

**INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING
29TH FEBRUARY 2020**

To: **General Purposes Committee**

Date: **23rd April 2020**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **2020/031**

Key decision: **Yes**

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

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

- a) Approve the allocation of the Levy Account Surplus grant (£219,368) to the corporate grants account within Funding Items, as set out in section 5.1;
- b) Approve the earmarking of the unringfenced grant received (£14.612m) for the purposes of responding to the coronavirus pandemic during 2020/21, as set out in section 5.2;
- c) Approve the debt write-offs of £27,170.32, £26,589.16 and £26,324.23 (totalling £80,083.71) relating to the estates of service users where there is now no prospect of these debts being recovered, as set out in section 6.2;
- d) Approve additional prudential borrowing of up to £2.018 million in future years for the completion of the Kings Dyke Level Crossing Closure scheme, reducing to £807,200 subject to the CPCA approving its 60% share of the increase, as set out in section 7.7;
- e) Approve additional prudential borrowing for the creation of a £1.5 million Covid-19 risk contingency for the Kings Dyke Level Crossing Closure scheme, reducing to £600,000 subject to the CPCA approving its 60% share, as set out in section 7.7;
- f) Note the additional 2019/20 contributions of £677k expected in relation to the Combined Authority funded Wisbech Town Centre Access Study scheme, as set out in Appendix 3;
- g) Approve additional prudential borrowing of £808k in 2020/21 for the Outdoors Centres scheme, as set out in Appendix 3;
- h) Approve additional prudential borrowing of £1m in 2020/21 for the A14 Improvement Scheme contribution, as set out in Appendix 3;
- i) Approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments grant (£188,008) to the corporate grants account within Funding Items, as set out in Appendix 3.

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1. PURPOSE

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

2. OVERVIEW

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

Finance and Key Activity

Revenue budget outturn

+£0.5m (+0.1%)
variance at end of
year

AMBER

This is a £0.346m decrease
in the revenue pressure
since last month's forecast.

This is a £2.863m decrease
in the in-year capital
expenditure compared to
last month's forecast.

Capital programme outturn

-£60.2m (-17.2%)
variance at end of year

GREEN

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Feb 20	May 19	Trend since May 19
Nursing	487	489	Stayed the same
Residential	927	873	Increasing
Community	1,538	1,476	Increasing

Adults aged 18+ receiving long term services

	Feb 20	May 19	Trend since May 19
Nursing	57	45	Increasing
Residential	357	376	Stayed the same
Community	2,650	2,855	Decreasing

Children open to social care

	Feb 20	Apr 19	Trend since Apr 19
Children in Care	741	783	Decreasing
Child Protection	328	581	Decreasing
Children in need *	1,838	2,207	Decreasing

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

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£0.5m. The pressures are largely within People & Communities (P&C) (+£4.6m), Commercial & Investment (C&I) (+£1.7m), and LGSS Operational (£0.6m). These are partially offset by underspends in Place & Economy (P&E) (-£3.4m), Corporate Services (-£1.3m), Funding Items (-£0.5m), CS Financing (-£0.7m) and Public Health (-£0.4m). See section 3 for details.
- The Capital Programme is forecasting a -£60.2m underspend at year-end after the capital programme variations budget has been utilised in full. See section 7 for details.

This report presents forecasts up to 29 Feb 2020, before the extent and implications of coronavirus pandemic could be anticipated.

Additionally, explanatory notes within this item were largely prepared before the outbreak, without consideration of the economic impacts

As at the date of publication, the Council expects material financial impacts to occur in the 2020-21 financial year, utilising the grant described under recommendation (b)

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 (Jan) £000	Service	Current Budget for 2019/20 £000	Actual (Feb) £000	Forecast Variance (Feb) £000	Forecast Variance (Feb) %	Overall Status	DoT
57,504	-2,878	Place & Economy	53,771	43,940	-3,400	-6.3%	Green	↑
254,936	4,247	People & Communities	263,422	226,450	4,618	1.8%	Red	↓
390	-390	Public Health	390	-4,007	-390	-	Green	↔
10,221	-1,218	Corporate Services	12,210	11,463	-1,290	-10.6%	Green	↑
14,048	22	LGSS Managed	10,916	8,377	-122	-1.1%	Green	↑
-9,502	1,679	Commercial & Investment	-8,706	87	1,720	-	Amber	↓
28,161	-677	CS Financing	27,558	11,086	-677	-2.5%	Green	↔
355,758	785	Service Net Spending	359,561	297,396	459	0.1%	Amber	↑
20,357	-504	Funding Items	18,447	9,709	-516	-2.8%	Green	↑
376,115	281	Subtotal Net Spending	378,008	307,105	-58	0.0%	Green	↑
		Memorandum items:						
8,161	589	LGSS Operational	6,103	6,915	582	9.5%	Amber	↑
	870	Grand Total Net Spending	384,111	314,020	524	0.1%	Amber	↑
170,024		Schools	170,024					
554,300		Total Spending 2019/20	554,135					

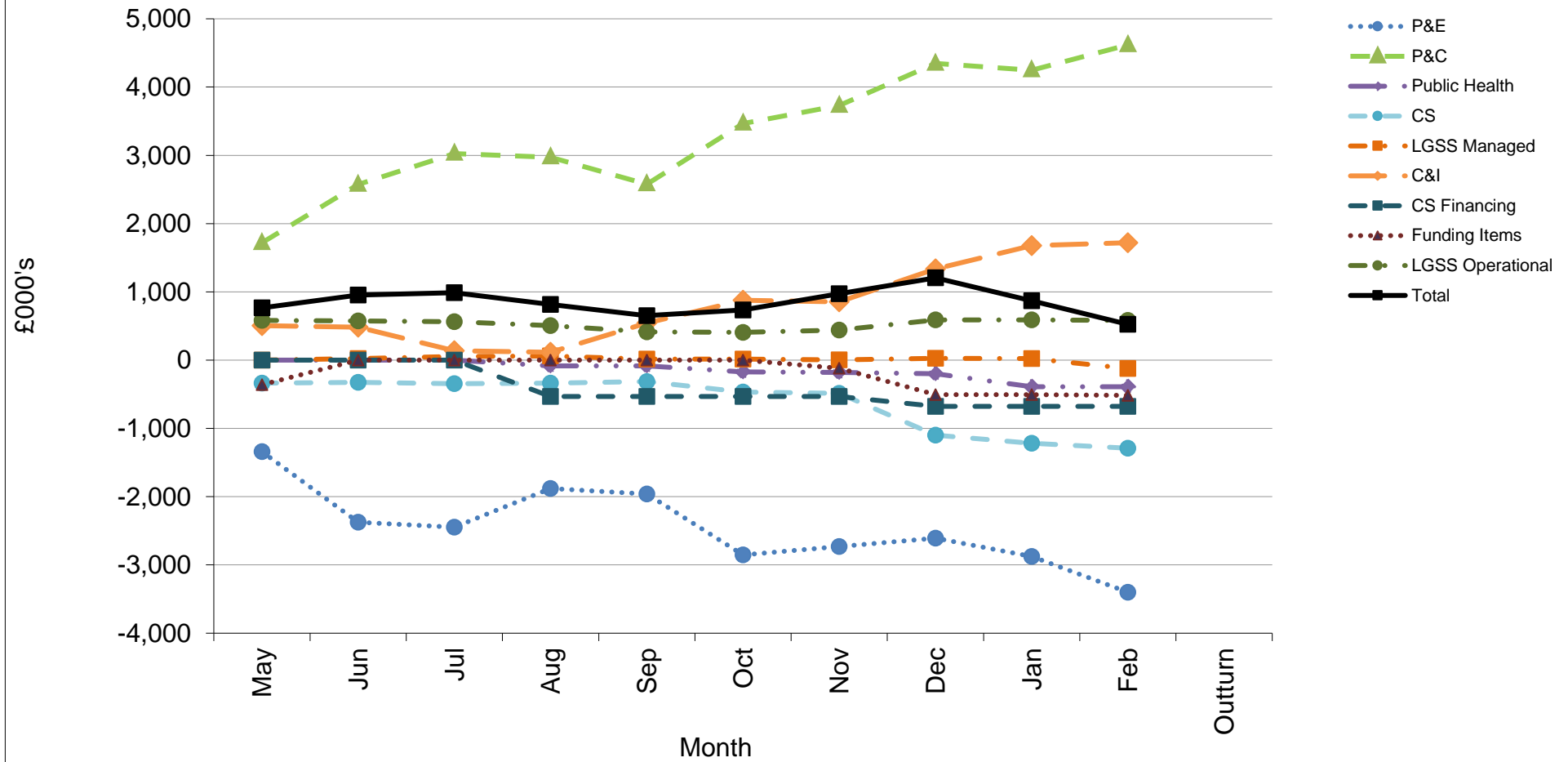
¹ The budget figures in this table are net.

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

³ The budget of £390k stated for Public Health is cash limit budget. In addition to this, Public Health has a budget of £24.7m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £8.7m Combined Authority Levy, the £407k Flood Authority Levy and £9.3m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

Forecast Outturn Position 2019/20



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** -£3.400m (-6.3%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Traffic Management – a -£0.252m underspend is forecast, of which -£0.039m relates to a change since last month. There is a higher level of income from road closures and opening permits than was originally budgeted. 	-0.252	(-267%)
<ul style="list-style-type: none"> • Waste Management – a -£2.492m underspend is forecast. This is an increase of -£0.417m on the underspend position previously reported in October, of which -£0.200m relates to a change since last month. This is primarily due to: <ul style="list-style-type: none"> ○ Breakdowns at the Mechanical Biological Treatment (MBT) facility and the recent damage caused by storm Ciara mean that less waste has been processed through the MBT, which has resulted in a significant reduction in our landfill tax spend for the first quarter of the year. The current level of plant performance and additional MBT breakdowns combined with less residual waste being delivered for treatment, has increased the forecast underspend on landfill tax by £590k to -£2.390m. 	-2.492	(-7%)
<ul style="list-style-type: none"> • Highways Development Management– a -£0.764m underspend is forecast. This is an increase of -£0.264m on the underspend position previously reported in May, which relates in full to a change since last month. There is an expectation that section 106 and section 38 fees will come in higher than budgeted for new developments which will lead to an overachievement of income. However, this is an unpredictable income stream and the forecast outturn is updated regularly. 	-0.764	(-%)
<ul style="list-style-type: none"> • A combination of more minor variances sum with the above to lead to an overall outturn of -£3.700m. For full and previously reported details see the P&E Finance Monitoring Report, (https://tinyurl.com/vhlq2x7). 		

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

	£m	%
<ul style="list-style-type: none"> • Strategic Management - Adults – a -£4.271m underspend is forecast. This is a decrease of £0.837m on the underspend position previously reported in December, of which £0.739m relates to a change since last month. This line contains grant and financing mitigations that are partially offsetting care pressures. Government has continued to recognise pressures on the social care system through the Adult Social Care Precept and a number of ringfenced grants. As well as using these grants to make investments into social care to bolster the social care market, reduce demand on health and social care services and mitigate delayed transfers of care, we are able to hold a portion as a contingency against in-year care pressures. 	-4.271	(-497%)
<ul style="list-style-type: none"> • Mental Health Services – a -£0.011m underspend is forecast. This is a decrease of £0.278m on the position previously reported in July, of which -£0.087m relates to a change since last month. An underspend on the Section 75 contract resulting from 	-0.011	(-0%)

vacancies and an increase in the expected level of contributions from clients towards the cost of their care have offset the previously reported pressure.

- **Strategic Management - Children & Safeguarding**– a -£0.300m underspend is forecast which relates in full to a change since last month. Across District teams and Child and Family Centres, an overachievement of the vacancy savings target is expected of £300k, due to a combination of more posts being vacant and recruitment to vacancies taking longer than anticipated.

-0.300 (-8%)
- **SEND Specialist Services (0-25 years)**– a +£11.5m pressure is currently forecast. This is an increase of +£1.0m on the position previously reported last month. Continuing increases have been forecast for a number of Dedicated Schools Grant (DSG) funded High Needs Block budgets including funding for special schools and units (£4.3m), top-up funding for mainstream schools and Post-16 provision (£3.9m), out of school tuition (£3.2m) and Special Educational Needs (SEN) Placements (£0.6m). These are partially offset by a -£0.5m underspend on wider Special Educational Needs and Disability (SEND) Specialist services. A SEND Project Recovery team has been set-up to oversee and drive the delivery of the SEND recovery plan to address the current pressure on the High Needs Block. Current estimates forecast an in-year pressure of approximately £11.5m as a result of the continuing rise in Education, Health and Care Plans (EHCPs). This is a ring-fenced grant and, as such, pressures do not currently affect the Council's bottom line but are carried forward as a deficit balance into the next year.

+11.500 (+21%)
- **Financing DSG** – a -£11.5m required contribution from DSG is forecast. This is an increase of -£1.0m on the required contribution reported last month. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily Funding to Special Schools and Units (£4.3m), High Needs Top Up Funding (£3.9m), Out of School Tuition (£3.2m) and SEN Placements (£0.6m), partially offset by SEND Specialist Services (-£0.5m) underspend, as reported above.

-11.500 (-19%)
- **Home to School/ College Transport – Mainstream** – a +£0.250m pressure is forecast, of which +£0.050m relates to a change since last month. While savings were achieved as part of the annual tender process we are continuing to see a significant increase in the costs being quoted for routes in some areas of the county, which are in excess of the inflation that was built into the budget. Where routes are procured at particularly high rates these are agreed on a short-term basis only with a view to reviewing and retendering at a later date in order to reduce spend where possible, however there is no guarantee that lower prices will be secured in future.

+0.250 (+3%)

There have also been pressures due to the number of in-year admission requests when the local school is full. These

situations require us to provide transport to schools further away, outside statutory walking distance. The effect on the transport budget is taken into account when pupils are placed in-year, which has mitigated the effect of this to some degree, however in many cases the only viable transport is an individual or low-occupancy taxi.

- A combination of more minor variances sum with the above to lead to an overall outturn of +£4.618m. For full and previously reported details see the [P&C Finance Monitoring Report](#), (<https://tinyurl.com/ujobozx>).

- 3.2.3 **Public Health:** -£0.390m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [PH Finance Monitoring Report](#), (<https://tinyurl.com/yx4pvxr6>).
- 3.2.4 **Corporate Services:** -£1.290m (-10.6%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/t5h2sdw>).
- 3.2.5 **LGSS Managed:** -£0.122m (-1.1%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/t5h2sdw>).
- 3.2.6 **CS Financing:** -£0.677m (-2.5%) underspend is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/t5h2sdw>).
- 3.2.7 **Commercial & Investment:** +£1.720m (-%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](#), (<https://tinyurl.com/srlq2wm>).
- 3.2.8 **Funding Items:** -£0.516m (-2.8%) underspend is forecast at year-end. There are no exceptions to report this month.
- 3.2.9 **LGSS Operational:** +£0.582m (+9.5%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/t5h2sdw>).

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

4. KEY ACTIVITY DATA

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

5. FUNDING CHANGES

5.1 Surplus on the Levy Account additional allocation

The 2019-20 Levy Account Surplus final allocations were published by Government on 25th February 2020. £40m of the surplus on the 2019-20 business rates retention levy account will be distributed to local authorities. As a result of growth in business rates collected by local authorities in 2018-19 and the associated levy payments, there is a surplus in the Government's 2019-20 levy account.

Cambridgeshire County Council's allocation is £219,368.

It is proposed that this additional income is held in the corporate grants section of Funding items, and transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval.

General Purposes Committee is asked to approve the allocation of the Levy Account Surplus grant (£219,368) to the corporate grants account within Funding Items. This will offset pressures across the Council, reducing the transfer from the general fund reserve at year-end.

5.2 Coronavirus (COVID-19) pandemic funding

At the end of March 2020, the Council received £14.612m in unringfenced funds from the Ministry of Housing, Communities and Local Government (MHCLG). This funding is intended to help Councils address the pressures they are facing in response to the pandemic. MHCLG expect the majority of the funding will be spent on meeting the increased demand for adult social care, including providing additional support to providers.

MHCLG brought forward the funding date for this amount to ensure that Councils have adequate upfront cashflow in the current circumstances, meaning that it has been received in 2019/20.

General Purposes Committee is asked to approve the earmarking of the unringfenced grant received (£14.612m) for the purposes of responding to the coronavirus pandemic during 2020/21.

At the time of writing, the financial impacts of the pandemic are being estimated, projected and monitored with weekly reporting to the strategic management team. As well as adult social care there are wide range of other additional costs and reduced income likely. GPC will be updated further in due course. The Council holds general reserves partly to respond to unforeseen and exceptional events and is recording spend in detail such that it is in a position to reclaim further amounts were these to exceed the grant level.

Additionally, the Council is working in collaboration to spend on purchasing of care placements that are recharged to the NHS as part of arrangements to ensure the swiftest possible hospital discharges during the current period. District Councils are also receiving funding to support financial hardship (including through Council tax support) and for the businesses in their areas.

6. **DEBT WRITE-OFFS**

6.1 As per the Scheme of Financial Management, debts over £25,000 recommended to be written off will be reported to the General Purposes Committee to seek authorisation to write off.

6.2 Three estates of service users debt write-off requests

There are three debts of over £25,000 relating to the estates of service users who have died. In each case efforts to trace relatives/beneficiaries are now exhausted, in one case any assets are now held overseas and in others there is suspected (although unproven) deprivation of funds by a relative. The Council cannot establish further contacts, does not believe there are currently further assets to recover and does not believe there is a realistic prospect of improving this position through court action. It has reached the point

where there is no prospect of recovering these debts so approval is now being sort from General Purposes Committee to account for write offs. It should be emphasised that debt write offs are used exceptionally, and social care contributions are collected successfully from thousands of clients each month.

General Purposes Committee is asked to approve the debt write-offs of £27,170.32, £26,589.16 and £26,324.23 (totalling £80,083.71) relating to the estates of service users where there is now no prospect of these debts being recovered.

7. CAPITAL PROGRAMME

7.1 A summary of capital financial performance by service is shown below:

2019-20							TOTAL SCHEME	
Original 2019/20 Budget as per Business Plan £000	Forecast Variance - Outturn (Jan) £000	Service	Revised Budget for 2019/20 £000	Actual- Year to Date (Feb) £000	Forecast Variance - Outturn (Feb) £000	Forecast Variance - Outturn (Feb) %	Total Scheme Revised Budget (Feb) £000	Total Scheme Forecast Variance (Feb) £000
43,908	-18,185	P&E	60,923	24,756	-22,864	-37.5%	422,898	-
129,267	-0	P&C	101,627	81,481	1,900	1.9%	678,525	-12,717
3,457	-90	CS	7,863	5,234	-90	-1.1%	25,077	-
2,827	-472	LGSS Managed	3,239	3,807	-556	-17.2%	5,524	-202
90,443	-38,608	C&I	175,554	120,730	-38,608	-22.0%	374,473	-
-	-	Outturn adjustment	-	-	-	-	-	-
269,902	-57,355	Total Spending	349,206	236,008	-60,218	-17.2%	1,506,497	-12,919

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 7.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2019/20 of £30.8m and is currently forecasting an in-year underspend of -£5.0m at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.

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

2019-20					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (Feb)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (Feb)
	£000	£000	£000	%	£000
P&E	-13,505	-36,369	13,505	100.00%	-22,864
P&C	-13,399	-11,499	11,499	85.82%	1,900
CS	-1,431	-1,521	1,431	100.00%	-90
LGSS Managed	-585	-1,141	585	100.00%	-556
C&I	-26,312	-64,920	26,312	100.00%	-38,608
Outturn adjustment	-	-	1,900	-	-
Total Spending	-55,232	-115,450	55,232	100.00%	-60,218

7.3 As at the end of February 2020, People & Communities (P&C) is forecasting an overall utilisation of -£11.5m of the -£13.4m capital programme variations budget originally allocated to P&C. At this stage of the financial year it is forecast that P&C will not require any further capital programme variations budget. Place & Economy schemes, Corporate Services, LGSS Managed schemes and C&I schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£22.9m, -£0.1m, -£0.6m and -£38.6m respectively. Taking these forecasts altogether gives an overall forecast underspend of -£60.2m across the capital programme.

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

7.4.1 Place & Economy: a -£22.9m (-37.5%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

[illegible]

- Cambridge, Victoria Avenue/Maids Causeway – Scheme to roll into 2020/21 £125k - design/consultation difficulties have delayed delivery on site.
- Cambridge, Oxford Road/Windsor Road – Scheme to roll into 2020/21 £293k - Consultation delays - Revised Plan upon public consultation comments
- Ely, Broad Street/Back Hill - Scheme to roll into 2020/21 £80k Construction works stage in 2020/21
- Wimblington, March Road cycle improvements – Scheme continuing into 2020/21 £120k – Scheme commenced on site 8/3/2020 (8wks)

Operating the Network

16,889	15,745	-1,144	-612	-532	0	-1,114
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An in-year underspend of -£1.1m is forecast across Operating the Network schemes. This is a change of -£666k on the position previously reported in July, of which -£532k relates to a change since last month. This relates primarily to the following schemes:

Signals - C233 Cherry Hinton Rd Cambridge (At Queen Ediths Way / Robin Hood junction)

Projected £575k underspend in 2019-20.

Work on this scheme has been delayed as a nearby cycle scheme was pushed back to start in January 2020. With the Highways site so close work can begin after this work is complete. The current plan is to construct from April 2020 onwards. The revised outturn is based on work to complete modelling and get the scheme to a construction-ready level.

Carriageway Maintenance

- Bar Hill – scheme now slipping into 2020/21 - £170k – starts 6th April
- Fenton Road – scheme now slipping into 2020/21 - £250k – starts 30th March.

Energy Efficiency Fund

365	93	-272	-190	-82	0	-272
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An in-year underspend of -£0.3m is forecast, of which -£82k relates to a change since last month. A number of schemes will be carried forward to 2020-21, as a number were delayed until it was confirmed what the Spokes buildings would be as part of the Cambs 2020 scheme.

Wisbech Town Centre Access Study

1,182	847	-335	346	-681	0	-335
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An in-year underspend of -£0.3m is forecast on the Wisbech Town Centre Access Study scheme. This is a change of -£681k on last month's position. This project was originally shown within the Combined Authority Schemes. However, the work has been separated out onto a unique capital group to facilitate easier tracking. For this year the work will be invoiced and dealt with alongside all the other Combined Authority schemes. Work originally expected to be carried out this financial year will now be rephased into next financial year.

Connecting Cambridgeshire

14,133	597	-13,536	-11,428	-2,108	0	-13,356
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An in-year underspend of -£13.5m is forecast. This is a change of -£2,108k on the position previously reported in September, and relates in full to a change since last month. Due to the nature of the contract with BT, the majority of the costs are back ended and expenditure will not be incurred until 2020/21 and 2021/22. The total scheme cost is still £36.29m.

- For full and previously reported details see the [P&E Finance Monitoring Report](https://tinyurl.com/vhlq2x7), (<https://tinyurl.com/vhlq2x7>).

7.4.2 **People & Communities:** +£1.9m (+1.9%) accelerated spend accelerated spend is forecast after utilising -£11.5m of the -£13.4m capital programme variations budget allocated to P&C.

Revised Budget for 2019/20	Forecast Spend - Outturn (Feb)	Forecast Spend - Outturn Variance (Feb)	Variance Last Month (Jan)	Movement	Breakdown of Variance	
					Underspend/pressure	Rephasing
£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Need - Primary						
34,420	32,555	-1,865	-1,600	-265	-1,861	-4
An in-year underspend of -£1.9m is forecast across Basic Need – Primary schemes. This is a change of -£0.3m on the position reported last month. This is primarily due to changes on the scheme outlined below:						
Chatteris Additional Places						
4,600	2,300	-2,300	-2,100	-200	0	-2,300
£1.6m rephasing is anticipated in 2019/20 due to issues around Highways and planning permission. This scheme has now been combined with that listed separately for Cromwell Community College following approval from the Department for Education (DfE) to a proposal to extend the school's age range to enable it to provide all-through education, 4-19. A further £0.7m rephasing adjustment has been made on receipt of the contractor's revised cashflow that identifies £200k of the rephasing is due to poor ground conditions and weather. The contractor expects time to be recovered in the programme so there will be no delay to the completion date.						

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

- 7.4.3 **Corporate Services:** a -£0.1m (-1.1%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/t5h2sdw), (<https://tinyurl.com/t5h2sdw>).
- 7.4.4 **LGSS Managed:** a -£0.6m (-17.2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/t5h2sdw), (<https://tinyurl.com/t5h2sdw>).
- 7.4.5 **Commercial & Investment:** a -£38.6m (-22.0%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](https://tinyurl.com/srlq2wm), (<https://tinyurl.com/srlq2wm>).
- 7.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:
- 7.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report](https://tinyurl.com/vhlg2x7), (<https://tinyurl.com/vhlg2x7>).
- 7.5.2 **People & Communities:** a -£12.717m (-1.9%) total scheme underspend is forecast. There are no exceptions to report this month; for full details see the [P&C Finance Monitoring Report](https://tinyurl.com/ujoboxz), (<https://tinyurl.com/ujoboxz>).
- 7.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/t5h2sdw), (<https://tinyurl.com/t5h2sdw>).

7.5.4 **LGSS Managed:** a -£0.202m (-3.7%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](#), (<https://tinyurl.com/t5h2sdw>).

7.5.5 **Commercial & Investment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance Monitoring Report](#), (<https://tinyurl.com/srlq2wm>).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding ¹ £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	16.0	0.5	-0.3	1.9	18.2	18.5	0.3
Basic Need Grant	6.9	-	-	-	6.9	6.9	-
Capital Maintenance Grant	4.7	-	-	-1.1	3.5	3.5	-
Devolved Formula Capital	1.0	2.0	-	-0.2	2.8	2.8	-
Specific Grants	8.4	0.0	-	1.1	9.5	7.7	-1.8
S106 Contributions & Community Infrastructure Levy	19.4	3.3	-12.8	0.6	10.5	9.6	-0.9
Capital Receipts	45.4	10.4	-10.5	-0.6	44.7	17.2	-27.5
Other Contributions	24.6	3.3	-	5.7	33.5	23.9	-9.6
Revenue Contributions	10.1	-	-	-	10.1	-	-10.1
Prudential Borrowing	133.4	22.2	-13.4	67.2	209.4	198.8	-10.6
TOTAL	269.9	41.7	-37.0	74.6	349.2	289.0	-60.2

¹ Reflects the difference between the anticipated 2018/19 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2019/20 Business Plan, and the actual 2018/19 year end position.

- 7.7 The Economy and Environment (E&E) Committee considered a report on 23rd April 2020 detailing the changes to the forecast budget required to deliver the Kings Dyke Level Crossing Closure scheme and to consider the requirement for additional funding. The recommendations to the Committee were to approve the award of the design and construction contract to the preferred bidder, subject to the approval of the necessary additional funding and request General Purposes Committee (GPC) allocate the additional funding required of £2.018m from prudential borrowing.

This initial allocation is on the basis that it will reduce to £807,200 subject to the Cambridgeshire & Peterborough Combined Authority (CPCA) approving its 60% share of the £2.018 million increase, in accordance with the legal funding agreement. The annual cost of this additional prudential borrowing will start at £40k per annum, decreasing each year thereafter over 40 years. The E&E Committee meeting was held immediately prior to this GPC meeting, the resolution of the Committee will therefore be verbally reported. The report to E&E Committee is available [here](#).

The outbreak of the Coronavirus pandemic has the potential to have a significant impact on this project. It is recommended that a specific Covid-19 project contingency budget be created to allow the project to proceed as quickly as possible and without the need for a further Committee cycle as long as the risks identified are within this contingency budget. E&E Committee recommends to GPC that a specific Covid-19 contingency budget of £1.5 million be created to fund any additional costs directly associated with the project caused by the impact of Covid-19. This budget would only be required where the impact cannot be reasonably avoided and closely managed risk mitigation controls will be in place to minimise the impact in collaboration with the contractor. This allocation is on the basis that it will reduce to £600,000 subject to the Cambridgeshire & Peterborough Combined Authority (CPCA) approving its 60% share, in accordance with the legal funding agreement. The annual cost of this additional prudential borrowing would start at £30k per annum, decreasing each year thereafter over 40 years.

General Purposes Committee is asked to approve additional prudential borrowing of £2.018 million in future years for the completion of the Kings Dyke Level Crossing Closure scheme, reducing to £807,200 once the CPCA has approved its 60% share of the increase.

General Purposes Committee is asked to approve additional prudential borrowing for the creation of a £1.5 million Covid-19 risk contingency for the Kings Dyke Level Crossing Closure scheme.

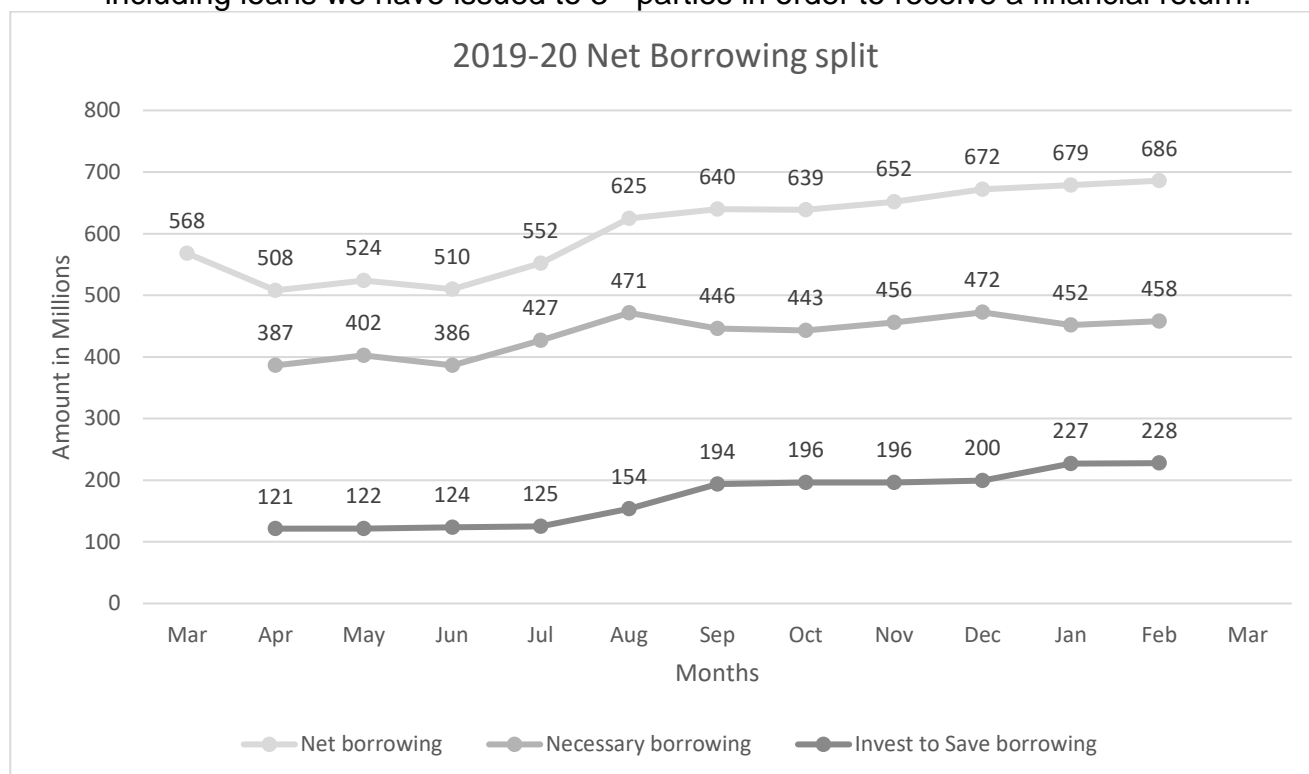
8. BALANCE SHEET

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

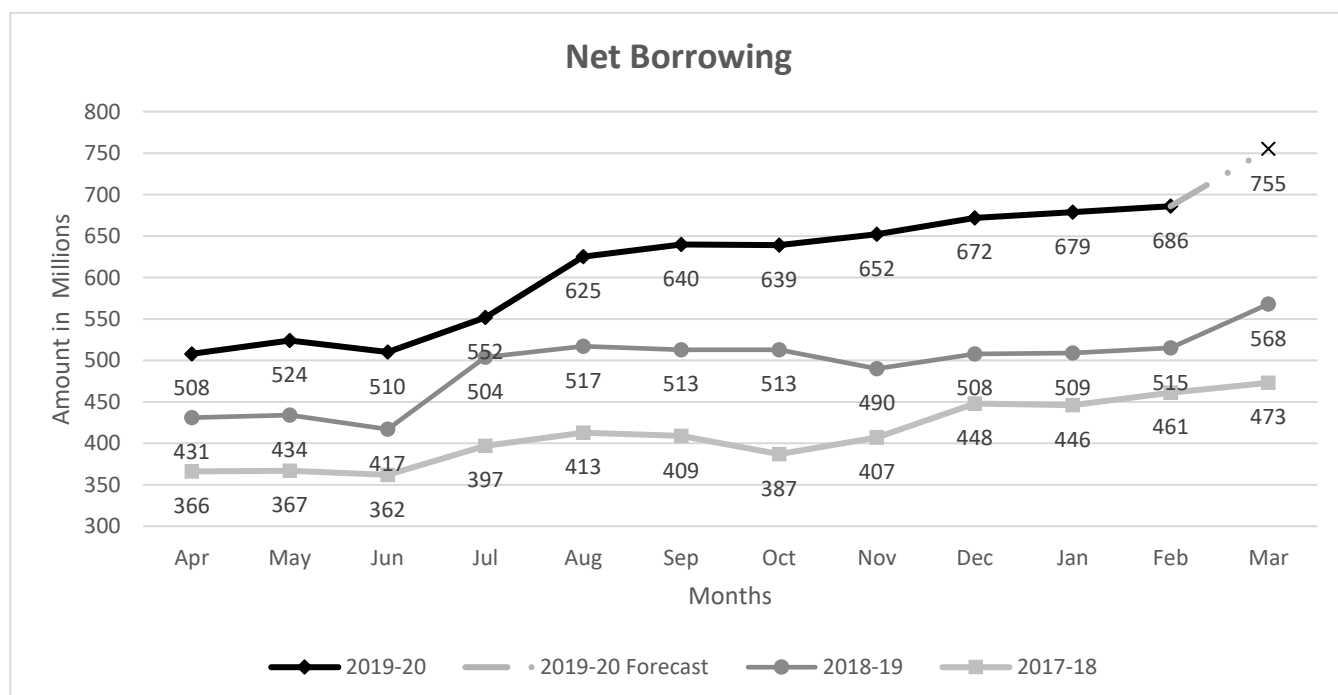
Measure		Year End Target	Actual as at the end of Feb 2020 ¹
Level of debt outstanding (owed to the council) 91 days +, £m	Adult Social Care	£3.37m	£5.24m
	Sundry	£1.71m	£2.32m

¹ The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation. The amount of debt owed by Cambridgeshire & Peterborough CCG exceeding one year hold was £3.67m. The overdue amounts primarily relate to funding contributions to nursing care and for aftercare provided under section 117 of the Mental Health Act. The CCG now funds care homes for nursing care directly, rather than via the Council, so this issue relates to historic sums accrued between 2017 and 2019. Individual payments continue to be received and officers are working to reconcile these to payments owed and allocate against specific invoiced amounts. Both the Council and the CCG continue to work together to agree, expedite and reconcile payments for clients eligible for NHS funding.

- 8.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £228m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



- 8.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of February 2020, investments held totalled £86m (excluding 3rd party loans) and gross borrowing totalled £772m, equating to a net borrowing position of £686m.



- 8.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by 2018-19 actual net borrowing positions, cash flows at the beginning of the year are typically stronger than at the end of the year, as many grant receipts are

received in advance of spend. The 2019-20 net borrowing position is expected to take a similar path, rising more substantially towards the end of the financial year as capital projects are progressed to completion and financed.

- 8.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2019-20 TMSS was set in February 2019, it anticipated that net borrowing would reach £732.1m by the end of this financial year. Based on the 2018-19 outturn position and subsequent revisions to the capital programme, this is now forecast to be £755.0m by the end of this financial year.
- 8.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.
- 8.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 8.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/uogtglm), (<https://tinyurl.com/uogtglm>).
- 8.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 A good quality of life for everyone

There are no significant implications for this priority.

9.2 Thriving places for people to live

There are no significant implications for this priority.

9.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

9.4 Net zero carbon emissions for Cambridgeshire by 2050

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

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

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

There are no significant implications within this category.

10.3 **Statutory, Legal and Risk Implications**

There are no significant implications within this category.

10.4 **Equality and Diversity Implications**

There are no significant implications within this category.

10.5 **Engagement and Consultation Implications**

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

10.6 **Localism and Local Member Involvement**

There are no significant implications within this category.

10.7 **Public Health Implications**

There are no significant implications within this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by Finance?	No Name of Legal Officer: Not applicable
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	No Name of Legal Officer: Not applicable
Have the equality and diversity implications been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any engagement and communication implications been cleared by Communications?	No Name of Officer: Not applicable
Have any localism and Local Member involvement issues been cleared by your Service Contact?	No Name of Officer: Not applicable
Have any Public Health implications been cleared by Public Health	No Name of Officer: Not applicable

Source Documents	Location
P&E Finance Monitoring Report (February 20) P&C Finance Monitoring Report (February 20) PH Finance Monitoring Report (February 20) CS and LGSS Cambridge Office Finance Monitoring Report (February 20) C&I Finance Monitoring Report (February 20) Capital Monitoring Report (February 20) Report on Debt Outstanding (February 20)	1 st Floor, Octagon, Shire Hall, Cambridge

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	254,936	390	57,504	28,161	10,221	14,048	-9,502	8,161	20,357
Greater Cambridge Partnership budgets not reported in CCC budget					-602				
Budget Build correction- Impact of Local Government Pay offer on CCC Employee Costs					-430	430			
External audit fees budget transfer					27	-27			
19/20 Council tax income generation proposal to precept income codes					200				
Transfer of Cultural & Community Services from P&E to P&C	4,721		-4,721						
Movement of Contract Efficiency saving target from Corporate Services					49		-49		
Inflation allocation adjustment for Children's Services Legal from CS	30				-30				
Remove Traded Services Central income target from Central Services Risks budget.					-58		58		
Correction of apprenticeship levy					-7	7			
Correction of staffing budget					48			-48	
Community & Safety – Trading Standards moving from P&E to P&C	694		-694						
Review of 2019-20 budget as approved by GPC at 16th July 2019 meeting, Agenda item 5a	2,360				-322	-250	122		-1,910
Transfer Concessionary Fares budget to P&E	-12		12						
Adjustment to match revised LGSS Law SLA						-5		5	
Transfer of commercial scheme debt charges budget				-603			603		
Transfer P&E Management restructure savings			-22		22				
Repatriation of the Professional Finance Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,631			-1,631	
Repatriation of the Democratic & Members' Services from LGSS to Corporate Services as approved by GPC 22nd Oct 2019					1,438	-1,053		-385	
Allocation of £230k School Improvement Grant to P&C as approved by GPC 26th Nov 2019	230								
Transfer from Fostering to Communications	-23				23				
Transfer from Democratic Services to Place Planning and Organisation Service	8				-8				
Transfer Insurance budgets in line with annual Insurance Fund processes	479		1,692			-2,233	62		
Transfer IT staffing budget					10			-10	
Current budget	263,422	390	53,772	27,558	12,211	10,917	-8,706	6,093	18,447
Rounding	0	0	0	0	1	1	0	-1	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 29 Feb 2020		
	£000s	£000s	£000s	£000s	
<u>General Reserves</u>					
- County Fund Balance	12,850	4,699	17,549	17,025	
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	112	-26	86	366	
subtotal	12,962	4,673	17,635	17,391	
<u>Earmarked</u>					
- Specific Reserves					
5 Insurance	4,060	-1,793	2,268	2,268	
subtotal	4,060	-1,793	2,268	2,268	
- Equipment Reserves					
6 P&C	8	0	8	8	
7 P&E	0	0	0	0	
8 CS	3	0	3	3	
9 C&I	56	0	56	0	
subtotal	67	0	67	11	
<u>Other Earmarked Funds</u>					
10 P&C	1,008	-130	878	878	Includes liquidated damages in respect of the Guided Busway
11 PH	2,886	98	2,984	2,258	
12 P&E	5,571	-959	4,612	3,437	
13 CS	3,193	239	3,432	3,548	
14 LGSS Managed	63	0	63	0	
15 C&I	600	0	600	679	Savings realised through change in MRP policy.
16 Transformation Fund	24,504	2,014	26,518	22,638	
17 Innovate & Cultivate Fund	1,561	-360	1,201	893	
subtotal	39,386	902	40,288	34,331	
SUB TOTAL	56,475	3,783	60,258	54,000	
<u>Capital Reserves</u>					
- Services					
18 P&C	29,463	0	29,463	29,463	Section 106 and Community Infrastructure Levy balances.
19 P&E	6,069	141	6,210	1,000	
20 LGSS Managed	0	0	0	0	
21 C&I	20,415	13,549	33,964	0	
22 Corporate	54,694	22,565	77,259	67,636	
subtotal	110,641	36,255	146,896	98,099	
GRAND TOTAL	167,116	40,037	207,153	152,100	

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

Fund Description	Balance at 31 March 2019	2019-20		Forecast Balance 31 March 2020	Notes
		Movements in 2019-20	Balance at 29 Feb 2020		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	0	0	0	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,660	0	3,660	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	7,273	0	7,273	7,273	

APPENDIX 3 – RECOMMENDATIONS FROM DECEMBER 19 AND JANUARY 20 REPORTS

The January 20 and December 19 Integrated Finance Monitoring Reports included the following recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Finance Monitoring Report to be presented at a meeting of GPC was the November report, on 28th January 2020.

GPC is asked to approve the recommendations in the January report, which is published online [here](#) and in the December report, which is published online [here](#).

January 20 Integrated Finance Monitoring Report

Three recommendations concerning capital funding, found in sections 6.7, 6.8 and 6.9:

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding - Other contributions	P&E	+£0.7	<p>A net increase in contributions of +£677k is expected in relation to the Wisbech Town Centre Access Strategy, which is a Combined Authority (CA) scheme. This is in line with an increase in the level of work expected to be carried out by CCC on this scheme compared to the level anticipated in November. The Combined Authority is invoiced on a monthly basis for work on CA schemes. <i>[Please note that this is a reduction of £346k on the amount anticipated in the December Integrated Finance Monitoring Report.]</i></p> <p>General Purposes Committee is asked to note the additional 2019/20 contributions of £677k expected in relation to the Combined Authority funded Wisbech Town Centre Access Study scheme.</p>

- 6.8 At the February Commercial & Investment (C&I) Committee meeting C&I Committee recommended to General Purposes Committee (GPC) that an additional £808k capital investment is made in 2020/21 into property at the three Cambridgeshire Outdoor centres to fund essential repair, maintenance and reconstruction, facilitating the continued compliant operation of the centres. £99k for the most urgent health and safety and safeguarding work has already been approved under the delegated authority of the Chief Finance Officer. The costs are broken down as follows:

	2019–20 (£)	2020–21 (£)
Grafham Water Centre: workshop	0	440,461
Grafham Water Centre: other costs	33,879	175,500
Grafham Water Centre total	33,879	615,961
Stibbington Centre	6,240	139,386
Burwell House	59,046	52,260
Total for three centres	99,165	807,607

The purpose of the investment is to carry out essential maintenance work identified by the Property Team in collaboration with the staff of each Outdoors Centre. The cost of reactive maintenance is highly likely to increase in the near future if proactive investment

is not made into properties – particularly with regards to the workshop at the Grafham Water Centre. Compliance with health and safety and safeguarding regulations already means that several buildings at the Grafham Water Centre are not fully operational. Accordingly, there is a high risk that the centres will be unable to offer some or all of the products which they currently provide to customers if investment is not made into property at the centres. This would result in a significant loss of income and reputational damage.

Further information can be found in the paper [here](#). The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (including the initial £99k) will start in 2021/22 at £51k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £808k in 2020/21 for the Outdoors Centres scheme.

- 6.9 At the March Economy and Environment (E&E) Committee meeting, E&E Committee recommended to General Purposes Committee (GPC) that the £1m contribution towards the A14 Improvement Scheme for 2020/21 is funded from prudential borrowing.

The Cambridgeshire and Peterborough Combined Authority (CPCA) is the Local Transport Authority, and receives funding for Local Transport Plan (LTP) capital grants from the Department for Transport (DfT), including the Integrated Transport Block (ITB) grant. In the past few years since its establishment, the CPCA has passported the LTP capital grant funding to the County Council. In September 2013 the County Council Cabinet agreed a contribution of £25m paid over a maximum period of 25 years towards the A14 Improvement Scheme. It was identified that the funding for this would come from a top slice of the ITB capital grant. The ITB funding was much higher at that time. The value of the ITB funding has since been reduced from around £10m to £3.19m per year.

The first £1m contribution to the A14 is expected to be due in 2020/21 when Highways England has delivered the improvement scheme. Currently no decision has yet been taken on where within the ITB this £1m per annum funding for the A14 will come from for 2020/2021 and given the ITB funding has reduced in recent years it is proposed to ask General Purposes Committee (GPC) to approve it is instead funded from Prudential Borrowing.

Further information can be found in the paper [here](#). As a result of this change in funding to borrowing; the increase in the annual cost of borrowing for Place and Economy schemes will start in 2021/22 at £53k, and decreases each year thereafter.

General Purposes Committee is asked to approve additional prudential borrowing of £1m in 2020/21 for the A14 Improvement Scheme contribution.

December 19 Integrated Finance Monitoring Report

One recommendation concerning revenue funding, found in section 5.1:

5.1 Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments Grant

The Council is due to receive an additional £188k in 2019/20 from the Ministry for Housing, Communities and Local Government (MHCLG) for Business Rates Relief; Reconciliation of Authorities' 2018/19 Tax Loss Payments. Local Authorities receive interim section 31 grant payments during the year based on 2018/19 NNDR1 forecasts which recompense authorities for their individual reduction in non-domestic rating income in 2018/19. Following receipt of NNDR3 returns for 2018/19 and a reconciliation process, MHCLG has issued a new grant determination to reimburse local authorities who had

previously under forecasted the amount of business rates relief given in 2018/19. As a result Cambridgeshire County Council's additional allocation for 2019/20 is £188,008.

It is proposed that this additional income is held in the corporate grants section of Funding items, and transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval.

General Purposes Committee is asked to approve the allocation of the Business Rates Relief Reconciliation of Authorities' 2018/19 Tax Loss Payments grant (£188,008) to the corporate grants account within Funding Items. This will offset pressures across the Council, reducing the transfer from the general fund reserve at year-end.