-year underspend.

- Footways

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
4,000	3,539	-461	0	-461	0	-461

An in-year underspend of -£0.5m is forecast. A number of Footway schemes have been delayed and will be completed in 2022/23, these include the following:

- Hills Road, Cambridge
- Gwydir Street, Cambridge
- Oxford Road/Windsor Road, Cambridge

- King's Dyke

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
12,700	10,102	-2,598	0	-2,598	0	-2,598

An in-year underspend of -£2.6m is forecast. The project is now at a stage where the Council have a more detailed understanding of the cost forecast and the risk profile. In the period there have been several cost savings, including staffing, Network Rail possession costs including a commitment from Network Rail that the Council will receive a significant refund this financial year. The monthly risk budget has been reprofiled to better reflect when the risk items could occur in the programme, many of which have been moved into the next financial year. The construction work undertaken to date by the contractor has also come in below forecast, due to resequencing of the work. The project remains on programme for completion by the end of 2022.

- Emergency Active Fund

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
785	490	-295	-175	-120	0	-295

An in-year underspend of -£0.3m is forecast. Following preliminary development of the original 53 schemes, an extended consultation period during Autumn 2021, analysis of the data by the Business Intelligence Unit, scheme detailed design, road safety audit and traffic management complexities, plus engagement with the Greater Cambridge Partnership (GCP) over schemes that formed part of the City Access strategy now being taken forward by the GCP, only some simple and cycle parking projects are programmed to be delivered by end March 2022, with the majority of the schemes programmed for delivery from April to August 2022.

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

### 8.3.2 People & Communities:

A -£9.711m (-22.3%) underspend is forecast at year-end.

- Condition, Suitability & Maintenance

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
5,947	3,634	-2,313	0	-2,313	0	-2,313

An in-year underspend of -£2.3m is forecast. The rephasing is due to the team not having capacity to advance schemes at a faster pace and delays in the completion of school condition surveys because of Covid. The forward plan of works relies on this survey data. The £2,313k which is DfE grant funding will be carried forward into 2022/23 to address the maintenance and condition issues identified now that the condition surveys have been completed.

- Temporary Accommodation

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,000	650	-350	0	-350	-350	0

An in-year underspend of -£0.4m is forecast. There has been a significant reduction in the number of new temporary solutions required across the county, realising a £350k underspend in 2021/22. This is a total scheme underspend on the project. (See also 8.4.2.)

- Adult Social Care

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
10,719	5,128	-5,591	-5,104	-487	-400	-5,191

An in-year underspend of -£5.6m is forecast across Adult Social Care schemes. This is an increase of £0.5m on the underspend position previously reported in November and relates in full to a change since last month. The change relates to the following scheme:

- Care Suites East Cambridgeshire

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
5,620	163	-5,457	-4,970	-487	0	-5,457

Rephasing of -£5,457k is expected. The planning stages of the project and confirming the overall scope has led to a delay in the commencement.

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

### 8.3.3 Corporate Services:

A -£5.496m (-23.1%) underspend is forecast at year-end.

- IT Strategy

Revised Budget for 2021/22 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
1,584	1,494	-90	-90	0	0	-90

An in-year underspend of -£0.1m is forecast. This is a decrease of £0.4m on the underspend position previously reported in September and relates to a change since November. (This change should have been picked up in the December IFMR exception reporting but was omitted in error). The budget for this scheme has been rephased to reflect the timing of the work. As project resources have been required to work on the resolution of the data centre's air-conditioning issue, projects within the current financial year have been delayed and will be finalised in 2022-23. This will reduce the borrowing requirement by £90k in this financial year.

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

## 8.4 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:

### 8.4.1 Place & Economy:

A -£1.155m (-0.2%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details, see the [P&E Finance Monitoring Report](#).

### 8.4.2 People & Communities:

A -£22.5m (-4.2%) total scheme underspend is forecast.

- Temporary Accommodation

Total Scheme Revised Budget £'000	Total Scheme Forecast Spend - Outturn (Jan) £'000	Total Scheme Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000
12,500	12,150	-350	0	-350

A total scheme underspend of -£0.4m is forecast on the Temporary Accommodation scheme. As reported in section 8.3.2, there has been a significant reduction in the number of new temporary solutions required across the county, realising a £350k underspend on the project.

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

#### 8.4.3 Corporate Services:

A -£0.7m (-0.3%) 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](#).

### 8.5 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	16.1	3.5	-2.0	4.2	<b>21.8</b>	25.1	3.3
Basic Need Grant	0.0	1.0	0.0	0.0	<b>1.0</b>	1.0	0.0
Capital Maintenance Grant	3.1	2.2	0.0	0.7	<b>6.1</b>	3.7	-2.3
Devolved Formula Capital	0.8	1.3	0.0	-0.0	<b>2.0</b>	2.0	0.0
Specific Grants	20.3	4.0	-2.4	4.0	<b>25.8</b>	17.7	-8.1
S106 Contributions & Community Infrastructure Levy	23.5	-0.3	-3.8	0.6	<b>20.0</b>	18.6	-1.4
Capital Receipts	1.6	0.0	0.0	-0.3	<b>1.3</b>	1.6	0.2
Other Contributions	16.0	0.6	-2.8	7.1	<b>21.0</b>	21.1	0.2
Revenue Contributions	0.0	0.0	0.0	0.0	<b>0.0</b>	0.0	0.0
Prudential Borrowing	70.4	21.6	-18.6	1.3	<b>74.7</b>	59.4	-15.3
<b>TOTAL</b>	<b>151.8</b>	<b>33.8</b>	<b>-29.6</b>	<b>17.6</b>	<b>173.7</b>	<b>150.2</b>	<b>-23.5</b>

<sup>1</sup> 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.



## 8.6 North Angle Solar Farm and Swaffham Prior Community Heat Network

In December 2020, the Commercial and Investment Committee approved the investment case for the North Angle solar farm (NASF) project, which included scoping options for a private wire connection to the Swaffham Prior Community Heat Network (SPCHN) project. Shortly after, in January 2021, the investment case for the Swaffham Prior Community Heat Network was approved by the Environment and Sustainability Committee.

In March 2021, the Commercial and Investment Committee approved the option to progress a private wire between North Angle Solar Farm and Swaffham Prior Community Heat Network. The other option was for UKPN to deliver a grid connection from Burwell sub-station to the North Angle Solar Farm and a grid connection from Burwell sub-station to the Swaffham Prior Community Heat Project. The rationale for choosing the private wire option was a £2m cost saving compared to separate connections to Burwell sub-station from both projects.

Construction of the North Angle Solar Farm began in September 2021. Despite difficult ground conditions, expected during a winter build, it is progressing well. The piling has been completed and works to mount the solar panels is underway. The project is on track to be constructed during 2022.

Construction of the Swaffham Prior Community Heat Network started in August 2021. The main components of this project include the energy centre, the heat network and the customer connections. The Energy Centre building is nearly complete. Inside the building, the mechanical and electrical installation works have started and the evaporators for the Air Source Heat Pump are now installed on the external slab. Whilst there were some early problems that delayed the energy centre superstructure, these have now been resolved. Thirty-four boreholes, 200m deep, have been completed to date in the field adjacent to the energy centre and 40% of the heat network is now complete throughout the village with a completion anticipated in Spring. 102 homes in the village have committed to join the scheme to date.

The private wire when complete, will run from North Angle Solar Farm (NASF) to Burwell sub-station and sell renewable electricity to the grid through wholesale markets and supply and sell to the Swaffham Prior Community Heat Project (SPCHN) to run its energy centre.

As reported to Environment and Green Investment Committee (E&GI) on 3<sup>rd</sup> March the finalised capital costs have now been received for the private wire. Further information can be found in the report to E&GI [here](#). Similar to all capital projects during the pandemic, costs have increased since March 2021, triggering the need to come to E&GI Committee and S&R with a revised investment case. Whilst capital costs for the private wire have increased, the expected revenue from both the NASF and SPCHN have also increased greatly as a result of higher sale prices for electricity and heat. This means that the overall business cases from the two projects are better now, even with the increased capital costs for the private wire, than when agreed by C&I and E&S Committees.

The key point is that the capital cost increase for the private wire in February 2022 remains lower than the original (March 2021) cost for the two direct cost connections and considerably better value than the February 2022 costs for the two direct connections once inflation costs have been applied. The increased budget request for the private wire is unavoidable due to the following reasons:

- Significant inflation of raw material and product costs in the past year. For example, the base rate of copper has increased by over 10% in the last 12 months, aluminium by over 30% and shipping by over 600%.
- Since the original budget was provided in March 2021 an additional sub-station at North Angle Solar Farm has been included as a result of discussions with UKPN.
- Additional equipment to operate the private wire as a microgrid is now included which is additional to the original budget.
- The non-contestable works for the private wire being delivered by UKPN have increased by 13%.
- March 2021 costs were market estimates, but the final costs of the private wire are based on costs from an Independent Connections Provider (ICP), a preferred bidder, selected by Bouygues from four tender submissions for the delivery of the private wire.

Additional prudential borrowing for private wire costs of £389k is requested for the Swaffham Prior Community Heat Project and £1,099k for the North Angle Solar Farm scheme in 2022-23. The schemes will be funded by borrowing (and £3.5m grant for SPCHN); the annual cost of the additional borrowing is estimated at £53k starting in 2024/25 for NASF and £14k starting in 2023/24 for SPCHN, decreasing each year thereafter.

Strategy & Resources Committee is asked to approve additional prudential borrowing of £389k for 2022/23 for the Swaffham Prior Community Heat Project and £1,099k for 2022/23 for the North Angle Solar Farm scheme

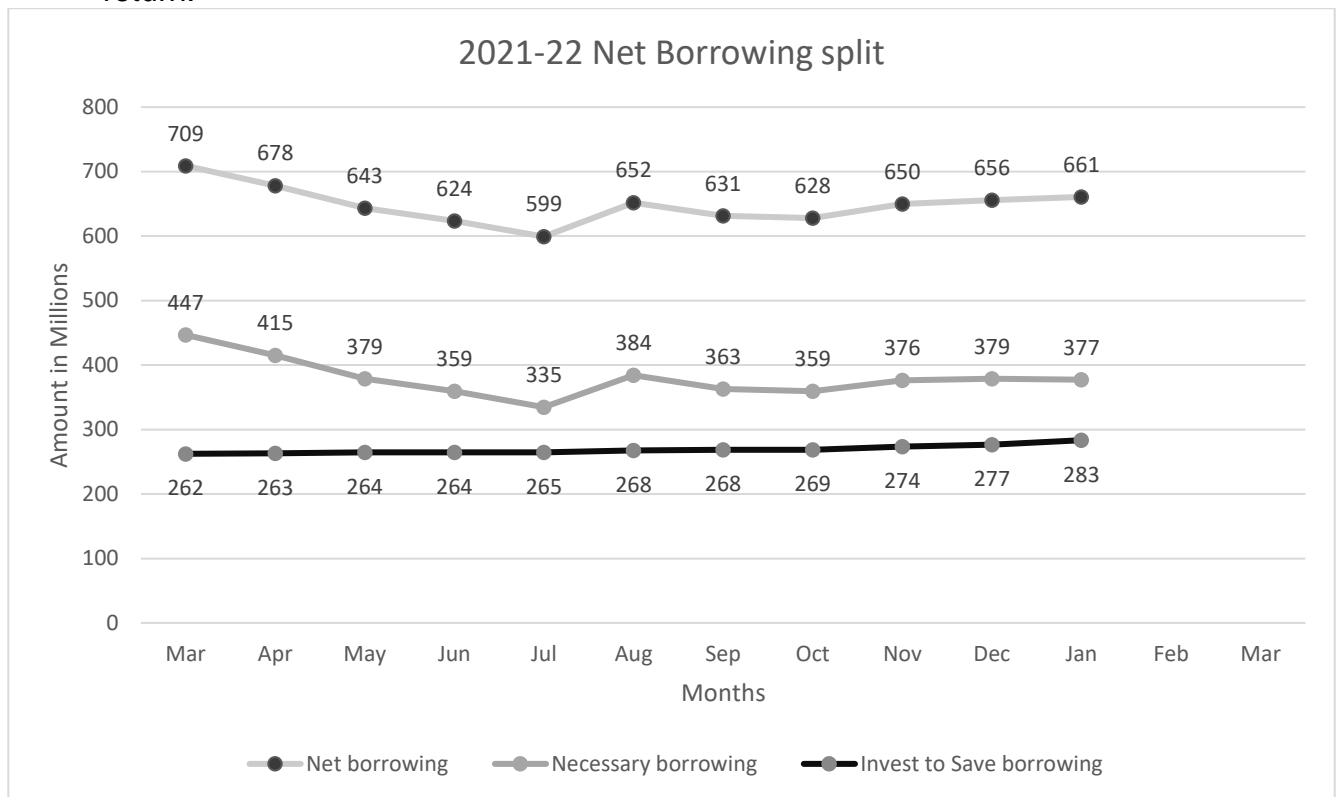
## 9. Balance Sheet

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

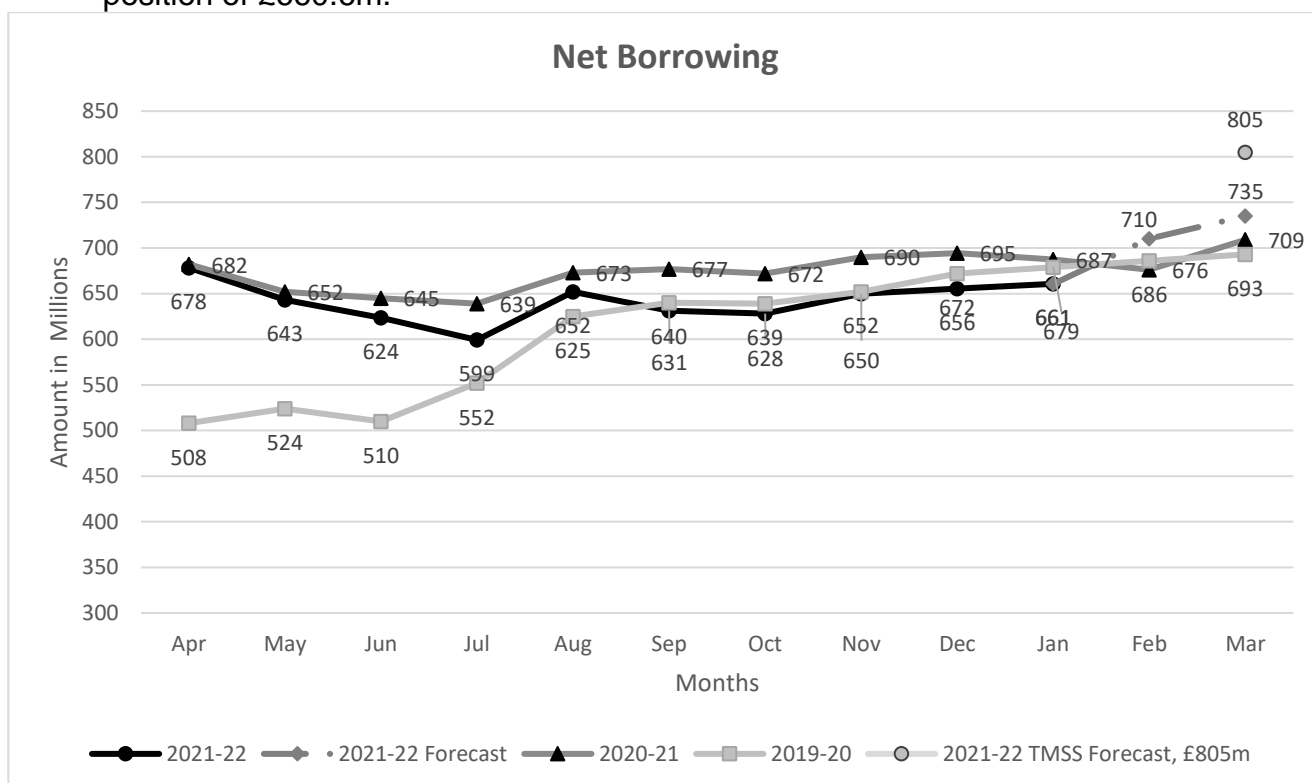
<b>Measure</b>	<b>Year End Target</b>	<b>Actual as at the end of Jan 2022<sup>1</sup></b>
% of income collected (owed to the council) within 90 days: Adult Social Care	85%	87%
Level of debt outstanding (owed to the council) 91 days +, £m: Adult Social Care	£3.37m	£10.48m
Level of debt outstanding (owed to the council) 91 days +, £m: Sundry	£1.71m	£2.72m
% of Undisputed Commercial Supplier Invoices Paid Within 30 Days	95.0%	96.8%
% of Undisputed Commercial Supplier Invoices Paid Within Terms	85.0%	80.1%

<sup>1</sup> The debt figures exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. That reconciliation process has now concluded with a payment having been made by the CCG in December to clear aged debt pre-April 2020. We are still working to apply the CCG payments to the relevant invoices along with a payment they made to us on account in 2020/21, but subsequent reports will show a reduction in the Council's overall debt due to this NHS debt being cleared.

9.2 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 £283m 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.



9.3 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 January 2022, investments held totalled £114.9m (excluding all 3<sup>rd</sup> party loans, Equity and This Land) and gross borrowing totalled £775.5m, equating to a net borrowing position of £660.6m.



9.4 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.

9.5 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. Based on the 2020-21 outturn position and subsequent revisions to the capital programme, the net borrowing is currently predicted to be below this, at £735m by the end of this financial year

9.6 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.

- 9.7 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.
- 9.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 9.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).
- 9.10 Update on Treasury Management Position in Quarter 4

Strategy & Resources Committee and Full Council receive regular reports on performance of treasury management in line with the prudential code and our Treasury Management Strategy. These are necessarily retrospective and in a fast-changing economic environment can not reflect latest updates. Given recent changes to economic conditions, including those caused by the Russian invasion of Ukraine, this section provides a brief update on the implications for the Council's borrowing and treasury management in quarter 4 ahead of the formal reporting.

The interest rates on new borrowing from the Public Works Loans Board (the main source of CCC's borrowing) have increased over recent weeks mainly due to the increased Bank of England base rate though those rates have stabilised. We have not had the need to take out substantial PWLB borrowing in recent months and where we have we can still often re-finance at a rate lower than the maturing debt. We believe that markets have priced in several further increases in the base rate over the next year.

Inflation is rising faster than most predictions expected, and that coupled with uncertainty in the international economy may mean the Bank of England limits rate increases. The increase in inflation is a concern for next year's budgets, although they were set on the basis of rising costs and we retain reserves that are available to mitigate higher than expected inflationary pressures.

In the short-term, the economic impact in the UK of the invasion of Ukraine is being felt in any sectors exposed to sanctioned parts of the Russian economy, in particular some investment funds that have Russian equity or bond investments. The Council's treasury investments are very minimally exposed, with funds the Council has invested in having marginal exposure to one Russian and one Ukrainian company and no exposure to Russian sovereign debt. Previous sanctions against Russia, and the focus of our investments on cleaner investments, have limited the prospect for any investment by our funds in that country.

The impact of the invasion and sanctions on the global economy remain uncertain, and the Council will maintain close discussions with our treasury management advisor and our investment funds.

## 10. Alignment with corporate priorities

### 10.1 Communities at the heart of everything we do

There are no significant implications for this priority.

### 10.2 A good quality of life for everyone

There are no significant implications for this priority.

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

There are no significant implications for this priority.

### 10.4 Cambridgeshire: a well-connected, safe, clean, green environment

There are no significant implications for this priority.

### 10.5 Protecting and caring for those who need us

There are no significant implications for this priority.

## 11. Significant Implications

### 11.1 Resource Implications

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

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

There are no significant implications within this category.

### 11.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

### 11.4 Equality and Diversity Implications

There are no significant implications within this category.

### 11.5 Engagement and Consultation Implications

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

### 11.6 Localism and Local Member Involvement

There are no significant implications within this category.

### 11.7 Public Health Implications

There are no significant implications within this category.

## 11.8 Environment and Climate Change Implications on Priority Areas

### 11.8.1 Implication 1: Energy efficient, low carbon buildings.

Status: Positive

Explanation: In relation to recommendation 8.6 re North Angle Solar Farm (NASF) and Swaffham Prior Community Heat Network (SPCHN), the private wire will enable the SPCHN Energy centre to run on clean renewable energy from NASF. This energy centre will then provide renewable energy to warm homes within Swaffham Prior.

### 11.8.2 Implication 2: Low carbon transport.

Status: Neutral

Explanation: There are no significant implications within this category

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

Status: Positive

Explanation: In relation to recommendation 8.6 re North Angle Solar Farm (NASF) and Swaffham Prior Community Heat Network (SPCHN), whilst this scheme will require the construction of a substation on current agricultural land, biodiversity net gain will be included as part of the planning application and it is anticipated that the habitat will improve as a result of the project through landscaping.

### 11.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Status: Negative

Explanation: In relation to recommendation 8.6 re North Angle Solar Farm (NASF) and Swaffham Prior Community Heat Network (SPCHN), this project will likely cause waste which will need to be carted off site and disposed of. Plastic may be used as packaging. A waste management plan will be agreed as part of the project to reduce the negative impact.

### 11.8.5 Implication 5: Water use, availability and management:

Status: Neutral

Explanation: There are no significant implications within this category

### 11.8.6 Implication 6: Air Pollution.

Status: Positive

Explanation: In relation to recommendation 8.6 re North Angle Solar Farm (NASF) and Swaffham Prior Community Heat Network (SPCHN), there will be a reduction in carbon emissions from reduction in fossil fuels.

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

Status: Positive

Explanation: In relation to recommendation 8.6 re North Angle Solar Farm (NASF) and Swaffham Prior Community Heat Network (SPCHN), this project supports the SPCHN which is tackling fuel poverty in a local community to move off fossil fuels

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

## 12. Source documents

### 12.1 Source documents

P&E Finance Monitoring Report (January 22)

P&C and PH Finance Monitoring Report (January 22)

CS Finance Monitoring Report (January 22)

Capital Monitoring Report (January 22)

CCC Debt Reporting Pack (January 22)

CCC Prompt Payment KPIs (January 22)



## Appendix 1 – transfers between Services throughout the year

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

<b>Budgets and Movements</b>	<b>P&amp;C £'000</b>	<b>P&amp;E £'000</b>	<b>CS Financing £'000</b>	<b>Corporate Services £'000</b>	<b>Financing Items £'000</b>
<b>Opening Cash Limits as per Business Plan</b>	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	
Transferring three Property budgets from P&C to Corporate services	-93			93	
Transfer of Qtr 2 Mileage Savings	-205	-9		214	
Transfer of Qtr 3 Mileage Savings	-200	-7		207	
<b>Current budget</b>	<b>299,570</b>	<b>64,250</b>	<b>31,295</b>	<b>26,821</b>	<b>13,440</b>
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 Jan 2022 £000s	Forecast Balance at 31 March 2022 £000s	Notes
<b>- County Fund Balance</b>	26,094	1,619	27,713	41,938	
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS (LGSS Cambridge & Shared Services)	925	-22	903	903	
<b>General Reserves subtotal</b>	27,019	1,597	28,617	42,842	
4 Insurance	4,830	-106	4,725	4,725	
<b>Specific Earmarked Reserves subtotal</b>	4,830	-106	4,725	4,725	
5 P&C	8,547	-2,186	6,361	8,070	Forecast includes £830k for ASC workforce development (as requested 6.3) and £2m for Adults' risks (approved Dec 21 S&R meeting).
6 PH	4,624	0	4,624	2,470	
7 P&E	5,184	1,533	6,717	6,666	Forecast includes £1,490k for Highways Maintenance (as requested in App. 6)
8 Corporate Services	3,867	585	4,452	2,850	
9 Transformation Fund	30,653	-5,016	25,637	22,284	Funding realised through change in MRP policy.
10 Innovate & Cultivate Fund	687	37	724	365	
11 Corporate- COVID	26,987	0	26,987	26,987	Includes remainder of COVID-19 Support Grant 1st, 2nd, 3rd and 4th tranches
12 Council Tax Counter-Fraud work	0	464	464	464	£464k as approved by S&R 2nd Nov 2021.
13 Specific Risks Reserve	2,140	0	2,140	2,140	
14 This Land Credit Loss & Equity Offset	5,850	0	5,850	5,850	
15 Revaluation & Repair Usable (Commercial Property)	2,940	0	2,940	2,940	
16 Collection Fund Volatility & Appeals Account	3,690	0	3,690	3,690	
17 Grant carry forwards	18,646	-18,646	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.
<b>Other Earmarked Funds subtotal</b>	113,815	-23,229	90,585	84,777	
<b>SUBTOTAL</b>	<b>145,664</b>	<b>-21,737</b>	<b>123,927</b>	<b>132,343</b>	
18 P&C	3,592	0	3,592	0	
19 P&E	7,315	-634	6,681	0	
20 Corporate Services	10,861	1,151	12,012	0	
21 Corporate	49,816	21,681	71,497	53,931	Section 106 and Community Infrastructure Levy balances.
<b>Capital Reserves subtotal</b>	71,584	22,198	93,782	53,931	
<b>GRAND TOTAL</b>	<b>217,249</b>	<b>461</b>	<b>217,709</b>	<b>186,274</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 2021 £000s</b>	<b>Movements in 2021-22 £000s</b>	<b>Balance at 31 Jan 2022 £000s</b>	<b>Forecast Balance at 31 March 2022 £000s</b>	<b>Notes</b>
1 P&E	0	0	0	0	
2 P&C	1,955	-425	1,530	1,530	
3 Corporate Services	2,093	2	2,095	2,093	
<b>Short Term Provisions subtotal</b>	<b>4,048</b>	<b>-423</b>	<b>3,625</b>	<b>3,623</b>	
4 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>7,661</b>	<b>-423</b>	<b>7,238</b>	<b>7,236</b>	

### Appendix 3 - Savings Tracker 2021-22 Quarter 3

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	A/R.6.114	Learning Disabilities Commissioning	A programme of work commenced in Learning Disability Services in 2016/17 to ensure service-users had the appropriate level of care; some additional work remains, particularly focussing on high cost placements outside of Cambridgeshire and commissioning approaches, as well as the remaining part-year impact of savings made part-way through 2019/20.	P&C	Adults & Health	-250	0	-62	-62	-126	-250	0	0.00	↔	Outcomes based commissioning saving delayed to the following year due to competing priorities for Commissioning during the pandemic. The delay is mitigated by the identification of out of county placements that should be 100% health funded.
Amber	A/R.6.176	Adults Positive Challenge Programme - demand management	New Saving 21/22 £100k Carry-forward saving 20/21 £2,239k  Through the Adults Positive Challenge Programme, the County Council has set out to design a new service model for Adult Social Care, which will continue to improve outcomes whilst also being economically sustainable in the face of the huge pressure on the sector. This is the second year of saving through demand management, building on work undertaken through 2019/20, focussing on promoting independence and changing the conversation with staff and service-users to enable people to stay independent for longer. The programme also has a focus of working collaboratively with partner organisations in 2020/21. In later years, the effect of the Preparing for Adulthood workstream will continue to have an effect by reducing the level of demand on services from young people transitioning into adulthood.	P&C	Adults & Health	-2,339					-1,983	356	15.22	↔	In year saving on track. Brought forward demand management saving continues to be impacted by the pandemic, particularly in the Reablement workstream with the service continuing to support the NHS.
Green	A/R.6.179	Mental Health Commissioning	A retender of supported living contracts gives an opportunity to increase capacity and prevent escalation to higher cost services, over several years. In addition, a number of contract changes have taken place in 2019/20 that have enabled a saving to be taken.	P&C	Adults & Health	-24	-6	-6	-6	-6	-24	0	0.00	↔	On track.
Green	A/R.6.185	Additional block beds - inflation saving	Through commissioning additional block beds, referred to in A/R.5.005, we can reduce the amount of inflation funding needed for residential and nursing care. Block contracts have set uplifts each year, rather than seeing inflationary increases each time new spot places are commissioned.	P&C	Adults & Health	-606	-152	-151	-152	-151	-606	0	0.00	↔	On track
Amber	A/R.6.186	Adult Social Care Transport	Savings can be made in transport costs through a project to review commissioning arrangements, best value, route optimisation and demand management opportunities. This may require transformation funded resource to achieve fully.	P&C	Adults & Health	-250	0	0	-15	-15	-30	220	88.00	↓	Potential savings have been identified through route optimisation. It is still expected that savings of £250k should be achieved, but the majority will be delayed until 22/23 because of the complexity of ensuring the route optimisation identified meets service users' needs.
Green	A/R.6.187	Additional vacancy factor	Whilst effort is made to ensure all critical posts are filled within People and Communities, slippage in staffing spend always occurs. For many years, a vacancy factor has existed in P&C budgets to account for this; following a review of the level of vacancy savings achieved in recent years we are able to increase that vacancy factor.	P&C	Adults & Health	-150	-40	-40	-40	-30	-150	0	0.00	↔	On track.
Black	A/R.6.188	Micro-enterprises Support	Transformation funding has been agreed for new approach to supporting the care market, focussing on using micro-enterprises to	P&C	Adults & Health	-30	0	0	0	0	0	30	100.00	↓	Delivery of the saving has been delayed by the pandemic and is now being taken forward as part of the Care Together programme.

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
			enable a more local approach to domiciliary care and personal assistants. As well as benefits to an increased local approach and competition, this work should result in a lower cost of care overall.												
Green	A/R.6.210	Unaccompanied Asylum Seeking Young People: Support Costs	During 2020/21, the Government increased the weekly amount it provides to local authorities to support unaccompanied asylum seeking young people. This means that the grant now covers more of the costs of meeting the accommodation and support needs of unaccompanied asylum seeking young people and care leavers. Accordingly, it is possible to make a saving in the contribution to these costs that the Council has historically made from core budgets of £300K per annum. Also the service has worked to ensure that placement costs are kept a minimum, without compromising quality, and that young people move from their 'care' placement promptly at age 18 to appropriately supported housing provision.	P&C	C&YP	-300	-75	-75	-75	-75	-300	0	0.00	↔	On track
Green	A/R.6.211	Adoption and Special Guardianship Order Allowances	A reduction in the number of children coming into care, due to implementation of the Family Safeguarding model and less active care proceedings, means that there are fewer children progressing to adoption or to permanent arrangements with relatives under Special Guardianship Orders. This in turn means that there are fewer carers who require and/or are entitled to receiving financial support in the form of adoption and Special Guardianship Order allowances.	P&C	C&YP	-500	-125	-125	-125	-125	-500	0	0.00	↔	On track
Green	A/R.6.212	Clinical Services; Children and young people	Changes to the clinical offer will include a reduction in clinical staff input in the Family Safeguarding Service (previously social work Units) due to changes resulting from the implementation of the Family Safeguarding model, including the introduction of non-case holding Team Managers and Adult practitioners. Additional investment is to be made in developing a shared clinical service for Cambridgeshire and Peterborough for corporate parenting, however a residual saving of £250k can be released. In 2022-23 this will be re-invested in the Family Group Conferencing Service (see proposal A/R.5.008)	P&C	C&YP	-250	-62	-62	-62	-64	-250	0	0.00	↔	On track
Black	A/R.6.255	Children in Care - Placement composition and reduction in numbers	Through a mixture of continued recruitment of our own foster carers (thus reducing our use of Independent Foster Agencies) and a reduction in overall numbers of children in care, overall costs of looking after children and young people can be reduced in 2021/22.	P&C	C&YP	-246	0	0	0	0	0	246	100.00	↔	Due to increasing pressure around placement mix and complexity of need, we do not anticipate meeting this saving target. It is expected that underspends within Childrens Social Care will offset the unachieved savings.
Black	A/R.6.266	Children in Care Stretch Target - Demand Management	Please see A/R.6.255 above.	P&C	C&YP	-1,000	0	0	0	0	0	1,000	100.00	↓	Due to increasing pressure around changes in placement mix and complexity of need, we do not anticipate meeting this saving target. It is expected that underspends within Childrens Social Care will offset the unachieved savings.
Green	A/R.6.267	Children's Disability: Reduce overprescribing	The Children's Disability 0-25 service has been restructured into teams (from units) to align with the structure in the rest of children's social care. This has released a £50k saving on staffing budgets. In future years, ways to reduce expenditure on providing services to children will be explored in order to bring our costs down to a level closer to that of our statistical neighbours.	P&C	C&YP	-50	-50				-50	0	0.00	↔	Savings taken at budget build so considered achieved as new structure fits inside revised budget.

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	A/R.6.268	Transport - Children in Care	The impact of ongoing process improvements in the commissioning of transport for children in care.	P&C	C&YP	-300	-300	0	0	0	-300	0	0.00	↔	On track.
Amber	A/R.6.269	Communities and Partnership Review	A review of services within C&P where efficiencies, or increased income, can be found.	P&C	C,SM&I	-200	-25	-25	-25	-25	-100	100	50.00	↓	Under Review
Amber	A/R.7.105	Income from utilisation of vacant block care provision by self-funders	Carry-forward saving - incomplete in 20/21. We currently have some vacancies in block purchased provision in care homes. Income can be generated to offset the vacancy cost by allowing people who pay for their own care to use these beds	P&C	Adults & Health	-150	-37	-13	-10	0	-60	90	60.00	↔	Annual in-year savings target of £150k not expected to be fully achieved.
Red	A/R.7.106	Client Contributions Policy Change	Carry-forward saving - incomplete in 20/21 In January 2020, Adults Committee agreed a set of changes to the charging policy for adult social care service-user contributions. We expect this to generate new income of around £1.4m in 2020/21, and are modelling the full-year impact into 2021/22.	P&C	Adults & Health	-1,192	-250	-250	-75	-30	-605	587	49.24	↔	Ongoing difficulties in recruitment have continued to delay the reassessments project. The shortfall in savings delivery is fully mitigated in the forecast by increases in client contributions not directly linked with reassessments.
Green	B/R.6.201	Review Winter Operations	Review winter operations – increase number of weather domains from 3 to 5	P&E	H&T	-17	0	0	-17	0	-17	0	0.00	↔	
Green	B/R.6.202	Highways: Removal of Old VAS Signs	Removal of old VAS signs	P&E	H&T	-4	-4				-4	0	0.00	↔	
Green	B/R.7.119	Income from Bus Lane Enforcement	Carry-forward saving - unachieved in 20/21. Due to COVID, existing income target not met in 20/21 Utilising additional bus lane enforcement income to fund highways and transport works, as allowed by current legislation.	P&E	H&T	-650	-163	-162	-163	-162	-650	0	0.00	↔	
Green	B/R.7.120	Deployment of current surpluses in civil parking enforcement to transport activities	Carry-forward saving - unachieved in 20/21 Due to COVID, existing income target not met in 20/21. Deployment of current surpluses in civil parking enforcement to transport activities, including a contribution to Park & Ride, as allowed by current legislation.	P&E	H&T	-340	-85	-85	-85	-85	-340	0	0.00	↔	

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	C/R.6.103	External Auditor fee	Carry-forward saving - not achieved in 20/21  Saving to be achieved from reduction in expenditure on External Audit, as per fees set by Public Sector Audit Appointments	CS	S&R	-15	-3	-4	-4	-4	-15	0	0.00	↔	
Blue	C/R.6.104	Reduction in staff mileage	A reduction in staff travel is expected to continue.	CS	S&R	-564	-474	-254	-249	-200	-1,177	-613	-108.69	↔	Q1, Q2 & Q3 saving achieved.
Green	C/R.6.105	Customer Services	Customer Services have scrutinised their budget, and trends over recent years, and have determined a reduction of £85k is achievable from their base revenue. This is the equivalent to 3 full-time Customer Service Advisors. This reduction will be delivered by removing vacant posts.	CS	S&R	-85	-20	-20	-20	-25	-85	0	0.00	↔	
Green	E/R.6.033	Drug & Alcohol service - funding reduction built in to new service contract	This saving has been built into the contract for Adult Drug and Alcohol Treatment Services which was awarded to Change Grow Live (CGL) and implemented in October 2018. The savings are being achieved through a new service model with strengthened recovery services using cost effective peer support models to avoid readmission, different staffing models, and a mobile outreach service.	PH	Adults & Health	-63	-16	-16	-16	-16	-63	0	0.00	↔	
Green	E/R.6.043	Joint re-procurement of Integrated Lifestyle Services	Carry-forward saving - incomplete in 20/21 Delivery of this saving has been delayed due to Covid-19  Re-commissioning of the integrated lifestyle services as one service across Cambridgeshire and Peterborough. Peterborough City Council will delegate authority to Cambridgeshire County Council to commission, contract and performance manage the new provider.	PH	Adults & Health	-17	-4	-4	-4	-4	-17	0	0.00	↔	
Green	F/R.6.003	Babbage House closure	The lease on Babbage House is due to end in 2020-21, and will not be renewed.	CS	S&R	-198	-198				-198	0	0.00	↔	
Black	F/R.6.109	Cambs 2020 Operational Savings	Savings to the running costs of corporate buildings as a result of the Cambs 2020 programme.	CS	S&R	-605	0	0	0	0	0	605	100.00	↓	The savings from Shire Hall will not be achieved until such time as the sale is complete.
Black	F/R.7.106	Utilisation/commercialisation of physical assets	Carry-forward saving - unachieved in 20/21.  One Public Estate	CS	S&R	-36	0	0	0	0	0	36	100.00	↔	There has been no development in this area.
Green	F/R.7.110	Return on Commercial Property Investments	Carry-forward saving - unachieved in 20/21The Council is developing a portfolio of commercial property investments. This is the rental income generated from the leases of these properties.	CS	S&R	-105	-26	-26	-26	-27	-105	0	0.00	↔	
Green	F/R.7.127	County Farms - Commercial uses	Conversion of barns on the County Farms Estate for non-agricultural commercial uses, including storage and distribution.	CS	S&R	-45	-11	-11	-11	-12	-45	0	0.00	↔	
Black	F/R.7.131	Commercial Income	Commercial return from the Council's Commercial Strategy, to be generated by the newly developed Commercial Team.	CS	S&R	-232	0	0	0	0	0	232	100.00	↔	Saving not achieved. However, as part of the budget rebaselining exercise approved by S&R at the July 2021 meeting this pressure is now removed.
Green	F/R.7.140	Tesco - Income Generation	Estimated annual rent increase.	CS	S&R	-77	0	0	0	-77	-77	0	0.00	↔	
Green	F/R.7.141	Evolution Business Park - Income Generation	Estimated annual rent increase.	CS	S&R	-12	-3	-3	-3	-3	-12	0	0.00	↔	

RAG	Reference	Title	Description	Service	Committee	Original Saving 21-22	Current Forecast Phasing - Q1	Current Forecast Phasing - Q2	Current Forecast Phasing - Q3	Current Forecast Phasing - Q4	Forecast Saving 21-22	Variance from Plan £000	% Variance	Direction of travel	Forecast Commentary
Green	F/R.7.142	Kingsbridge - Income Generation	Estimated annual rent increase.	CS	S&R	-11	-3	-3	-3	-2	-11	0	0.00	↔	
Black	F/R.7.143	Brunswick House - Income Generation	Estimated annual rent increase.	CS	S&R	-66	0	0	0	0	0	66	100.00	↓	The percentage increase for 21-22 was not in line with the estimated investment figure.
Green	F/R.7.144	County Farms	Increase in rental income for the county farms estate.	CS	S&R	-40	0	0	-20	-20	-40	0	0.00	↔	
Green	G/R.6.003	MRP: Accountable Body (effect of capital swaps)	As Accountable Body the Council incurs certain administrative costs in undertaking this role. However it also holds the cash on an interim basis pending utilisation by those parties. The Council maximises the use of these resources whilst not detrimentally affecting those resources. This is only possible where the body or partnership does not use the funds that have been awarded in the financial year in which they are provided. This is an adverse effect, it is the reversal of savings made in previous years as the cash received in prior years is utilised by the parties for whom we hold the funds and can no longer be used to offset borrowing requirements	CS	S&R	-355	-88	-89	-89	-89	-355	0	0.00	↔	

#### Key to RAG ratings

Total saving	Over £500k	£100-500k	Below £100k
Black	100% non-achieving	100% non-achieving	100% non-achieving
Red	Percentage variance more than 19%	-	-
Amber	Under-achieving by 14% to 19%	Percentage variance more than 19%	Percentage variance more than 19%
Green	Percentage variance less than 14%	Percentage variance less than 19%	Percentage variance less than 19%
Blue	Over-achieving	Over-achieving	Over-achieving



## Appendix 4

Service: Corporate Services

Subject: Finance Monitoring Report – January 2022

### Key Indicators

Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Green	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	2-7
2	Capital Executive Summary	Summary of the position of the Capital programme	8
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	9
4	Technical Note	Explanation of technical items that are included in some reports	9
Appx 1	Service Level Financial Information	Detailed financial tables for Corporate Services	10-11



## 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
151	Customer & Digital Services	17,003	16,950	-77	-0.5%	Green
-58	Business Improvement & Development	1,914	1,984	7	0.4%	Amber
-65	Resources Directorate	7,046	4,006	1,102	0.4%	Amber
-69	Legal & Governance	2,326	1,814	-67	-2.9%	Green
-2,315	Corporate & Miscellaneous	7,199	422	-3,240	-45%	Green
258	Investment Activity	-11,317	-10,908	236	2.1%	Amber
461	Property Services	2,650	3,537	547	20.6%	Amber
-1,015	Financing Costs	31,295	31,116	-1,015	-3.2%	Green
<b>-2,653</b>	<b>Total</b>	<b>58,116</b>	<b>48,920</b>	<b>-2,507</b>	<b>-4.3%</b>	<b>Green</b>

Further analysis can be found in appendix 2 for Corporate Services

## 1.3 Significant Issues

Corporate Services are currently forecasting an underspend of £2,507k, a decrease of £146k since last month.

Significant issues are detailed below:

### Customer and Digital Services

Customer and Digital Services budgets are currently forecasting an underspend of £77k, a decrease of £228k from the previous forecast.

The IT budgets have been updated to include a forecast underspend for the usage of mobile data/phones £60k and £40k underspend due to vacancies and the capitalisation of staff costs focused on the IT Strategy and Data Centre projects.

### Business Improvement & Development

Business and Digital Services budgets are currently forecasting an overspend of £7k, an increase of £141k from the previous forecast.

There are no exceptions to report this month.

## Resources Directorate

Resources Directorate is forecasting an overspend of £1,102k, an increase of £1,167k from the previous forecast.

### Insurance

The Insurance budget is forecasting an overspend of £1,073k, which is due to the need to increase the insurance fund to the recommended level as per the latest actuary report.

## Legal and Governance

Legal and Governance budgets are currently forecasting an underspend of £67k, a decrease of £2k from the previous forecast.

There are no exceptions to report this month.

## Corporate & Miscellaneous

Corporate & Miscellaneous budgets are currently forecasting an underspend of £3,240k, an increase of £925k from the previous forecast. The forecast has been updated to reflect the total underspend for the Investment in Social Care contingency budget.

## Investment Activity

Investment Activity is currently forecasting an overspend of £236k, a decrease of £99k from the previous forecast.

The Contract Efficiencies and External Income budget is forecasting an overspend of £201k. Planned new income generation from increasing advertising and sponsorship, a target held on behalf of the entire organisation, has not been achieved this year due to some COVID impact in this market, and a long-term underperforming contract has been purposefully managed to expiry to allow for new engagement and procurement in 2022 for better and increased returns.

## Property Services

Property Services is currently forecasting an overspend of £547k, an increase of £86k from the previous forecast.

There are no exceptions to report this month.

## Financing Costs

Financing costs is currently forecasting an underspend of £1,015k, same as the previous forecast.

There are no exceptions to report this month.

## Covid 19 – Financial Impact

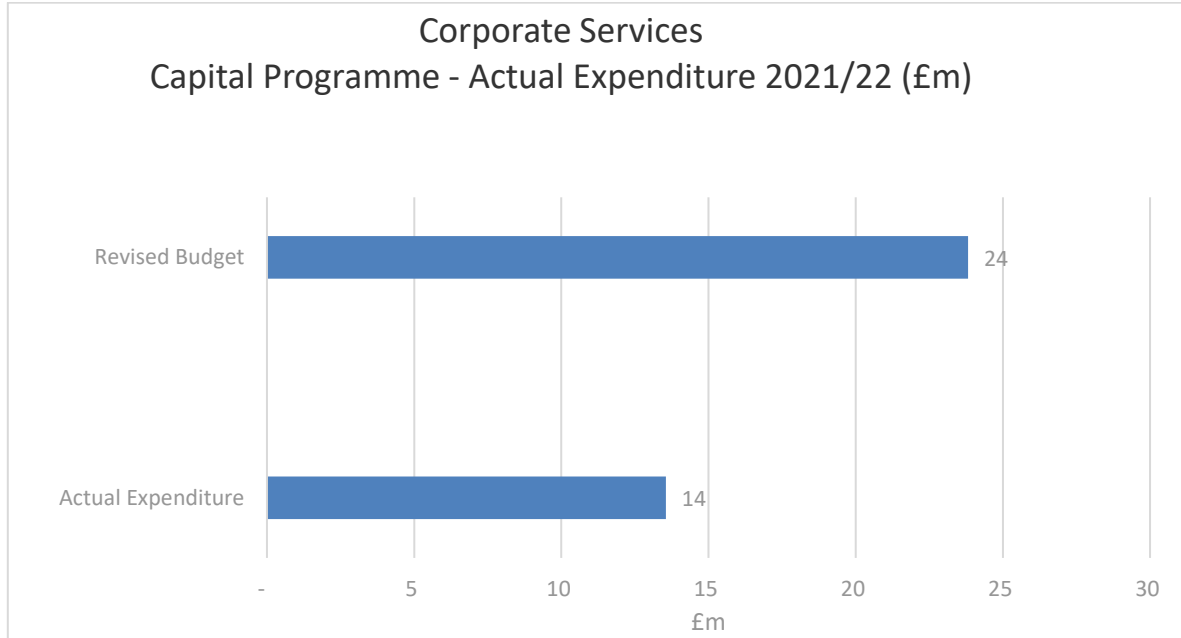
Financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

Service Area	Details	Estimated cost 2021/22 £000	Jan 2022 impact £000
<b>IT – continued remote working</b>	Remote working continues as per government guidance.	318	298
<b>Postage</b>	Postage directly related to Covid-19	20	20
<b>Temporary mortuary</b>	Site cost for provision of body storage	30	29
<b>Communications-Test and Trace</b>	Staff and advertising costs towards the Test and Trace Service	276	138
<b>Information Management</b>	Cambs 2020 programme removal costs – delays due to Covid-19 pandemic	43	43
<b>Democratic &amp; Member Services</b>	Hire of external venues for Council AGM	21	14
<b>Elections</b>	25% uplift in costs expected for the election	161	0
<b>Council Tax</b>	Income saving rephased due to pressures on the District Council's Revenue & Benefits teams impacting timeline for project mobilisation	650	488
<b>Cromwell Leisure</b>	We anticipate that in the current climate, two of the restaurant units will generate minimal income during 2021-22 and the cinema is facing further challenges	433	339
<b>County Farms</b>	Reduction in income from new investments & a small decline on existing income	205	205
<b>Pools Property Fund Investment</b>	Expecting the risk of further challenges ahead, a forecast of 5% income reduction is likely.	21	19
<b>Property Services</b>	Health and Safety supplies, cleaning, water testing, additional resource.	107	87
<b>Brunswick House</b>	A reduction in the occupancy levels since it is expected that some students will stay at home and opt for online learning and a drop in international student numbers is expected.	668	645
<b>Compliance</b>	To carry out ventilation surveys to 109 buildings to ensure the safe capacities of our buildings for Covid-19 management	93	93
<b>Compliance</b>	C02 monitors to be installed to ensure safe working in our buildings for Covid-19 management	350	80

## 2. Capital Executive Summary

### 2.1 Expenditure

Corporate Services has a capital budget of £23,816k and expenditure to date of £13,548k in 2021/22.



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 £24m.

There are no exceptions to report this month.

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

### 2.2 Funding

Corporate Services has a capital budget of £24m in 2021/22. This includes £5m of funding carried forward from 2020/21.

### 3. Savings Tracker Summary

The savings tracker is produced quarterly. The Q3 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 January 2022 £000's	Forecast Outturn Variance £000's	Forecast Outturn Variance %
-	<b>Customer &amp; Digital Services</b>	-	-	-	-
38	Director, Customer & Digital Services	414	390	3	1%
6	Chief Executive	130	106	7	6%
0	Communication and Information	734	715	2	0%
-220	Customer Services	2,033	1,786	-266	-13%
347	IT & Digital Service	2,558	2,973	395	15%
68	IT Managed	7,274	8,048	-80	-1%
0	Elections	170	70	0	0%
-32	Human Resources	1,612	1,322	-42	-3%
-10	Health, Safety & Wellbeing	180	66	-9	-5%
-47	Learning & Development	1,899	1,473	-86	-5%
<b>151</b>	<b>Customer &amp; Digital Services Total</b>	<b>17,003</b>	<b>16,950</b>	<b>-77</b>	<b>0%</b>
	<b>Business Improvement &amp; Development</b>				
2	Policy, Design and Delivery	611	1,140	219	36%
-77	Commercial Team	261	-88	-91	-35%
-60	Business Intelligence	1,042	931	-121	-12%
<b>-135</b>	<b>Business Improvement &amp; Development Total</b>	<b>1,914</b>	<b>1,984</b>	<b>7</b>	<b>0%</b>
	<b>Resources Directorate</b>				
-10	Resources Directorate	373	258	0	0%
-59	Professional Finance	1,826	1,399	4	0%
0	Procurement	613	543	5	1%
3	CCC Finance Operations	415	324	19	5%
0	Shared Finance Operations	432	671	0	0%
0	Insurance	2,229	550	1,073	48%
0	External Audit	75	-72	0	0%
0	Shared Services	1,082	332	0	0%
<b>-65</b>	<b>Resources Directorate Total</b>	<b>7,046</b>	<b>4,006</b>	<b>1,102</b>	<b>16%</b>
	<b>Legal &amp; Governance</b>				
0	Legal & Governance Services	103	111	1	1%
-20	Information Management	875	669	-20	-2%
2	Democratic & Member Services	325	246	3	1%
-51	Members' Allowances	1,023	789	-51	-5%
<b>-69</b>	<b>Legal &amp; Governance Total</b>	<b>2,326</b>	<b>1,814</b>	<b>-67</b>	<b>-3%</b>
	<b>Corporate &amp; Miscellaneous</b>				
-542	Central Services and Organisation-Wide Risks	2,693	6	-757	-28%
-1,100	Pandemic Risk	1,573	166	-1,171	-74%
-650	Investment in Social Care Capacity	1,300	0	-1,300	-100%
16	Subscriptions	110	128	16	15%
-39	Authority-wide Miscellaneous	94	-1,307	-28	-30%
0	Transformation Fund	1,429	1,429	0	0%
<b>-2,315</b>	<b>Corporate &amp; Miscellaneous Total</b>	<b>7,199</b>	<b>422</b>	<b>-3,240</b>	<b>-54%</b>
	<b>Investment Activity</b>				
578	Property Investments	-3,544	-5,061	591	17%
0	Shareholder Company Dividends & Fees	-491	-544	0	0%
-24	Housing Investment (This Land Company)	-6,063	-3,814	-61	-1%
101	Contract Efficiencies & Other Income	-201	-0	201	100%
-244	Collective Investment Funds	-779	-642	-359	-46%
-180	Investments	0	0	0	0%
-77	Renewable Energy Investments	-239	-847	-137	-57%
<b>335</b>	<b>Commercial Activity Total</b>	<b>-11,317</b>	<b>-10,908</b>	<b>236</b>	<b>2%</b>
	<b>Property Services</b>				
400	Facilities Management	5,274	4,691	400	8%
0	Property Services	799	679	41	5%
5	Property Compliance	204	18	38	19%
35	County Farms	-4,329	-1,982	35	1%
21	Strategic Assets	703	131	32	5%



<b>Previous Forecast Outturn Variance £000's</b>	<b>Service</b>	<b>Budget 2021/22 £000's</b>	<b>Actual January 2022 £000's</b>	<b>Forecast Outturn Variance £000's</b>	<b>Forecast Outturn Variance %</b>
<b>461</b>	<b>Property Services Total</b>	<b>2,650</b>	<b>3,537</b>	<b>547</b>	<b>21%</b>
	<b>Financing Costs</b>				
	Debt Charges and Interest	31,295	31,116	-1,015	-3%
<b>-1,015</b>	<b>Financing Costs Total</b>	<b>31,295</b>	<b>31,116</b>	<b>-1,015</b>	<b>-3%</b>
<b>-2,653</b>	<b>Total</b>	<b>58,116</b>	<b>48,920</b>	<b>-2,507</b>	<b>-4%</b>

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

## Appendix 5

### Just Transition Fund Criteria

#### Purpose of fund:

The Council is committed to ensuring that it invests available funding to enable a greener, fairer and more caring Cambridgeshire. In the 2022-23 Business Plan, the Council has allocated one-off revenue funding of £14m in order to support this commitment.

The new “Just Transition fund” will provide funding to bring communities and partners together from across Cambridgeshire to find the best ways for each community to reach a Just Transition.

CCC Services, the Communities it represents, and partners are encouraged to initiate ideas which support our Just Transition. Agreed funding will be allocated on a one-off basis only; any reoccurring costs would need to be met by other funding sources.

CCC considers a Just Transition to mean:

**1. Environmental Sustainability:** Transitioning to a net zero carbon county by 2045. A range of activities to support the reduction in carbon emissions across Cambridgeshire, might include:

- Growth of high-quality jobs in the growing green economy
- Supporting organisations, workers and communities in high-carbon sectors to reduce and benefit from decarbonisation
- Increasing natural capital and biodiversity
- Ensuring that people and communities are protected from the physical impacts of climate change.

**2. Addressing poverty and inequalities:** Closing the health and wellbeing gap and ensuring fair opportunities in a range of areas. For example, education, jobs and community wealth building- focusing on the most vulnerable to achieve a Just Transition. This should be undertaken in ways that do not add to emissions. Disadvantaged communities tend to have low carbon emissions and there is considerable inequality between wards.

**3. Sustainable Economy and Public Sector Spending:** Ensuring a green, financially sustainable Cambridgeshire.

**4. Flooding:** Ensuring that we can better protect the communities of Cambridgeshire from the effects of flooding, and work towards preventing flooding from taking place.

## Criteria

Just Transition funding will be considered for projects which are able to demonstrate, with measurable benefits, a significant impact for Cambridgeshire on one or more of the following:

### Environmental Sustainability:

- Net Zero or a carbon reduction
- Significantly improving the natural environment

### Addressing Poverty and Inequalities:

- Reduce the proportion of residents living in poverty through social mobility, improving health and wellbeing, job and employment prospects, education or ensuring fair access to resources.

### Sustainable Economy and Public Sector Spending

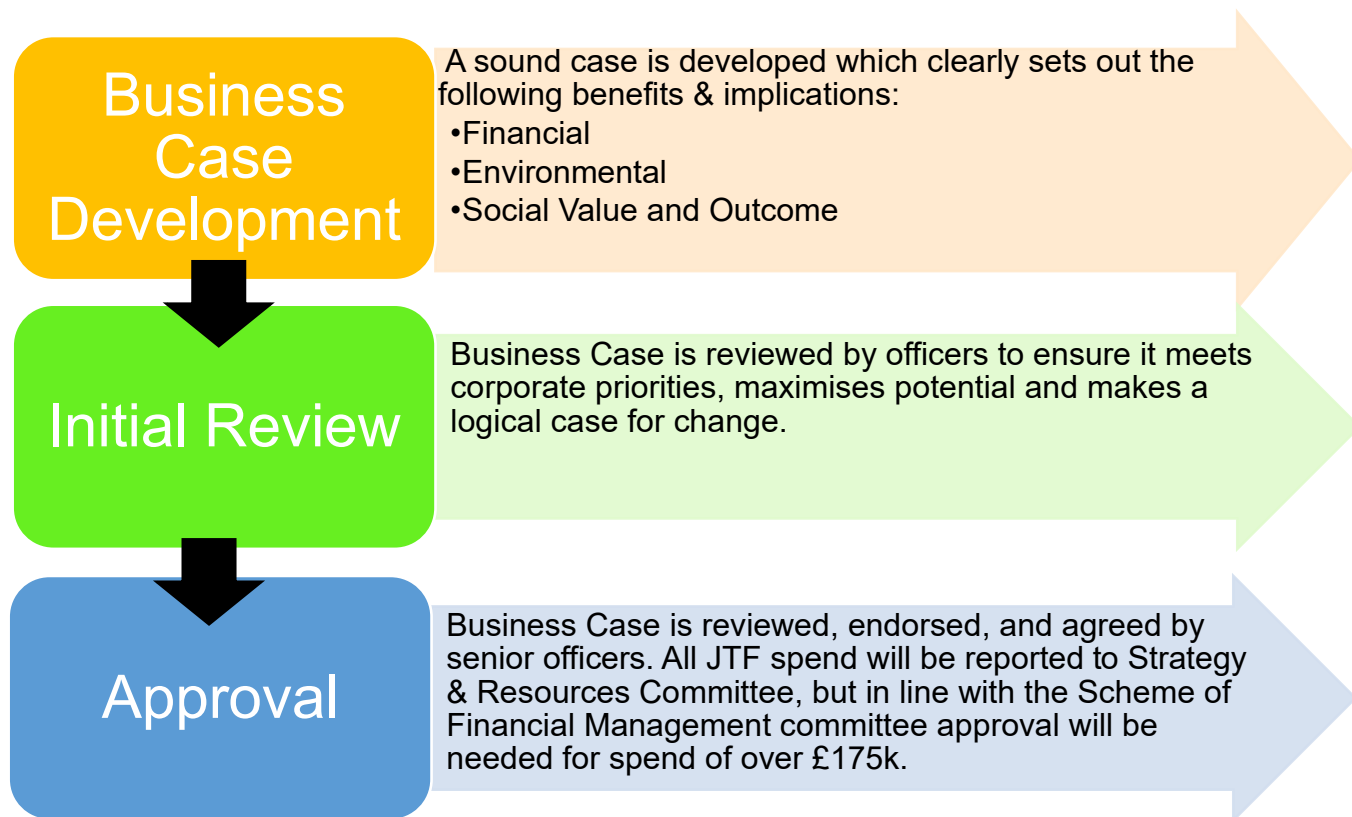
- Producing tangible savings, further income generation or reducing demand for services, to ensure sustainability for the Council's finances
- Promoting the circular economy
- Contributing to economic development which is in keeping with the Just Transition ethos

### Flooding

- Flood mitigation and prevention
- Creation of infrastructure to support places

Any negative impacts must be clearly identified in the Business Case and will be considered as part of the decision process. Projects which hinder our Just Transition will be rejected. Requests for funding will be prioritised against the benefits delivered.

## High Level Project Approvals Process



## Appendix 6

# Outline Case for additional funding in Highways Maintenance Service for 22/23

The transformation of the Highways and Transportation Service is underway. The three sections of the service are at different stages in their transformation.

Project Delivery has moved to its new form and is making the differences and achieving the outcomes of improved project governance and control in delivery.

Strategic Transport is implementing the final steps in its transformation and now concentrating on shaping the future of transport in collaboration with our partners

Highway Maintenance is at the early stage of transformation that given the breadth and scale of the maintenance service delivered is a big change. It could take time to produce results on the roads and outside people's front doors. Investment in two aspects of the Highways Maintenance Service would achieve faster sustainable change with immediate visible benefits to our road users, businesses and residents.

The two aspects are;

### 1. **Getting it right for our Customers today.**

On the ground action where our residents want it.

- **Removing the potholes** – a programme of planned patching carried out this spring and summer to properly fix pothole hotspots in and around village and town centres. This would remove the patchwork quilt of multiple repeat visits having an immediate noticeable impact within our community centres. **£400k**
- **Listening to our customers** – Clean out our Report It tool and get back to our Report It customers. This would show we listen and feedback by providing a resource to monitor and respond to the enquiries ahead of implementation of a new up-to-date system (the current is around 15 years old). **£50k**
- **Safe and dry** – record, quantify, investigate flooding cause and implement an increased programme of highways flood hotspots to remove more of the risks of surface water on our roads. The programme would target those locations that also cause issues within the communities affecting businesses and properties. **£400k**
- **Clear and Safe** – improve the lines and road markings across the rural network. This would make driving our roads at night and in bad weather safer by providing the markings to support our road users. A targeted programme to deal with routes between towns and villages. **£250k**

Total investment **£1,100,000.**

The proposed levels of investment are scalable. The suggested investment would provide visible impactful improvement on the ground across the whole county. Scaling up would increase visibility of impact and down would reduce it.

Deliverability – We can engage with a range of supply chain partners to confidently deliver by Autumn. Key is keeping it simple and focused. We have supply chain partners other than Milestone accessible via Local Council Roads Innovation Group framework of which we are a member.

Communications – To maximise the impact delivery would include communications through our normal channels to draw residents' attention to this extra investment.

## **2. Keeping it right for our customers tomorrow**

Transforming at pace to achieve the sustainable change we need for the future

- Upskilling our Highway Safety Inspectors - a programme of training and education to ensure this area of service is achieving the most it can. Benefit to the public are safer roads and better value for money. Council benefit is less risk from third party claims. **£30k.**
- Local Highways Officer Review – Revamping the role to focus on community and customer needs ahead of the wider Highways Maintenance Restructure. **£40k**
- Highways workforce and succession – contribution to support the implementation and development of an accelerated apprenticeship/graduate/intern programme to bring forward a new cohort of staff into the Highways workforce during 2022 and 2023. **£50k**
- New Asset Management System – support to accelerate the commissioning and implementation of the system. Could reduce the implementation time from 18 months to 12 year by providing the one-off set up resources. **£100k.**
- Intelligent data – implement the latest survey data collection technology and use it to make better decisions on where to do what and achieve better outcomes for the public and for value for money we invest into our highways assets. **£60k.**
- Baselining our Highways Service – a project to baseline the carbon in the ownership and management of our highways assets to raise Climate awareness and understanding across the service and provide the base from which to start our service journey to net zero. **£50k**
- Capacity to change at pace – one-off resource to support the transformation of the service. Capacity to get move the change tasks forward at speed. **£60k.**

Total Investment = **£390,000**

These are all one-off investments to accelerate the transformation of the highways maintenance service. They all bring forward key parts of the overall service system that will support better delivery into the future and help ensure the highways service is contributing to our climate change objectives.

Strategy & Resources Committee is asked to agree to earmark £1,490k of the underspend on Funding items to invest in the Highways Maintenance Service as above.

## Appendix 7 Cambs 2020 programme

The following table is provided in response to an action raised at the January S&R Committee requesting an account of the various one-off and recurrent costs and income changes relating to the Cambs 2020 programme:

<b>Item</b>	<b>Amount</b>	<b>Notes</b>
Spokes – expenditure on 14 projects	£5,529k	One off cost
Costs of transition	£ 628k	One off cost
Cambs 2020 internal transformation	£ 483k	One off cost
Construction of New Shire Hall	£18,181k	One off cost
<b>SUBTOTAL ONE-OFF COSTS</b>	<b>£24,821k</b>	
Operational costs of Civic Hub	£723k	Recurrent
<b>SUBTOTAL RECURRENT COSTS</b>	<b>£723k</b>	<b>Recurrent</b>
Anticipated capital receipt from Shire Hall	-£13,658k	One off
<b>SUBTOTAL ONE OFF INCOME</b>	<b>-£13,658k</b>	<b>One Off</b>
Shire Hall and Babbage House operational savings	-£1,387k	Recurrent
Shire Hall campus rental (assuming 100% occupation)	-£2,897k	Recurrent
<b>SUBTOTAL RECURRENT SAVINGS/INCOME</b>	<b>-£4,284k</b>	<b>Recurrent</b>

# Addendum Babraham Road Park & Ride Smart Energy Grid

## Member briefing note on Babraham Road Park & Ride Smart Energy Grid project covering updated business case and the approvals process required to enter into a works contract

Officer contacts: Claire Julian-Smith & Matthew Rathbone

### 1. Summary

In December 2021, the Environment and Green Investment Committee approved entering into contract with Bouygues Energies and Services for the Babraham Road Park & Ride Smart Energy Grid project. Since that meeting the inflationary pressures seen in construction have meant expected costs for the project have risen by £630,000 to £8.1m.

Projected prices for the sale of electricity have also risen during this period. Even taking a conservative view that prices will fall back sharply to levels seen during 2020/21, the overall business case has improved, despite the cost increase, with the expected NPV rising.

### 2. Committee decision

The Environment and Sustainability Committee originally approved the investment case for the solar canopies to be installed at Babraham Park and Ride site on 11<sup>th</sup> March 2021. An updated business case was presented to the Environment and Green Investment Committee, in December 2021, where £1.2M additional funding for the project was supported and approval was granted to enter into a works contract with Bouygues. At the time of that Committee, the intention was to sign the works contract in mid-January.

### 3. Current situation

- 2.1 Progress on the works contract has been delayed given the need to investigate, resolve and learn lessons from the project at New Shire Hall. In that time, rather than stabilising, market conditions have continued to push the prices of materials and labour upwards from the pricing presented in December.
- 2.2 We are outside of the acceptance period for the proposal, such that the supplier are no longer bound by the prices provided in the autumn, which has left us exposed to those increased cost pressures. In addition to the inflationary pressure there are associated difficulties caused by the current market volatility with shortening validity periods for quotes.
- 2.3 Some significant orders of materials have been secured for the project already, including the steel (£518k) and solar modules (£689k), as well as the majority of the work to install the private wire between the park & ride site and Addenbrooke's hospital, which was completed last year. Committing to this expenditure on the project in advance has mitigated the latest price increases being experienced now. For example, based on today's prices a saving of around £175k has been made on steel by ordering ahead of contract.

### 4. Revised business case

4.1 While the commitments already made have helped significantly in reducing cost pressures seen in recent months, those are still evident in the remaining costs. The total increase in capital costs in the revised business case is £630k, with 15-20% increases seen in the cost of building materials, electrical equipment, civils work and welfare costs.

4.2 The table below summarizes the expected financial benefit of going ahead with the project:

**Table 1: Comparison of business case approved in December 2021 with current position**

*Summary of business case  
prior to contract in March  
2022*

*Committee  
Dec 2021*

Excl. carbon	Incl. carbon		Excl. carbon
£5,806,433	£5,806,433	Capital Cost to complete project	£6,234,892
£8,078,197	£8,078,197	Total Capital Cost	£7,450,860
£24,768,949	£26,679,560	Net Operating Revenue over 30 years	£22,889,958
£14,606,193	£16,516,804	Net Cash Flow after loan costs	£13,436,746

6.01%	7.08%	30yr Internal Rate of Return	5.98%
17.4	15.5	Payback Period (years)	17.5
£2,383,105	£3,768,449	Net Present Value @ 30th Year	£2,068,035

6,942	6,942	Tonnes Avoided Over 30 Year Life	6,942
231	231	Average Annual Carbon Saving	231
~29	~29	Total Household Carbon Footprint	~29

72GWh	72GWh	Generated over 30 years	72GWh
~764	~764	Households equivalent	~764
~961	~961	Electric Vehicle trips around earth	~961

4.3 While costs have been rising sharply in recent months, energy prices have, if anything, been rising even more quickly. The business case that went to Committee based prices on Crown Commercial Services (who supply electricity to Cambridge University Hospitals Trust) projections for the year from April 2022. By December 2021 they had purchased ahead nearly all the energy needed for that year. However, the small element purchased since then has been enough for them to revise the expected price rise in 2022 from 15%-20% to 25%-30%. The December business case assumed a rise of 15% and the current one assumes a rise of 25%. That increase is sufficient to more than counter the increased costs, with the projected NPV of the project (excluding carbon values) increasing from £2.1m to £2.4m.

4.4 The core pricing assumption of the business case that went to Committee in December 2021 was that the price spike seen in the autumn would dissipate and prices would fall back in 2023 to the levels seen earlier in 2021. Since then though, prices have remained at high levels and the assumption that prices would fall back quickly looks less realistic. The impact of recent events in Ukraine has exacerbated that issue with current wholesale spot prices of around £500MW/h, while prices for energy purchased in advance for winter 2022/23 have been trending up for around a year now and are currently over £200MW/h. Putting those figures into context, the average paid by ESPO (who supply electricity to Cambridgeshire County Council) to purchase electricity in advance, was £60MW/h for the year from October 2021 to September 2022. ESPO are currently in the process of purchasing energy for the 2022/23 year and had paid £140MW/h on average for that according to their last quarterly report published in February 2022. If it were assumed that the market price would fall back, not to the £60MW/h applying in 2021/22, but to the £140MW/h paid by ESPO to date for 2022/23, the NPV of the project would increase by nearly £9m.



## 5. Wider project benefits

There are potential benefits from the project not directly captured by the business case. Those include for instance the opportunity to add in battery storage, at a later stage, as part of a move towards the development of local energy markets. There is an opportunity for wider commercialisation around EV charging with an existing well-developed CPCA proposal to add bus charging to the site and enquiries from South Cambridgeshire District Council to add in taxi charging as well. The current project should thus be seen as stage 1 of the development.

## 6. Next steps

6.1 With prices unlikely to stabilise in the immediate future and a significant proportion of the project costs still at risk, a works contract is required to 'lock in' current pricing and stem the continuing inflationary risk to the project.

6.2 The December 2021 Committee decision authorised progressing with a works contract but didn't account for the current situation where there have been significant changes to the business case. While those changes are positive overall, there is a key decision for the Strategy & Resources Committee as to whether to permit the additional capital budget (funded by prudential borrowing) to fund the increased construction costs, in view of the uncertainty around future revenues which offset this in the overall appraisal.

6.3 Updated pricing became available on 17 March 2022 and in view of the short validity of quotes, it has not been possible to complete the Council's governance steps to consider this variation in the normal order ahead of publication. The recommendation therefore requests a delegation to the Chief Finance Officer to make the necessary budget revisions, taking account of feedback received through Member consultation (Green Investment Advisory Group) and the Capital Programme Board who will be approached in tandem. Agreement of the budget enables the Council to enter into the works contract.