

Committee: Cabinet

Date of meeting: 11 June 2020

Title of Report: 2019/20 Revenue and Capital Budget Monitoring Report – Provisional Year End Results

Report by: Julie Crellin, Director of Finance (S151 Officer)

Cabinet Member: Peter Thornton, Deputy Leader and Cabinet Member for Finance

What is the Report About? (Executive Summary)

1. This report sets out the Council's provisional year end results for 2019/20 covering the Revenue Budget, Capital Programme and Treasury Management activities. Cabinet receive quarterly reports and Directorate and Corporate Management Teams receive detailed reports monthly. This report links to the Q4 Council Plan Delivery Plan Performance Report which will be reported in July.
2. The financial context for the Council is extremely challenging. Since 2011/12, the Council has agreed a total of £272million of savings in setting annual revenue budgets. The impact of the coronavirus pandemic (COVID 19) which emerged in the fourth quarter of 2019/20 will be felt for many years to come and it adds another layer of uncertainty and challenge to the funding and the provision of local public services.
3. It is, therefore, positive to report that at the end of Q4, against a net revenue budget of £394.453m, the provisional outturn position for the Revenue Budget at the year end is a balanced budget i.e. breakeven position, on budget.

Key messages for Cabinet

4. The key messages for Cabinet are set out below:
 - i. The financial challenge continues. 2019/20 is the ninth full budget year of significant grant reductions from central government. The future funding framework for local government remains unclear.
 - ii. The Comprehensive Spending Review expected for 2019 was replaced with a Spending Round for 2020/21 only and on Tuesday, 28 April 2020, the government announced that the Fair Funding Review and the increase from 50% to 75% local business rates retention to fund Council services will no longer be implemented in 2021/22. Government has set out a commitment to work with councils on the best approach to the next financial year.

- iii. The provisional outturn at 31st March 2020 is a break-even position.
- iv. The balanced outturn position for 2019/20 is consistent with the forecast reported at Q3. The budget position has been monitored and reported on throughout the year as part of our integrated approach to managing resources to deliver the Council Plan, provide for our statutory responsibilities and secure the financial sustainability of the Council going forward.
- v. COVID 19 is the most serious public health emergency that we have had to face for a generation. The Government's action plan had two overriding aims: to protect the NHS by strengthening social care and community support and to protect life by safeguarding those who are most vulnerable. Lockdown, starting 23rd March 2020, was one of the mechanisms Government used to meet these aims and this, together with the Council's provision of services to support the most vulnerable members of the community, has a significant impact on Council income and expenditure.
- vi. Due to these impacts beginning at the end of the 2019/20 financial year, the direct financial cost accounted for in 2019/20 is £1.044m. This will be met by the COVID19 Emergency Funding provided by Government to Local Authorities on 27th March. Further information is contained within Appendix 6. The Council's allocation was £16.086m and on 28th April a second tranche of funding was received of £9.118m.
- vii. Achievement of the breakeven position at year-end maintaining the General Fund Balance at £15m is set against service demand pressures. The transformation of the Council to secure financial sustainability, through putting the customer at the heart of what we do, embracing the digital transformation of services, encouraging people to live independent lives and supporting communities and families to thrive as set out in the Council Plan is starting to deliver but the backdrop of continued service pressures in People Services means that additional controls have been necessary in year. These controls and other mitigating actions were set out in the Cabinet report in December as the timing of delivery of actions in People Services in particular, was behind profile, and therefore, reserves have been released to smooth the delayed reduction in expenditure.
- viii. Cabinet Members will be aware of budget and service demand pressures being reported by Councils elsewhere and these were referenced in the Council debate on 14th February 2019, when the Budget 2019/20 was agreed.
- ix. The net forecast consists of net pressures in the Directorates of £13.187m offset with an underspend of (£13.187m) in the Other Corporate budgets. The majority of the underspend in the Other Corporate budget items is an underspend of (£7.262m) on the inflation budget, the release of the contingency budget (£1.500m), the release of (£3.075m) of earmarked reserves and additional Business Rates income and related S31 grants of (£3.000m).

- x. The Directorate net pressures of £13.187m are largely as a result of
- Demand pressures within Children Looked After £4.060m (see para 9(a)),
 - Younger Adults demand pressures for complex needs of £5.703m (see para 9(b)),
 - SEND and Home to School transport for children with Special Educational Needs £1.032m with an underlying pressure of £2.019m (see para 10(a)), and
 - the non-delivery of 2019/20 Medium Term Financial Plan Savings of £5.674m (see para 28).
 - These pressures are offset by underspends in other areas including Finance (£4.717m) and Corporate Customer & Community Services (£1.722m).
- xi. The provisional outturn includes delivery of £17.056m (75.0%) against the planned 2019/20 savings target of £22.730m, a shortfall of £5.674m against target. The shortfall in the delivery of savings is set out in more detail in Appendix 2 and in Directorate appendices. The provisional outturn for the Promoting Independence saving is £12.421m compared to the budgeted saving of total of £17.508m. Although there is confidence in the approach and the experience to date, the complexity of cases and securing suitable additional staffing resource has led to the delivery of savings taking place later in the year than anticipated. Given the impact of COVID-19 on the ability to undertake face to face care assessments and the focus of frontline teams on COVID19 response the Promoting Independence Board will be reviewing the extent to which delivery of the Promoting Independence MTFP saving can take place during 2020/21.
- xii. The opening balance on the General Fund as at 1st April was £15.056m and this position has been maintained at year end.
- xiii. The Council approved a Capital Programme for 2019/20 in February 2019 of £105.822m for Council delivered schemes and £3.584m for schemes where the Council is the Accountable Body. There have been changes to the Capital Programme agreed in February 2019. The March meeting of Cabinet saw updates which resulted in a budget of £107.126m.
- xiv. This report seeks agreement to increase the Capital Programme by £0.507m from additional external contributions and £0.596m from additional internal contributions. These are set out in paras 38-39. This results in a revised Capital Programme of £108.229m for 2019/20, excluding the Accountable Bodies programme. The changes are summarised in Table 6.

- xv. The provisional outturn expenditure for the 2019/20 Capital Programme is £90.891m excluding the Accountable Bodies programme. This represents again, a significant forecast delivery of an extensive capital investment programme. Overall there is a variance against the Council capital budget of (£17.338m). This variance is made up of an underspend of (£0.215m), slippage of (£18.329m) and accelerated spend of £1.206m as set out in paras 45-47. The impact of COVID 19 has been reflected in the slippage of schemes into 2020/21 as works on a number of schemes were suspended in March.

2020/21 Capital and Revenue Budget Monitoring – update

- xvi. In reviewing the 2020/21 Capital Programme, updated for the 2019/20 slippage and accelerated spend position, Cabinet is asked to recommend to Council changes to the 2020/21 Capital Programme. This includes reprofiling schemes where required and including additional schemes where funding has been announced after the February 2020 Council. These are summarised in para 54-60.

Recommendation of the Director of Finance (s151 Officer)

5. Cabinet is asked to:
- a) Note the Revenue Budget at the provisional outturn for monitoring purposes of £394.453m as a result of the transfers from the Inflation and Contingency budget and agreed transfers to and from reserves (set out in Appendix 1).
 - b) Note the provisional outturn Revenue Budget year end position of a balanced budget, this is after the drawdown of £1.044m from the COVID-19 reserve.
 - c) Note progress in delivering the new savings for 2019/20 of £22.730m; a total of £17.056m (75.0%) of these 2019/20 savings have been delivered by 31st March 2020.
 - d) Note the General Fund balance at 31st March 2020 of £15.056m after mitigations. This is consistent with the level of General Fund Balance at 31st March 2019.
 - e) Approve the addition of £1.103m to the Capital Programme 2019/20, as detailed in paras 38 - 40, funded from specific grants and contributions.
 - f) Approve the virements of £0.190m to the Capital Programme 2019/20 as set out in para 41.
 - g) Note the provisional outturn for the Capital Programme 2019/20 of £90.891m against a current capital budget of £108.229m (excluding Accountable Bodies) resulting in a variance of £17.338m as set out in Table 8 para 43.

- h) Note Treasury Management activities during 2019/20 have operated within the treasury limits set out in the Council's Treasury Policy Statement and Treasury Strategy Statement and the Prudential Indicators set by Council in February 2019.

2020/21 Capital and Revenue Budget Monitoring – Update

- i) Approve the addition of £19.502m external funding to existing schemes in the 2020/21-2024/25 Capital Programme as detailed in para 57.
- j) Approve the allocation of £9.625m of Additional Pothole Action Fund to the local committees, as detailed in para 58.
- k) Approve the addition of a £0.150m externally funded new scheme to the 2020/21-2024/25 Capital Programme, as detailed in para 59.
- l) Recommend to Council the reprofiling of £12.136m from the 2020/21 Capital Programme into future years, as detailed in para 56.
- m) Recommend to Council the addition of £3.805m of new schemes to the 2020/21-2024/25 Capital Programme, as detailed in para 60.

Provisional Revenue Budget Outturn

- 6. The starting point for the Revenue Budget is the Medium Term Financial Plan (MTFP) agreed by Council in February 2019. The original Budget for 2019/20 was £376.328m. After taking account of adjustments to General Grants and transfers to and from reserves the revised total net expenditure budget 2019/20 for the Council is £394.453m at provisional outturn. Appendix 1 sets out the movement in the Council's Net Revenue Budget for 2019/20.
- 7. The provisional outturn net expenditure for 2019/20 is £394.453m; resulting in a balanced outturn position. This is a combination of Directorates pressures of £13.187m offset by an underspend in the Other Corporate budgets of (£13.187m). Table 1 shows that the Directorate overspend position of £13.187m is largely due to net pressures in the People Directorate of £18.400m and Economy & Infrastructure of £1.513m. These net pressures are partly offset by underspends in the Fire and Rescue Service (£0.288m), Corporate, Customer and Community Services (1.722m) and Finance (£4.717m).

Table 1 - Revenue Budget Monitoring 2019/20 (as at 31st March 2020)

Original Budget	Net Expenditure	Revised Budget	Outturn	Actual Variance	Q3 Variance reported	Change in Variance
£m	Directorate	£m	£m	£m	£m	£m
179.802	People	188.616	207.016	18.400	14.633	3.767
126.145	Economy & Infrastructure	130.406	131.919	1.513	1.332	0.180
18.646	Fire & Rescue Service	19.055	18.767	(0.288)	(0.006)	(0.282)
7.938	Local Committees	8.069	8.069	0.000	(0.000)	0.000
31.199	Corporate, Customer & Community	35.344	33.622	(1.722)	(1.484)	(0.237)
24.154	Finance	24.550	19.833	(4.717)	(3.449)	(1.268)
387.884	Total Service Expenditure	406.040	419.227	13.187	11.026	2.161
(11.556)	Other Corporate Items	(11.587)	(24.774)	(13.187)	(11.026)	(2.161)
376.328	Total Net Expenditure	394.453	394.453	(0.000)	(0.000)	(0.000)
0.000	Transfer to/ (from) general reserves	0.000	0.000			
0.000	Transfer from general reserves (risk)	0.000	0.000			
2.427	Transfer to/(from) earmarked reserves	6.777	6.777			
378.755	Net Budget Requirement	401.230	401.230			
	Sources of Finance					
37.258	General Grants	57.082	57.082			
68.694	Top Up Funding	68.694	68.694			
17.757	Revenue Support Grant	17.757	17.757			
18.673	Retained Business Rates	21.324	21.324			
236.373	Income from Council Tax	236.373	236.373			
378.755		401.230	401.230			

Directorate Forecast Outturn

People - £18.400m overspend (an increase of £3.767m from Q3)

8. A net overspend of £18.400m at provisional outturn is an increase of £3.767m from £14.633m reported at Q3. The material movements from the Q3 forecast are as follows:
- Younger Adults £3.624m – Largely due to the under delivery of the Promoting Independence saving which has increased by £3.291m from the position reported at Q3.
 - Personal Contributions £0.324m - Due to a provision for the write off of a number of personal contribution bad debts.
 - Other smaller net reductions of (£0.181m).

9. The key elements of the provisional outturn overspend of £18.400m are set out below:

a) Children and Families £7.431m - The overspend at outturn consists of the following variances:

£4.060m Children Looked After Placements, £1.722m as a result of there being a larger than budgeted for number of placements at the start of the financial year and £2.338m being the net impact of placements made, changed and exited throughout the year. These are described below

Starting position

The CLA budget was based on the assumption that the number of CLAs would be 660 at 1st April 2019. The actual number of placements at 1st April 2019 was 683. It was also assumed that CLA numbers would reduce to 642 by 31st March 2020 based on the impact of the CLA Recovery Plan. However numbers at 31st March 2020 were 722.

Due to the number of CLA placements being greater than expected, as detailed above, a forecast of likely full year expenditure was prepared as of 1st April 2019, this forecast was £33.195m representing a budget pressure of £6.035m.

As a result a CLA Recovery Plan was established which was originally forecast to deliver a reduction in forecast expenditure of £3.258m, leaving an unmitigated pressure of £2.777m. The CLA Recovery Plan was revised at Q2 to deliver a greater impact of £3.653m due to greater forecast delivery of savings.

Savings of £4.313m have actually been delivered in 2019/20, representing an over achievement of £0.660m from the revised target. The result being a remaining outturn pressure of £1.722m from the originally estimated budget pressure of £6.035m.

Net impact of placements during the year

Changes in CLA placements over the financial year have increased expenditure by a further £2.338m.

These consist of 216 new placements, 177 exits and 39 changes to existing placements. Appendix 3(1) People contains more information with regards to placements during Quarter 4 with previous reports containing information with regards to previous Quarters.

New measures were introduced during the year to strengthen oversight and scrutiny of the CLA Recovery Plan led by the Executive Director – Economy and Infrastructure. The first meeting of the new CLA Recovery Board was held on the 31st July 2019 and has met regularly since.

The Board focussed on all areas of the CLA Recovery Plan with a revised and enhanced focus on decision making processes and supported the remodelling of services that support children and families. Outcomes being the prevention of children becoming looked after and support for those currently looked after to return home. Similar oversight is in place for 2020/21 to ensure that the service continues the long term programme of improvement and savings delivery.

Table 2 illustrates the movement in CLA placements during the year with further detailed information provided in Appendix 3(1).

Table 2 – CLA Movements 2019/20 to Quarter 4

CLA Movements 2019/20 to Quarter 4 (Q4)	1 April 2019	Q3	New		Placement		Q4	Total Outturn Spend Q4 £m	Average weekly direct unit cost	
			Entrants	Exits	In	Out			2019-20 £	2018-19 £
Foster placement - own provision	220	255	14	-6	26	-31	258	6.458	380	383
Foster placement - family and friends	62	100	6	-5	10	-15	96			
Residential placement - own provision	11	12	2	-2	7	-4	15	1.278	2,350	2,566
Foster placement - other provision	203	173	3	-3	16	-18	171	8.033	827	834
Residential placement - other provision	97	86	1	-7	10	-9	81	14.939	3,274	3,276
Secure accommodation	0	0	0	0	0	0	0	0.000	0	0
Adoptive placement	22	25	0	-12	6	0	19	0.000	0	0
Placed with parents	45	60	0	-7	9	-5	57	0.000	0	0
Other - NHS/Health Trust/Remand	3	3	3	-2	2	-3	3	0.000	0	0
Other - Independent living	20	22	1	-4	6	-4	21	0.732	1,472	3,047
Other - Family Placements	0	2	2	0	0	-3	1	0.000	0	0
Total	683	738	32	-48	92	-92	722	31.440	1,015	1,094
Net effect of moves Q3 - Q4			£0.090m	-£0.197m	£0.182m					
Budget								27.380		
Variance								4.060		
Q3 Variance								3.985		
Movement in variance Q3 - Q4								0.075		

Other Children & Families overspends

£0.771m The Council has a statutory obligation to make a financial contribution to the support plan for SGO children. This is an ongoing pressure with an increase in the number of orders resulting in an increase to this budget pressure from £0.588m in 2018/19. This has been reflected in the 2019/20 Budget. However, if these children remained looked after, the cost would be significantly more.

£0.566m Adoption Inter Agency Fees. The Council has a statutory duty to provide adoption recruitment and support services. A fee is payable where the adoption is arranged by another local authority or through an agency with the number of these adoptions being greater than expected due to the lack of suitable placements being available within the County.

£1.993m Staff related pressures within the service as a result of recruitment and retention challenges requiring the use of Externally Provided Workforce, £1.575m of the total. In addition there has been the appointment of ten Family Resilience Workers (FRWs) within the Support and Protection Teams, at a cost of £0.418m this financial year, aimed at reducing the number of new entrants to care and so reducing placement costs.

£0.306m This non CLA placement pressure relates primarily to seven residential SEND placements of children who are not looked after but whose placements are funded by the Service. There are ongoing discussions to review these cases.

(£0.416m) Pathway payments that support children in their journey to adulthood. The underspend is primarily due to underspends within subsistence and maintenance which is expected to continue into 2020/21.

£0.151m Other smaller net overspends across a range of cost centres.

b) Younger Adults £13.281m - The overspend at outturn consists of the following variances:

£5.703m Demand pressure was forecast in Q1 to be line with the position reported in previous years, however during Q2 to Q4, the level of demand has exceeded that of prior years. This is largely due to

- 16 additional residential placements in the year
- the delivery of additional support at home hours
- discharges from long stay hospitals through the Transforming Care Programme.

In 2017/18 and 2018/19 these demand pressure were largely funded by one-off backdated recharges to the NHS or other Local Authorities in line with 3rd party statutory responsibilities. This option to offset these pressures is now exhausted.

- £0.742m Non delivery of the LD Service Review MTFP saving.
- £0.614m Non delivery of the Day Care Service Review MTFP saving.
- £6.076m Shortfall against the Promoting Independence MTFP saving. Gross saving of £9.873m has been achieved, after additional EPW costs to deliver the activity, the net saving is £9.313m.
- £0.146m Other smaller net overspends across a range of cost centres.

Robust gatekeeping and financial decision making controls will continue in 2020/21 via the Promoting Independence Programme and established adult social care gatekeeping meetings (overseen by Senior Managers and Assistant Directors) to provide assurance that when placements are made they are appropriate, cost effective and suitably resourced by the relevant funding organisation. Growth of £5m was included in setting the 2020/21 budget. However, there is the risk of the impact of the National Transforming Care programme, cost of transitions to adulthood and demographic growth will continue to impact this pressure.

c) Older Adults £2.677m - The overspend at outturn consists of the following variances:

- £1.853m Demand pressure due to underlying demographic pressures as a result of Cumbria's ageing population.
- £0.078m Shortfall against the Extra Care Housing MTFP saving re-profiled from 2018/19.
- £0.500m Non delivery of the Reablement MTFP saving re-profiled from 2018/19.
- £0.121m Shortfall against the Day Care Service Review MTFP saving, approved by Council in February 2016, of £5.000m.
- £0.125m Shortfall against the GDC Review MTFP saving of £1.200m from 2018/19.

d) AD Provider Services (£5.902m) - The underspend at outturn consists of the following variances:

- (£2.909m) Community Equipment Service - due to capitalisation of expenditure.
- (£1.783m) Support at Home - Reablement due to delays in the timeline for recruitment of staff.
- (£1.479m) Residential Care - largely due to additional savings over those already included in the MTFP following the reprovision of Cumbria Care residential services, these additional savings are reflected within the 2020/21 MTFP.

£0.530m Disability and Mental Health Day Services - largely due to the ongoing delivery of individual day service users strength based reviews, which are expected to impact on demand.

(£0.261m) Other smaller net overspends across a range of cost centres

- e) Other smaller net overspends across service areas not included above £0.913m.

COVID related expenditure of £0.143m has been incurred in 2019/20 associated with the following areas:

- payments to day services and transport providers where services have been suspended to ensure these services remain available post COVID outbreak. Social care services are part funded through personal contributions from service users, subject to a financial assessment. The inclusion of these costs recognises that where services are suspended the collection of personal contributions will also be suspended resulting in reduced income to the Council.
- the purchase of Personal Protection Equipment
- additional community equipment storage.

These costs have been met by a drawdown of the COVID-19 grant earmarked reserve.

Economy and Infrastructure - £1.513m overspend (an increase of £0.180m from Q3)

10. A net overspend of £1.513m at provisional outturn is an increase of £0.180m from £1.333m reported at Q3. There are no material movements from the Q3 forecast.

The key elements of the provisional outturn overspend of £1.513m are as follows:

- a) Highways and Transportation £1.294m – The overspend at outturn consists of the following variances:

£0.800m SEND Transport which is in part due to an increase in demand there has been a c10.5% increase in SEND pupils since April 2019 some of whom require transport. A pressure of £0.800m is reported after part mitigating the underlying pressure, of £1.587m, with the release of Community Transport budget £0.480m and the virement of the in-year underspend on Road Safety £0.307m.

£0.232m Home to School transport reported pressure of £0.232m after part mitigating the underlying pressure of £0.432m with a virement from English National Concessionary Transport (ENCTS) underspend.

£0.631m Streetworks as a result of the improved standard of work undertaken by utilities providers and the resulting decline in the number of chargeable failed inspections. In addition to one off expenditure associated with the implementation of the new permitting scheme.

(£0.336m) English National Concessionary Travel Scheme due to a reducing number of passengers.

(£0.033m) Other smaller net overspends across a range of cost centres.

- b) Cross cutting savings £1.000m - Council wide cross cutting saving relating to Transport Integration. The savings proposal included in the 2018/19 MTFP stepped up in 2019/20 to £1.000m and has 6 key changes to deliver the full saving. One of these, 'Supply Chain Intervention' has been progressed, with the creation of the Cumbria Transport Operations Team (CTOT). A plan to mitigate this MTFP saving in future years is being developed for delivery in 2020/21.
- c) Directorate Support (£0.612m) - largely due to the holding of a number of vacancies and reduced non staffing costs.
- d) Carbon Tax (£0.307m) - due to the cessation in April 2019 of the Carbon Reduction Energy Efficiency Scheme. This has been replaced by the Climate Levy Charge which is attached to electricity and gas expenditure and included under Capital Programme and Property. The levy charge is significantly less than the charges for the outgoing scheme.
- e) Other smaller net overspends £0.138m.

COVID expenditure of £0.400m has been incurred in 2019/20 in relation to the development of vacant care homes to ensure hospital capacity is maintained, these costs have been met by a drawdown of the COVID-19 earmarked reserve.

Further details are included in Appendix 3(3).

Fire & Rescue Service – (£0.288m) underspend (an increase of £0.282m from the underspend reported at Q3)

11. A net underspend of (£0.288m) at provisional outturn is an increase of (£0.282m) from (£0.006m) reported at Q3. There are no material movements from Q3 forecast.
12. The key elements of the provisional outturn underspend of (£0.288m) are as follows:
 - a) Staffing Costs (£0.255m) - due to vacancies mainly at on call fire stations offset by overspends on training costs, due to new full time and on call recruits.
 - b) Additional non grant income (£0.232m) - generated through training and resilience services.
 - c) Supplies and Services £0.159m - due to uniforms and PPE for new recruits.
 - d) Other smaller net overspends £0.040m.

COVID expenditure of £0.001m has been incurred in 2019/20, in relation to PPE met by a drawdown of the COVID-19 grant earmarked reserve.

Further details are included in Appendix 3(4).

Corporate, Customer and Community Services – (£1.722m) underspend (an increase of £0.237m from Q3)

13. A net underspend of (£1.722m) at outturn is an increase of £0.237m from that reported at Q3. There are no material movements from the Q3 forecast.
14. The key elements of the provisional outturn underspend of (£1.722m) are as follows:
 - a) Chief Legal Officer (£0.696m) - due to delaying the planned reshaping and holding of vacancies until April 2020 within Legal Practice (£0.386m), along with underspends against the Children and Families Legal/expert fees (£0.154m) and Coroners Professional services due to the mix of cases (£0.134m) a number of smaller net underspends make up the balance of (£0.022m).

- b) Organisational Change (£0.511m) - due to staffing vacancies (£0.187m) within ICT, reduced consultancy fees (£0.147m), the capitalisation of (£0.199m) of planned revenue expenditure relating to the Fire Mobile Data Terminals (MDTs) and re-phasing of projects to mitigate the one-off software licencing costs of £0.220m. A number of smaller net underspends make up the balance of (£0.022m).
- c) Strategic Commissioning (£0.426m) – predominantly due to staffing vacancies (£0.426m).
- d) Customer and Community Services (£0.416m) - largely due to underspends on the Library Book Fund (£0.172m) and additional income and reduced ceremony costs within Registration Services (£0.207m). A number of smaller net underspends make up the balance of (£0.037m).
- e) Cross Cutting Savings £0.313m overspend - Partial non-delivery of the Directorate cross cutting saving relating to Customer Services.
- f) Other smaller net underspends £0.014m overspend.

Further details are included in Appendix 3(6).

Finance – (£4.717m) underspend (an increase of £1.268m from Q3)

15. A net underspend of (£4.717m) at provisional outturn is an increase of (£1.268m) from that reported at Q3. The material movements from the Q3 forecast are as follows:-
 - a) Insurance (£0.945m) – Predominantly due to the reduction in the reserve held for the Council’s liability of claims under its former insurer MMI who became insolvent in 1992. The Council has previously accounted for it being liable for 85% of claims lodged. Following receipt of a report from the administrators for MMI advising that the Council is likely to be liable for no more than 50%, the reserve has been reduced by (£1.806m). The provision for new claims had been lower than expected during the year, however during the last quarter, 3 large claims have required provision to be made totalling £0.877m, resulting in the net underspend of £0.945m.
 - b) Treasury Management (£0.266m) and other smaller net decreases of (£0.057m)

16. The key elements of the provisional outturn underspend of (£4.717m) are as follows:
- c) Treasury Management (£2.404m) - due to the Council's tactical strategy to continue to utilise internal cash balances whilst available rather than externalise borrowing that has already been agreed by Council.
 - d) Insurance (£1.945m) – Predominantly due to the reduction in the reserve held for the Council's liability of claims under its former insurer MMI who became insolvent in 1992. The Council has previously accounted for it being liable for 85% of claims lodged as explained above.
 - e) Finance (£0.352m) - due to a number of staff vacancies not filled during the year.
 - f) Other smaller net underspends of (£0.016m).

Further details are included in Appendix 3(5).

Local Committees – a balanced position (no change from Q3)

17. A net outturn balanced position at provisional outturn this is consistent with previous years.
18. The key elements of the balanced position are as follows:
- a) Non – Highways (£0.914m) – largely due to underspends on Discretionary Budgets (£0.720m).
 - b) Highways £0.131m – largely due to overspends in Allerdale of £0.162m.
19. Cabinet in March approved the transfer of the net revenue balance of both accelerated spend and underspends on Local Committee budgets (Highways and Non-Highways) as at 31st March 2020 to an Earmarked Reserve for use in 2020/21.

Further details are included in Appendix 3(7).

Corporate Budgets - (£13.187m) underspend (an increase of £2.161m from Q3)

20. A net outturn underspend of (£13.187m) at provisional outturn is an increase of (£2.161m) from that reported at Q3. The material movements from the Q3 forecast are as follows:

- a) Inflation and Contingency (£1.629m) – Due to the release of the unused Contingency Budget (£1.500m) and the remainder of the unallocated inflation budget (£0.129m)
- b) Other Items (£0.480m) – Predominantly due to £0.500m relating to COVID 19 Grant to meet the dividend not received from Cumbria County Holdings
- c) Other smaller net underspends of (£0.052m).

The key elements of the provisional outturn underspend of £13.187m are as follows:

- a) Inflation and Contingency (£8.762m) - due to the release of all of the unallocated inflation and the release of the contingency budget of (£1.500m).
- b) Residual Pension costs (£0.203m) - due to lower than anticipated costs.
- c) Past Service Pension costs (£0.259m) - due to paying the full year costs in advance and receiving a reduction in the payment for doing so.
- d) Cross cutting savings £2.091m – including the Deep Dive Service Reviews and Information Advice and Guidance MTFP savings being undelivered at outturn.
- e) Dividend from Cumbria Holdings £1m – The original dividend for 2019/20 was set at £1m. Due to difficult trading conditions in waste disposal the company indicated earlier in the year a reduced dividend from the company was expected. Following the COVID 19 outbreak the dividend payment was suspended as the company sought to mitigate the changing trading circumstances expected for the first quarter for 2020/21.
- f) Other items (£6.555m) – Largely due to additional Business Rates income and related S31 grants of (£3.000m), £4.335m received in total with £1.335m being transferred to the Volatility reserve. The draw down from the Fleet reserve (£0.742m), the net release of (£2.333m) from the Volatility Reserve.

COVID 19 lost income of £0.500m as a result of Cumbria County Holdings Ltd being unable to pay the remaining £0.500m dividend due to trading uncertainty and expected downturn in income in the first half of 2020/21, caused by the pandemic. This shortfall income has been met by a drawdown of the COVID-19 Reserve

Further details are included in Appendix 3(8).

Schools and DSG balances

Maintained Schools Balances

21. As at 31st March 2019 the net surplus balances on maintained schools was (£2.356m) which consisted of surplus balances of (£9.017m) and deficit balances of £6.661m.
22. As at 31st March 2020 the net deficit balances on maintained schools is £0.145m which consists of surplus balances of (£7.796m) and deficit balances of £7.941m.

Dedicated Schools Grant (DSG) Balance

23. As at 1st April 2019, the (DSG) had an accumulated deficit of £3.841m excluding balances held within individual schools. As at 31st March 2020 the deficit is £6.991m which represents an increase of £3.150m, a reduction from the Q3 forecast of (£1.483m). As detailed in Table 4 below.

Table 4 – DSG Outturn deficit

	Central DSG	High Needs Block	Total
DSG Balance as at 31st March 2019	(£1.693m)	£5.533m	£3.841m
Drawdown to/from reserves	£0.036m		£0.036m
Forecast over/ (under) spends on DSG in 2019-20	(£2.374m)	£5.488m	£3.114m
DSG Balance as at 31st March 2020	(£4.031m)	£11.022m	£6.991m
Q3 Forecast DSG Balance as at 31 st March 2020	(£3.295m)	£11.768m	£8.474m
Movement	(£0.736m)	(£0.747m)	(£1.483m)

24. The Central DSG underspend of (£2.374m) (Q3 £1.638m) relates to the take-up of early years free-entitlement provision for 2, 3 and 4 year olds and Early years funding (£1.424m), an underspend on School Contingency Fund (£0.496m), an underspend on Contributions to Central Budgets (£0.489m) and other smaller variances of £0.035m.
25. The deficit on the High Needs Block has increased by £5.488m to £11.022m as at 31st March 2020, a decrease of (£0.747m) compared to Q3. This is largely due to High Needs top ups for mainstream and early years providers accounting for £2.180m, Specialist Independent Day & Other Placements accounting for £2.238m and SEND Residential Placements accounting for £0.850m.

26. The School and Early Years Finance (England) Regulations 2020 came into force on 21 February 2020 and are applicable to local authority accounting periods beginning on 1 April 2020. The Regulations make clear the requirement for any DSG deficit balance, including High Needs, to be held within the local authority's overall DSG. Meaning that authorities cannot fund a deficit from their own general fund without the secretary of state's approval. The Regulations require that where the DSG is in deficit at the end of the preceding year, an authority must:

- deduct the deficit from its schools budget
- carry forward some of the deficit into the next funding period or
- carry forward the full deficit into the next funding period.

Whilst the regulations relate to the 2020/21 financial year, CIPFA consider that as local authorities have already taken decisions to meet their budgetary requirements under the Regulations for the 2020/21 financial year, on 31 March 2020, it is logical that their decisions be reflected in the financial statements as of that date. Consequently, at 31 March 2020, any accumulated DSG deficit should be disclosed as an earmarked usable reserve, thus creating a comparable position to the statutory funding basis for the 2020/21 financial year.

Further details with regards to the DSG balances are included in Appendix 3(2).

COVID Related Expenditure and Income

27. COVID related additional direct expenditure and lost income totalling £1.044m has been reported within individual service areas for 2019/20. Further information can be found in Appendix 3 and Appendix 6. The financial consequences of COVID 19 will impact in 2020/21 and beyond.

Delivery of 2019/20 MTFP Savings

28. Appendix 2 sets out the progress on delivering the original planned 2019/20 savings target of £13.155m; this is made up of £22.730m new savings for 2019/20 and a net reduction of £9.375m of existing MTFP savings. In relation to the new savings, £17.056m has been achieved - this is 75.0%.

Earmarked Reserve Balances

29. The earmarked reserve balances (excluding DSG funded reserves) at the 31st March 2020 is £67.728m. Movements on Earmarked Reserves in Q4 are summarised in Table 5.

Table 5 – Movements in Earmarked Reserves (excluding DSG funded reserves)

	2019/20
	£m
Balance at 1st April 2019	55.299
Budgeted appropriations to reserves	2.427
Budgeted appropriations from reserves	0
Subtotal	57.726
Q1 to Q4 Transfers to Reserves	24.078
Q1 to Q4 Transfers from Reserves	(14.072)
Q1 to Q4 Transfers between Directorate Reserves and DSG reserves	(0.004)
Balance at 31st March 2020	67.728

Note: The bulk of Earmarked Reserves relate to the PFI schemes (£22.301m) and COVID-19 (£15.041m), Insurance (£9.851m), Modernisation (Cost of Change) Reserve (£4.867m) and revenue grants received for future activities (£17.940m).

30. The figure of (£14.072m) transfer from Reserves consists of many individual transfers to budgets to cover a wide range of activities. The principal transfers from reserves include the transfer of the full value of the accumulated Highways Fleet Replacement Reserve of £2.625m together with a partial transfer of the Volatility Reserves totalling £2.333m and Insurance Reserve £1.806m. These transfers, totalling £6.764m, have assisted the outturn position, smoothing the effects of the those Transformation Programmes being behind profiled delivery. The transfer to reserves of £24.078m consists of a number of relatively small value transfers, the principal transfers being the receipt of the first tranche of COVID 19 funding (£16.085m), CNDR Grant in advance (£1.635m) and additional grants and business rates received in excess of budget expectations (£3.294m). The detailed position on reserves is provided in Appendix 4.
31. Due to the original Pre-COVID timetable for publication of the Statement of Accounts for 2019/20 (draft to be published by 31st May 2020, subsequently amended to 31st August 2020), Cabinet on 19th March 2020 approved 'in principle' transfers of any balances of funding unutilised, but committed, in year to Earmarked Reserves as at 31st March 2020, these are included in Appendix 4. These have been actioned and contribute to the balanced outturn position at the year end.

General Fund Balance

32. The General Fund Balance at the 1st April 2019 was £15.056m. The provisional outturn position of a balanced budget maintains the General Fund Balance at £15.056m which meets the £15m General Fund Balance target set by Council in February 2019 as part of the MTFP for 2019/20.

Treasury Management

33. The Treasury Management function supports the overall objectives and priorities of the Council, by the use of effective treasury management techniques. The Treasury Management Strategy notes that Council operates on the principle of ensuring the security and liquidity of investments and then consideration is given to the potential return on these assets.
34. With long term borrowing of £393.7m at 31st March 2020, unchanged from 31st December 2019 £393.7m and investments of £112.4m (£83.0m at 31st December), there is a significant net interest cost included in the Council's budget. Successful treasury management reduces the cost of these transactions and helps to relieve the pressure on the revenue budget.
35. Annual savings on the net interest budget of (£2.040m) have been achieved in 2019/20 compared to savings of (£2.138m) presented previously at Q3. This overall saving is due to the Council's tactical strategy to continue to utilise internal cash balances whilst available rather than externalise borrowing that has already been agreed by Council.

Capital Programme

Revisions to the Programme

36. The Council approved a capital programme for 2019/20 in February 2019 of £105.822m for Council delivered schemes and £3.584m for schemes where the Council is Accountable Body.
37. Since February 2019, as a result of the 2018/19 outturn position reported to Council in June and approvals by Council in April, June, September and February relating to accelerated spend and re-profiling the revised Capital Programme for 2019/20 as at the 31st December was £107.126m.
38. Q4 shows a net increase of £1.103m in the Capital Budget for 2019/20. This reflects a number of changes to the capital programme as outlined in Table 6, giving a revised capital programme of £108.229m for 2019/20, this excludes the Accountable Bodies programme.

Table 6: Summary of Capital Budget Changes

	£m
Capital Programme following Quarter 3 monitoring	107.126
Proposed Q4 Changes	
Additional Contributions – External	0.507
Additional Contributions – Internal	0.596
Total Council Capital Programme 2019/20	108.229

Additional Contributions - External

39. This report seeks Cabinet approval for the increase in the following schemes which are fully funded by external contributions as detailed below:

Additional Contributions - External	£m
Highways – Bridges & Structures - Highways England	0.112
Countryside Access Improvements	0.165
Infrastructure Deficit Support to District Councils	0.230
Total	0.507

Additional Contributions - Internal

40. This report seeks Cabinet approval for the increase in the following schemes which are fully funded by internal contributions as detailed below:

Additional Contributions - Internal	£m
VA Schools Capital Projects	0.261
Highways & Transport - Principal Road Network (PRN) Schemes	0.065
Corporate Property Planned Maintenance and improvement	0.270
Total	0.596

Virements

41. This report seeks Cabinet approval for virements totalling of £0.190m between the following schemes as detailed below:

42. Virements	£m	Description
DfT funded Flood Recovery Scheme	(0.130)	For emergency flood works at Dubmill Point
Additional Pot Hole Action funding	0.130	
LEP - Devolved Major Transport Scheme Funding	(0.050)	Re-allocation of remaining Major Transport Scheme budget to fund the overspend on the South Ulverston Scheme
LEP - South Ulverston	0.050	
LEP - Devolved Major Transport Scheme Funding	(0.010)	Re-allocation of remaining Major Transport Scheme budget to fund the overspend on the Kendal Infrastructure Scheme
LEP - Kendal Infrastructure	0.010	

Outturn Position

43. Appendix 5 details the original Capital Budget 2019/20 as approved in February 2019, together with a breakdown of the movement from the original approved programme, expenditure to date, forecast outturn and variances from the revised budget. This is summarised by the main elements of the Capital Programme in Table 8.

Table 8 – Capital Programme Provisional Outturn 2019/20 (at 31st March 2020)

Capital Programme 2019/20															
Totals for Services	2019/20 Capital Programme Per Approved Budget February 2019	Slippage from 2018/19	Accelerated expenditure from 2019/20 to 2018/19	Accelerated Spend from 2020/21 to 2019/20 - April Council	2019/20 changes - Council June 2019	2019/20 changes Quarter 1 monitoring	2019/20 changes Quarter 2 monitoring	2019/20 changes Quarter 3 monitoring	2019/20 changes Outturn	Revised 2019/20 Budget	Total Spend as at 31st March 2020	Variance (Outturn to Budget)	Over / (Under) Spends estimated at outturn	(Slippage) at outturn	Accelerated Expenditure at outturn
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
PEOPLE - CHILDREN	15.587	3.043	(0.781)	0.000	(2.000)	2.900	(2.796)	0.000	0.261	16.214	14.173	(2.041)	0.000	(2.195)	0.154
PEOPLE - ADULTS	4.167	1.882	(0.150)	0.000	(3.155)	0.000	1.994	0.000	0.000	4.738	3.981	(0.757)	0.000	(0.757)	0.000
ECONOMY AND INFRASTRUCTURE	80.514	6.305	(1.434)	4.502	(7.590)	(0.150)	(5.899)	1.894	0.842	78.984	68.627	(10.356)	(0.215)	(11.193)	1.052
CORPORATE, CUSTOMER AND COMMUNITY	1.702	3.833	0.000	0.000	0.000	0.467	0.000	0.000	0.000	5.050	3.284	(1.766)	0.000	(1.766)	0.000
FIRE AND RESCUE SERVICE	3.852	0.222	(0.251)	0.000	0.000	0.000	(1.532)	0.000	0.000	3.243	0.825	(2.418)	0.000	(2.418)	0.000
TOTAL FOR CUMBRIA COUNTY COUNCIL	105.822	15.285	(2.616)	4.502	(12.745)	3.217	(8.233)	1.894	1.103	108.229	90.891	(17.338)	(0.215)	(18.329)	1.206
ACCOUNTABLE BODIES	3.584	3.900	0.000	0.000	0.000	(1.973)	1.210	(0.566)	0.000	6.155	5.783	(0.372)	(0.110)	(0.947)	0.685
Grand Total	109.406	19.185	(2.616)	4.502	(12.745)	1.244	(7.023)	1.328	1.103	114.384	96.674	(17.710)	(0.325)	(19.276)	1.891

Note: Accountable body expenditure is separate from the Council's own capital programme

44. The outturn expenditure for the 2019/20 Capital Programme is £90.891m this compares to the revised budget of £108.229m. Overall there is a variance against the Council capital budget of (£17.338m). This variance is made up of an underspend of (£0.215m), slippage of (£18.329m) and accelerated spend of £1.206m.
45. Over the past year there has been a significant number of projects that have been completed. These include:
- Sandside Lodge Special Needs School, Ulverston
 - Children’s Residential Provision, Kendal
 - Integrated Care Community Beds in a care home working with NHS
 - Over 600 Highways Maintenance Schemes (£30m)
 - 2 Modular Classrooms at St Mary’s Catholic Primary School, Workington
 - Lonsdale Building Car Park, Carlisle
 - BAE Car Park and Junction, Barrow
 - Maryport Station Hub
 - Pooley Bridge Bus Stop Infrastructure Scheme
 - Troutbeck Bridge Flood Alleviation Scheme
 - Town Cass, Keswick Gas Monitoring Landfill Legacy Management
 - Ford, Burneside and Middleton Bridges
 - 6 Minor Bridges as part of the Flood Recovery Programme
46. The forecast underspend for the year is (£0.215m). This variance is made up of underspends of (£0.001m) on Community Transport, (£0.105m) BAE junction highways improvements, (£0.051m) Pooley Bridge Bus Stop Infrastructure and (£0.058m) BAE car park. The schemes were all funded from external sources and therefore any underspend is returned to the funder.
47. The majority of the slippage of (£18.329m) is detailed in Table 9.

Table 9: Slippage schemes

Scheme	Value	Comment
DfT funded Flood Recovery Scheme	(£2.649m)	The slippage reflects construction constraints and delays in planning and land agreements on a number of projects, including Gooseholme Bridge.
Co-located Emergency Response Centre - Ulverston	(£1.839m)	Additional time has been required for the procurement and approval of new contractor. This has resulted in a delay in recommencing the work on this project, the majority of which will now take place in 2020/21.
Capitalisation Flexibilities	(£1.454m)	This is a demand led budget. Expenditure was below budgeted levels.

Scheme	Value	Comment
Area Planning/Whitehaven Library/Barrow Library	(£1.310m)	The work on Barrow Library refurbishment has commenced but due to Covid-19 the contractor closed the site immediately following the government lockdown announcement. The contractor is currently reviewing the new Site Operating Procedures to advise when they can return back to site to complete the works. Additional slippage is due to the Whitehaven Archives Hub project being put on hold while a review is currently being undertaken in line with the Thriving Communities and Town Deals work.
Carlisle Southern Link Road	(£1.267m)	The slippage reflects the slowdown in the detailed design phase and land purchases for the scheme while discussions continue with Homes England in relation to the Grant Determination Agreement.
BP4W West Cumbria	(£1.126m)	Work started on site February 2020 however following the government lockdown announcement the contractor closed the site immediately. The contractor is currently reviewing the new Site Operating Procedures to advise when they can return back to site to complete the works.
National Productivity Investment Fund	(£0.915m)	Network Rail are investigating refurbishment of the existing Siddick Bridge rather than building a new bridge. They are currently reviewing their programme to see how they can maintain access to the Port while the works are being undertaken. They are now aiming to have the work completed by June 2021.
County Hall Car Park	(£0.683m)	Due to Covid-19 the contractor closed the site immediately following the government lockdown announcement. The contractor is currently reviewing the new Site Operating Procedures to advise when they can return back to site to complete the works.
Whitehaven North Shore Access (NPIF/BEC)	(£0.606m)	Due to Covid-19 the contractor closed the site immediately following the government lockdown announcement. The contractor is currently reviewing the new Site Operating Procedures to advise when they can return back to site to complete the works.
Fire Vehicle replacement	(£0.571m)	Fire vehicles have been ordered, however not yet delivered.
North Carlisle Primary School - Design	(£0.500m)	There are ongoing negotiations with house builders regarding S106 contributions, and once finalised, design work can commence.
Chronically Sick and Disabled Persons Adaptations	(£0.446m)	This is a demand led budget. Forecast expenditure is below budgeted levels.
Inclusion Strategy	(£0.420m)	The Covid-19 has delayed Alternative Provision and contract award. Discussions with Sandgate/QKS over the proposed solution for the scheme has delayed Sandgate/QKS works which are now due to commence 2021/22.
Residential Provision for Children & Young People	(£0.414m)	The work on Penrith Childrens Residential Provision had commenced but due to Covid-19 emergency the contractor closed the site immediately following the government lockdown announcement. The contractor is currently reviewing the new Site Operating Procedures to

Scheme	Value	Comment
		advise when they can return back to site to complete the works.
SEND Fleet Vehicles	(£0.368m)	The slippage is due to longer than expected lead-in period for vehicle procurement and full spend is anticipated next year.
Highways Fleet Replacement	(£0.363m)	The slippage is due to longer than expected lead-in period for vehicle procurement and full spend is anticipated next year.
ICT Investment/Additional ICT Investment	(£0.312m)	There is a small amount of slippage for the digital platform works and £0.225m slippage associated with the Smartphone replacement programme due to the Covid-19 emergency.
Lead Local Flood Authority	(£0.288m)	This is a grant claimed budget from the Environment Agency with the total amount spent this year was £2.495m. The underspend will be slipped next year for future projects.
Extra Care Housing / Accommodation with Care & Support- available for new schemes	(£0.258m)	The slippage is as a result of delays in finalising legal agreements with developers progressing agreed schemes and an unsuccessful procurement exercise for a potential scheme in Workington, which it is now proposed to progress under the Grant Programme.
Balance - slippage on 27 other schemes	(£2.540m)	Minor Accumulated Slippage
Total	(£18.329m)	

48. The accelerated expenditure of £1.206m is summarised in the table below largely relates to increased scheme costs and emergency repairs (including Dubmill Point) against the Bridges and Structure scheme in 2019/20 £0.250m, whilst £0.100m relates to the opportunity to buy land at West Cumbria House. The remaining acceleration is due to small schemes of school maintenance programme and works at Jubilee Bridge, Barrow.

Scheme	Value
Devolved to Local Committees - Non-Principal Road Network (NPRN)	£0.473m
Strategic Acquisition and Investment Fund	£0.251m
Balance – accelerated spend on 6 other schemes	£0.482m
Total	£1.206m

Capital Receipts

49. In the 2019/20 budget agreed by Council in February 2019 it was estimated that £1.750m of capital receipts would be received during the year with £1.250m of these earmarked for Capitalisation Flexibilities. The capital receipts from sales completed totalled £1.591m, the balance is expected to be received in 2020/21.

Accountable Bodies

50. Accountable Body expenditure does not result in an increase in the value of assets owned by the Council, but is included in this report for completeness and to support the Council's monitoring responsibilities as Accountable Body. All projects within the current programme are being delivered by 3rd parties on behalf of the Local Enterprise Partnership (LEP).
51. Council approved an Accountable Body capital programme for 2019/20 in February 2019 of £3.584m. There has been a net increase of £3.147m to the Accountable Body programme to 31st December to £6.721m.
52. The Accountable Body Capital Programme has been reduced by (£0.566m) in Q4 resulting in a capital budget of £6.155m.
53. The outturn expenditure for 2019/20 is £5.783m this compares to the revised budget of £6.155m. Overall there is a variance against the budget of (£0.372m). This variance is made up of an underspend of (£0.110m), slippage of (£0.947m) and accelerated spend of £0.685m.

Update on the 2020/21 Capital Programme

54. At the February 2020 meeting Council agreed to include the slippage and accelerated spend from 2019/20 into the 2020/21 Capital Programme. Overall for 2019/20 there is a variance against the Council capital budget of £17.338m; the £90.891m spend compares to the £108.229m capital budget. This variance is made up of (£18.329m) slippage, £1.206m of accelerated spend and an underspend position of (£0.215m).
55. The inclusion of the above slippage and accelerated spend results in an overall County Council capital programme of **£108.017m** for 2020/21. This excludes Accountable Body spend.
56. Cabinet is asked to recommend the following changes to the 2020/21 onwards Capital Programme to Council for approval in June:

Table 10 – Revised Capital Programme 2020 to 2025 - Reprofiting

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Approved Capital Programme February 2020	90.894	63.461	44.844	44.255	42.925
Add Slippage from 2019/20	18.329	0	0	0	0
Less Accelerated spend to 2019/20	(1.206)	0	0	0	0
Total Capital Programme	108.017	63.461	44.844	44.255	42.925
Requests to re-profile to future years					
People - Children Inclusion Strategy – request to re-profile £1.244m to 2021/22 and £2.904m to 2022/23	(1.660)	(1.244)	2.904	0	0
People - Adults Extra Care Housing – request to re-profile £0.083m to 2021/22 and £0.290m to 2022/23	(0.373)	0.083	0.290	0	0
Economy and Infrastructure DfT Funded Flood Recovery Scheme – Request to re-profile £5.628m to 2021/22	(5.628)	5.628	0	0	0
A595/A684 Road Safety Foundation Schemes – Request to re-profile £3.475m to 2022/23	(3.475)	0	3.475	0	0
Area Planning – Request to re-profile £1.000m to 2021/22	(1.000)	1.000	0	0	0
Total Re-profilings	(12.136)	5.467	6.669	0	0
Total Revised Programme after Re-Profiting	95.881	68.928	51.513	44.255	42.925

57. Cabinet is asked to approve the increase in the following schemes in the Capital Programme 2020/21 which are fully funded by external contributions totalling £19.502m as follows:-

- The ESFA have recently confirmed the continued funding of the devolved formula capital grant scheme of £1.149m for 2020/21 which are currently listed by year in the Capital Programme.
- Lead Local Flood Authority - £1.031m additional funding consisting of Surface Water mapping for Carlisle funded from DEFRA (£0.098m), High Sparrowmire construction works from United Utilities grant (£0.364m) and (£0.569m) for additional studies from Environment Agency.
- Infrastructure Deficit Support to District Councils - £0.587m junction works at Sewells Lonning on behalf of Carlisle City Council, funded by Carlisle City Council.

- Additional Pothole and Challenge Funding £16.735m from DfT has increased the following schemes:
 - Highways & Transport – Principal Road Network (PRN) Schemes - £2.916m
 - Highways & Transport – Bridges & Structures - £1.614m
 - DfT funded Flood Recovery Programme - £2.580m
 - Additional Pothole Action Fund (Local Committees) - £9.625m

The impact on the capital programme is summarised in Table 11 below.

Table 11 – Revised Capital Programme 2020 to 2025 – Additional funding

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Total Revised Programme from Table 10	95.881	68.928	51.513	44.255	42.925
Financed from external contributions:					
People - Children					
Devolved Formula Capital	1.149	0	0	0	0
Economy & Infrastructure:					
Lead Local Flood Authority	1.031	0	0	0	0
Infrastructure Deficit Support to District Councils	0.587	0	0	0	0
Highways & Transport – Principal Road Network (PRN) Schemes	2.916	0	0	0	0
Highways & Transport – Bridges & Structures	1.614	0	0	0	0
Additional Pothole Funding	9.625	0	0	0	0
DfT funded Flood Recovery Programme	2.580	0	0	0	0
Total Revised Capital Programme	115.383	68.928	51.513	44.255	42.925

58. Cabinet is asked to approve the allocation of the Additional Pothole Action Fund of £9.625m to individual local committees as follows:

Capital allocations 2020/21	Allerdale	Barrow	Carlisle	Copeland	Eden	South Lakeland	Total
Non Principal Road Network (original allocation)	3.816	1.323	3.291	1.922	3.904	4.325	18.580
Pot Hole Fund (original allocation)	0.255	0.088	0.220	0.128	0.261	0.289	1.241
Pot Hole Fund (additional allocation)	1.977	0.685	1.705	0.996	2.022	2.241	9.625
Highways LC Capital Total	6.048	2.097	5.215	3.046	6.187	6.854	29.446

59. Cabinet is asked to approve the addition of the new scheme to the Capital Programme 2020/21 which is fully funded by external contributions

- Penrith Junction Improvements - £0.150m s106 contributions for junction improvements in Penrith Town Centre.

The impact on the capital programme is summarised in Table 12 below.

Table 12 – Revised Capital Programme 2020 to 2025 – New Scheme

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Total Revised Programme from Table 11	115.383	68.928	51.513	44.255	42.925
Financed from external contributions:					
Penrith Junction Improvements	0.150				
Total Revised Capital Programme	115.533	68.928	51.513	44.255	42.925

60. This report seeks Cabinet’s recommendation to Council for the addition of the new schemes detailed below to the capital programme for 2020/21 onwards.

- The ESFA have recently confirmed the Basic Needs grant for 2020/21 of £1.847m and 2021/22 of £1.958m.

The impact on the capital programme is summarised in Table 13 below.

Table 13 – Revised Capital Programme 2020 to 2025 – Additional funding

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Total Revised Programme from Table 11	115.533	68.928	51.513	44.255	42.925
Financed from Additional Grants:					
People - Children					
Basic Needs Grant	1.847	1.958	0	0	0
Total Revised Capital Programme	117.380	70.886	51.513	44.255	42.925

Options Considered and Risks Identified

61. Cabinet may decide to make alternative recommendations after taking advice from the Director of Finance (s151 Officer).

Reasons for the Recommendation / Key Benefits

62. In accordance with the Constitution the recommendations have been made to Cabinet to enable decisions to be made to enable the preparation of the statutory financial statements of the Council.

Financial - What Resources will be required and how will it be funded?

63. The resource and value for money implications are covered within this report.

Legal Aspects – What needs to be considered?

64. Cabinet is responsible for implementing the budget set by full Council within the overall budget approved.
65. With particular relevance to this report:
- (1) Cabinet may transfer revenue budget up to £500,000 provided it remains within the overall budget and Policy Framework approved by Council and no commitment is made to a higher overall level of expenditure in future years.
 - (2) Cabinet may approve transfers to an earmarked reserve.
 - (3) Cabinet may approve transfers between schemes in the capital programme provided the reason for the transfer is within the budget and policy framework, any revenue budget consequences can be met and the amount does not exceed £500,000.
 - (4) Cabinet must refer transfers within the capital programme exceeding £500,000 to full Council and
 - (5) Cabinet must refer re-profiling of Capital Schemes across financial years to full Council for approval.

Health and Safety Aspects – What needs to be considered?

66. The Council has a legal and moral responsibility to ensure that adequate health and safety is considered in everything that it does. Whilst there are no direct health and safety implications from the budget monitoring report itself both capital and revenue expenditure schemes require strong health and safety management risk assessments, controls and monitoring in line with the commitments included in the 2019/20 Corporate Health and Safety Policy Statement approved by Cabinet. (TBA)

Council Plan Priority – How do the Proposals Contribute to the Delivery of the Council's Stated Objectives?

67. The report links to the strategic planning framework for Cumbria including supporting the delivery of the Council Plan 2018-2022 outcomes we want to achieve agreed by Council in February 2019. which are:
- People in Cumbria are healthy and safe
 - Places in Cumbria are well-connected and thriving
 - The economy in Cumbria is growing and benefitting everyone
68. The effective management of financial resources is a requirement for making informed decisions when planning and delivering Council services.

What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?

69. Not Applicable

Further Information & Background Documents

Appendix 1 – Net Revenue Budget 2019/20 – Movements in Year

Appendix 2 – Summary of Progress on 2019/20 Savings Propositions

Appendix 3 – Additional Information from Directorates

Appendix 3 (1) – People

Appendix 3 (2) – Schools & DSG

Appendix 3 (3) – Economy & Infrastructure

Appendix 3 (4) – Fire & Rescue Service

Appendix 3 (5) – Finance

Appendix 3 (6) – Corporate, Customer & Community Services

Appendix 3 (7) – Local Committees

Appendix 3 (8) – Other Corporate Items

Appendix 3 (9) – Accountable Bodies

Appendix 4 – Summary of Earmarked Reserves 2019/20

Appendix 5 – Capital Programme 2019/20

Appendix 6 – COVID19

Key Facts

Electoral Division(s): All

Executive Decision	Key Decision Included in Forward Plan	Exempt from call-in	Exemption agreed by scrutiny chair	Considered by scrutiny, if so detail below	Environmental or sustainability assessment undertaken?	Equality impact assessment undertaken?
Yes	Yes	No	N/A	No	N/A	N/A

Approved by the relevant Cabinet Member/s on tbc

Previous relevant Council or Executive decisions

No previous relevant decisions

Consideration by Overview & Scrutiny

Not considered by Overview and Scrutiny

Background Papers

No background papers

Report Author:

Julie Crellin. Director of Finance (s151 Officer)

Paul Turney. Senior Manager - Accountancy & Financial Planning
(Deputy s151 Officer)

Pauline Cameron. Group Finance Manager