

**INTEGRATED FINANCE MONITORING REPORT FOR THE PERIOD ENDING 31<sup>ST</sup>  
DECEMBER 2019**

*To:* **General Purposes Committee**

*Date:* **n/a – via email**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **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 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 section 5.1;**
- b) Note the additional 2019/20 contributions of £1,023k expected in relation to the Wisbech Town Centre Access Study scheme, as set out in section 6.7.**

| <b><i>Officer contact:</i></b> |  | <b><i>Member contacts:</i></b> |  |
|--------------------------------|--|--------------------------------|--|
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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

+£1.2m (0.3%)  
variance at end of  
year

RED

This is a £0.234m increase  
in the revenue pressure  
since last month's forecast.

This is a £10.891m  
decrease in the in-year  
capital expenditure  
compared to last month's  
forecast.

#### Capital programme outturn

-£33.6m (-10.2%)  
variance at end of year

GREEN

#### Number of service users supported by key care budgets

##### Older people aged 65+ receiving long term services

|             | Dec-19 | May-19 | Trend since May 19 |
|-------------|--------|--------|--------------------|
| Nursing     | 500    | 489    | Stayed the same    |
| Residential | 927    | 873    | Increasing         |
| Community   | 1,573  | 1,476  | Increasing         |

##### Adults aged 18+ receiving long term services

|             | Dec-19 | May-19 | Trend since May 19 |
|-------------|--------|--------|--------------------|
| Nursing     | 56     | 45     | Increasing         |
| Residential | 387    | 376    | Stayed the same    |
| Community   | 2,788  | 2,855  | Stayed the same    |

##### Children open to social care

|                    | Dec-19 | Apr-19 | Trend since Apr 19 |
|--------------------|--------|--------|--------------------|
| Children in Care   | 753    | 783    | Decreasing         |
| Child Protection   | 384    | 581    | Decreasing         |
| Children in need * | 1,805  | 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 +£1.2m (+0.3%); this is largely within People & Communities (P&C) (£4.3m pressure), Commercial & Investment (C&I) (£1.3m pressure), and LGSS Operational (£0.6m pressure) partially offset by forecast underspends of -£2.6m in Place & Economy, -£1.1m in Corporate Services, -£0.7m in CS Financing and -£0.5m in Funding Items. See section 3 for details.
- The Capital Programme is forecasting a -£33.6m underspend at year-end after the capital programme variations budget has been utilised in full. See section 6 for details.

### 3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

#### Key to abbreviations

CS Financing – Corporate Services Financing  
DoT – Direction of Travel (up arrow means the position has improved since last month)

| Original Budget as per Business Plan<br>£000 | Forecast Variance (Nov)<br>£000 | Service                         | Current Budget for 2019/20<br>£000 | Actual (Dec)<br>£000 | Forecast Variance (Dec)<br>£000 | Forecast Variance (Dec)<br>% | Overall Status | DoT |
|--|---------------------------------|---------------------------------|------------------------------------|----------------------|---------------------------------|------------------------------|----------------|-----|
| 57,504                                       | -2,731                          | Place & Economy                 | 52,079                             | 33,721               | -2,610                          | -5.0%                        | Green          | ↓   |
| 254,936                                      | 3,729                           | People & Communities            | 262,944                            | 200,429              | 4,345                           | 1.7%                         | Red            | ↓   |
| 390  | -182                            | Public Health                   | 390                                | -3,210               | -199                            | -                            | Green          | ↑   |
| 10,221                                       | -487                            | Corporate Services              | 12,200                             | 9,866                | -1,100                          | -9.0%                        | Green          | ↑   |
| 14,048                                       | 4                               | LGSS Managed                    | 13,149                             | 11,558               | 26                              | 0.2%                         | Green          | ↓   |
| -9,502                                       | 852                             | Commercial & Investment         | -8,768                             | -1,708               | 1,335                           | -                            | Amber          | ↓   |
| 28,161                                       | -534                            | CS Financing                    | 27,558                             | 5,627                | -677                            | -2.5%                        | Green          | ↑   |
| <b>355,758</b>                               | <b>651</b>                      | <b>Service Net Spending</b>     | <b>359,552</b>                     | <b>256,283</b>       | <b>1,120</b>                    | <b>0.3%</b>                  | Amber          | ↓   |
| 20,357                                       | -120                            | Funding Items                   | 18,447                             | 9,709                | -504                            | -2.7%                        | Green          | ↑   |
| <b>376,115</b>                               | <b>531</b>                      | <b>Subtotal Net Spending</b>    | <b>377,999</b>                     | <b>265,992</b>       | <b>616</b>                      | <b>0.2%</b>                  | Amber          | ↓   |
|  |                                 | <b>Memorandum items:</b>        |                                    |                      |                                 |                              |                |     |
| 8,161  | 440                             | LGSS Operational                | 6,103                              | 5,811                | 589                             | 9.7%                         | Amber          | ↓   |
|  | <b>971</b>                      | <b>Grand Total Net Spending</b> | <b>384,102</b>                     | <b>271,803</b>       | <b>1,205</b>                    | <b>0.3%</b>                  | Red            | ↓   |
| 170,024                                      |                                 | Schools                         | 170,024                            |                      |                                 |                              |                |     |
| <b>554,300</b>                               |                                 | <b>Total Spending 2019/20</b>   | <b>554,126</b>                     |                      |                                 |                              |                |     |

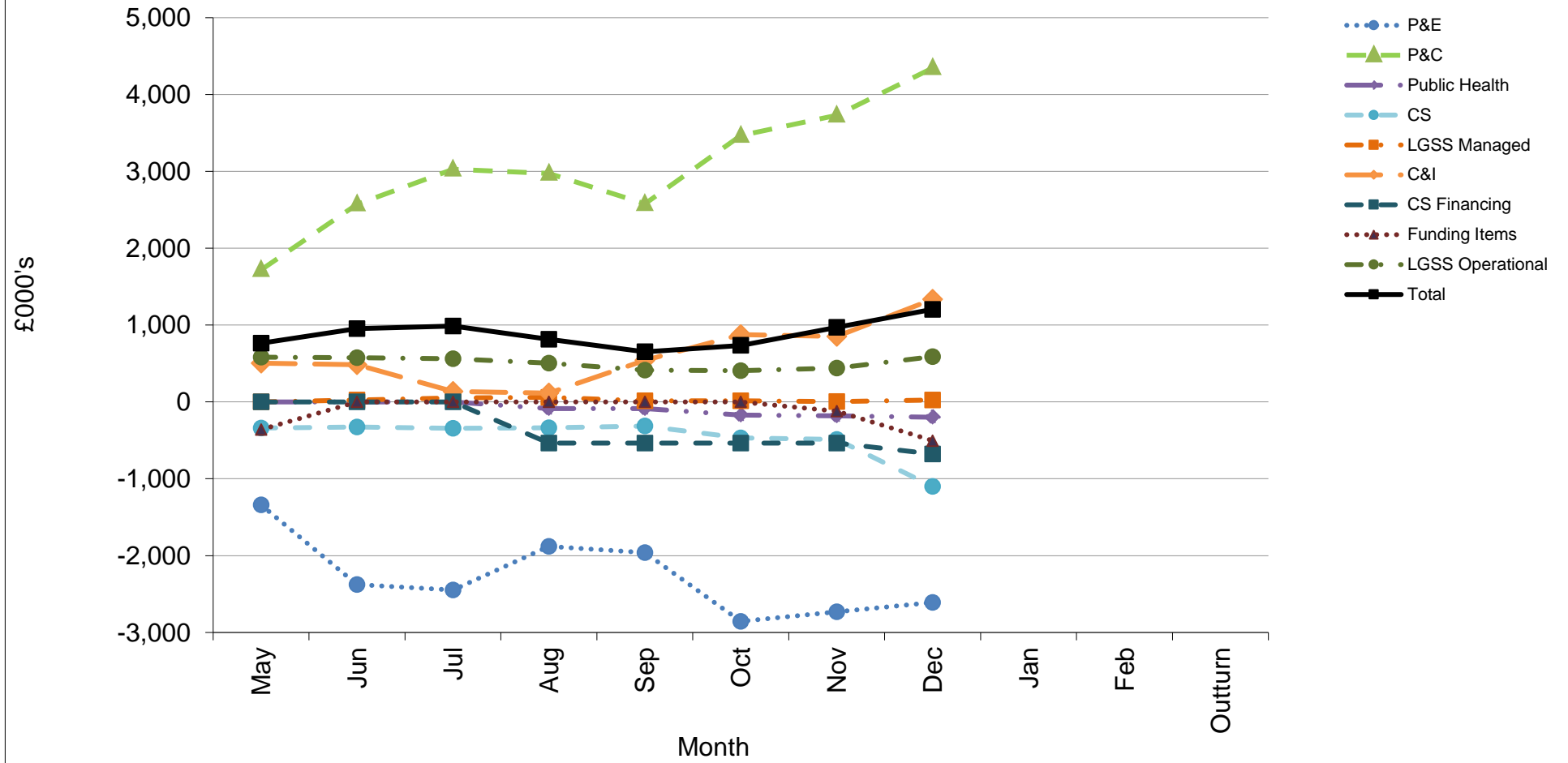
<sup>1</sup> The budget figures in this table are net.

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

<sup>3</sup> The budget of £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.

<sup>4</sup> 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:** -£2.610m (-5.0%) underspend is forecast at year-end. There are no exceptions to report this month; for full details see the [P&E Finance Monitoring Report, \(https://tinyurl.com/w3x6ecb\)](https://tinyurl.com/w3x6ecb).

3.2.2 **People & Communities:** +£4.345m (+1.7%) pressure is forecast at year-end.

|  | £m     | %       |
|--|--------|---------|
| <ul style="list-style-type: none"> <li> <b>Strategic Management - Adults</b> – a -£5.108m underspend is forecast. This is an increase of -£0.311m on the underspend position previously reported in October, and relates in full 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. As pressures emerged, this funding is deployed effectively as an underspend against this line; £300k of additional funding held to offset pressures over winter has been deployed to offset costs in Older People’s services in December. </li> </ul> | -5.108 | (-325%) |
| <ul style="list-style-type: none"> <li> <b>Carers</b> – a -£0.266m underspend is forecast. This is an increase of -£0.050m on last month’s position. The number of direct payments made to Carers is lower than in previous years, mainly as a result of the focussed work in the Adults Positive Challenge Programme to provide more individualised support to Carers. This includes increased access to the right information and advice at the right time and an improved awareness of the need to work with the Carer and the cared-for person together, which may result in increased support to the cared-for person if required in order to better support the needs of the Carer. </li> </ul>  | -0.266 | (-64%)  |
| <ul style="list-style-type: none"> <li> <b>Physical Disabilities</b> – a +£0.384m pressure is forecast. This is an increase of +£0.352m on the position previously reported in July, of which +£0.184m relates to an increase since last month. The change is due to increases in community-based and bed-based care. Despite this, the net current year activity continues to partially offset the carried forward pressure from 2018/19 relating to increases in client numbers and the number of people with more complex needs requiring more expensive types of care. </li> </ul> <p>The total savings expectation in this service for 2019/20 is £269k, and this is expected to be delivered in full through the Adults Positive Challenge Programme of work, designed to reduce demand, for example through a reablement expansion and increasing technology enabled care to maintain service user independence.</p>  | +0.384 | (+3%)   |
| <ul style="list-style-type: none"> <li> <b>Older People’s Services</b> - a +£6.224m pressure is forecast. This is an increase of +£1.224m on the position previously reported in October, of which +£1.005m relates to an increase since last month. The cause of the pressure is predominantly the higher </li> </ul>   | +6.224 | (+14%)  |

than expected costs of residential and nursing care compared to when budgets were set, in part due to the ongoing focus on discharging people from hospital as quickly as is appropriate. A detailed explanation of the pressures due to prior-year activity was provided to Adults Committee and GPC in the first reports of the financial year, and much of the further in-year pressure is due to the trends in price increases continuing.

In particular, December saw a net increase in the number of people in residential and nursing care above the level expected, and within that a larger turnover (new placements replacing ended ones) than usual – the unit cost of new care placements is much higher than the average cost, exacerbating cost pressures. These increases may be part of pressures over the winter period, and this will be reviewed in January to see if the trend continues.

- Registration & Citizenship Services** - a -£0.301m underspend is forecast, of which -£0.080m relates to a change since last month. An increase in the statutory charge for birth, marriage and death certificates has resulted in an over-recovery of income in the service. This increase is expected to continue into future years and as such has been recognised as part of the 2020/21 Business Plan.

|        |        |
|--------|--------|
| -0.301 | (-58%) |
|--------|--------|
- A combination of more minor variances sum with the above to lead to an overall outturn of +£4.345m. For full and previously reported details see the [P&C Finance Monitoring Report](https://tinyurl.com/t2k2ncm), (<https://tinyurl.com/t2k2ncm>).

3.2.3 **Public Health:** -£0.199m (-%) underspend is forecast for year-end. There are no exceptions to report this month; for full details see the [PH Finance Monitoring Report](https://tinyurl.com/w8kceg8), (<https://tinyurl.com/w8kceg8>).

3.2.4 **Corporate Services:** -£1.100m (-9.0%) underspend is forecast for year-end.

- |   | £m     | %      |  |  |
|---|--------|--------|--|--|
| <ul style="list-style-type: none"> <li> <p><b>Central Services and Organisation-Wide Risks</b> – a -£1.100m underspend is forecast. This is an increase of -£0.518m on the underspend previously reported in May, of which -£0.441m relates to a change since last month. The underspend in this area has been increased since last month following a review of commitments. This budgetary provision was made during business planning to offset the risks on shared services in particular, although in actuality it has transpired that the costs of LGSS disaggregation and risks are lower this year than expected during budgeting, whereas the pressure on PCC shared services is greater than expected.</p> <table style="float: right; border: none;"> <tr> <td style="text-align: right; padding-right: 20px;">-1.100</td> <td style="text-align: right;">(-90%)</td> </tr> </table> </li> <li> <p>A combination of more minor variances sum with the above to lead to an overall outturn of -£1.100m. For full and previously reported details see the <a href="https://tinyurl.com/szl93dz">CS &amp; LGSS Finance Monitoring Report</a>, (<a href="https://tinyurl.com/szl93dz">https://tinyurl.com/szl93dz</a>).</p> </li> </ul> | -1.100 | (-90%) |  |  |
| -1.100  | (-90%) |        |  |  |

3.2.5 **LGSS Managed:** +£0.026m (+0.2%) pressure is forecast for year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/szl93dz), (<https://tinyurl.com/szl93dz>).

3.2.6 **CS Financing:** -£0.677m (-2.4%) 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/szl93dz>).

3.2.7 **Commercial & Investment:** +£1.355m (-%) pressure is forecast at year-end.

|   | £m     | %      |
|---|--------|--------|
| <ul style="list-style-type: none"> <li>• <b>Property Investments</b> – a +£0.655m pressure is forecast. This is an increase of +£0.475m since last month. There are currently three adverse pressures facing this area:               <ul style="list-style-type: none"> <li>○ The occupancy of Brunswick House (student accommodation) is below target for the current academic year, creating an underachievement of income of £187k. There is a brand new competing property in the vicinity of Brunswick House, however, the Council is confident the offer and location of Brunswick House overall will remain very appealing to students for the years ahead, and active/varied marketing activity is continuing via the operator of the accommodation.</li> <li>○ A further commercial property investment anticipated in South Cambridgeshire completed in late January, which was later than originally expected. This was due to delays in receiving information as part of the purchase process and due diligence. However, the delay is expected to result in £478k less rental income than originally forecast. This is therefore a timing issue; it was important the Council was able to satisfactorily complete its due diligence before completing.</li> <li>○ The forecast level of capital receipts available to fund property investment in 2019-20 has reduced; as a result, additional borrowing has been required (this was approved by GPC in November 2019 and reflects changes to the timing (and amounts) of overage to be received from This Land). This creates additional financing costs and therefore reduces the level of return available by £138k in 2019/20. However, this change in financing is not expected to impact on the ability to deliver the expected income level for Property Investments for 2020-21 onwards. GPC approved a further increase in borrowing to fund these acquisitions in January; the impact of this change will be reflected in the January reports.</li> </ul> </li> </ul> | +0.655 | (+14%) |

These forecast underachievements of income have been partially off-set by a £188k increase in expected return on some of the properties, mainly as a result of increased rental income following scheduled rent reviews.

*Although the Property investments are less than the sums originally set out in the budget for the year the Council is still in receipt of a significant revenue stream from them, which is supporting front line services.*

- A combination of more minor variances sum with the above to lead to an overall outturn of +£1.355m. For full and previously reported details see the [C&I Finance Monitoring Report](#), (<https://tinyurl.com/wtl3ude>).



- 3.2.8 **Funding Items:** -£0.504m (-2.7%) underspend is forecast at year-end. The underspend position has increased by -£0.384m since last month. This is primarily due to the inclusion of the additional Business Rates Relief Reconciliation of Authorities' 2018-19 Tax Loss Payments grant of -£0.188m and the Business Rates Retention Pilot income of -£0.136m as set out in sections 5.2 and 5.3 below.
- 3.2.9 **LGSS Operational:** +£0.589m (+9.7%) 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/szl93dz>).

*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/t2k2ncm>).

#### 5. FUNDING CHANGES

##### 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.**

##### 5.2 Business Rates Retention Pilot

During 2015/16 to 2017/18 Cambridgeshire was in a pilot scheme that allowed councils to retain 100% of any additional growth in business rates beyond expected forecasts. For the final year of the pilot scheme Cambridgeshire County Council's share of the additional growth, which will be received in 2019/20, is anticipated to be at least £136k. This has not been budgeted for and is shown as a forecast outturn in the 'Funding Items' section of this report.

It is proposed that this additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. An update to the current

reported position will be provided if this projection changes and approval will be sought at year-end once the final figure is known.

## 6. CAPITAL PROGRAMME

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

| 2019-20                                      |                                   |                       |                            |                           |                                   |                                   | TOTAL SCHEME                      |                                      |
|--|-----------------------------------|-----------------------|----------------------------|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| Original 2019/20 Budget as per Business Plan | Forecast Variance - Outturn (Nov) | Service               | Revised Budget for 2019/20 | Actual-Year to Date (Dec) | Forecast Variance - Outturn (Dec) | Forecast Variance - Outturn (Dec) | Total Scheme Revised Budget (Dec) | Total Scheme Forecast Variance (Dec) |
| £000   | £000                              |                       | £000                       | £000                      | £000                              | %                                 | £000                              | £000                                 |
| 43,908                                       | -17,149                           | P&E                   | 61,002                     | 21,340                    | -17,433                           | -28.6%                            | 422,898                           | -                                    |
| 129,267                                      | -0                                | P&C                   | 101,627                    | 70,373                    | -0                                | 0.0%                              | 678,594                           | -12,546                              |
| 3,457  | -                                 | CS                    | 7,863                      | 4,124                     | -                                 | 0.0%                              | 25,077                            | -                                    |
| 2,827  | -                                 | LGSS Managed          | 3,239                      | 2,695                     | -354                              | -10.9%                            | 5,524                             | -69                                  |
| 90,443                                       | -5,522                            | C&I                   | 155,139                    | 90,935                    | -15,775                           | -10.2%                            | 353,998                           | -                                    |
| -  | -                                 | Outturn adjustment    | -                          | -                         | -                                 | -                                 | -                                 | -                                    |
| <b>269,902</b>                               | <b>-22,671</b>                    | <b>Total Spending</b> | <b>328,870</b>             | <b>189,468</b>            | <b>-33,562</b>                    | <b>-10.2%</b>                     | <b>1,486,091</b>                  | <b>-12,615</b>                       |

### Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 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.

6.2 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<br>£000 | Forecast Variance - Outturn (Dec)<br>£000 | Capital Programme Variations Budget Used<br>£000 | Capital Programme Variations Budget Used<br>% | Revised Forecast Variance - Outturn (Dec)<br>£000 |
| P&E                   | -13,505                                     | -30,938                                   | 13,505   | 100.00%                                       | -17,433   |
| P&C                   | -13,399                                     | -8,584                                    | 8,584  | 64.07%  | -0  |
| CS                    | -1,431                                      | -108                                      | 108  | 7.55%   | 0   |
| LGSS Managed          | -585  | -939                                      | 585  | 100.00%                                       | -354  |
| C&I                   | -26,312                                     | -42,087                                   | 26,312   | 100.00%                                       | -15,775   |
| Outturn adjustment    | -   | -   | 6,138  | -   | -   |
| <b>Total Spending</b> | <b>-55,232</b>                              | <b>-82,656</b>                            | <b>55,232</b>                                    | <b>100.00%</b>                                | <b>-33,562</b>                                    |

6.3. As at the end of December 2019, Place & Economy schemes, C&I schemes and LGSS Managed schemes have exceeded the capital variations budget allocated to them, forecasting in-year underspends of -£17.4m, -£15.8m and -£0.4m respectively. At this stage of the financial year it is thought that the position across the whole programme will be an underspend, so no adjustment has been made to the outturn.

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

6.4.1 **Place & Economy:** a -£17.4m (-28.6%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

| Revised Budget for 2019/20<br>£'000 | Forecast Spend - Outturn (Dec)<br>£'000 | Forecast Spend - Outturn Variance (Dec)<br>£'000 | Variance Last Month (Nov)<br>£'000 | Movement<br>£'000 | Breakdown of Variance        |                    |
|-------------------------------------|---|--|------------------------------------|-------------------|------------------------------|--------------------|
|                                     |   |  |                                    |                   | Underspend/pressure<br>£'000 | Rephasing<br>£'000 |
| 560                                 | 145                                     | -415   | 0                                  | -415              | 0                            | -415               |

An in-year underspend of -£0.4m is forecast on the Northstowe Heritage Centre scheme. This is a change of -£415k on last month's position.

This scheme has been delayed and will be completed in 2020/21. There are several reasons for the delay:

- The creation and signing of grant agreements
- Aligning the design and procurement alongside that of Homes England and processing the ensuing exemptions
- Unavailability of planning resource at SCDC leading the long lead-ins for pre-app meetings
- Detailed design discovering that the build method originally proposed was no longer economically deliverable with the budget needing a partial redesign

- For full and previously reported details see the [P&E Finance Monitoring Report](https://tinyurl.com/w3x6ecb), (<https://tinyurl.com/w3x6ecb>).

6.4.2 **People & Communities:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [P&C Finance Monitoring Report](https://tinyurl.com/t2k2ncm), (<https://tinyurl.com/t2k2ncm>).

6.4.3 **Corporate Services:** a balanced budget 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/szl93dz), (<https://tinyurl.com/szl93dz>).

6.4.4 **LGSS Managed:** a -£0.4m (-10.9%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

| Revised Budget for 2019/20 | Forecast Spend - Outturn (Dec) | Forecast Spend - Outturn Variance (Dec) | Variance Last Month (Nov) | Movement | Breakdown of Variance |           |
|----------------------------|--------------------------------|---|---------------------------|----------|-----------------------|-----------|
|                            |                                |   |                           |          | Underspend/pressure   | Rephasing |
| £'000                      | £'000                          | £'000                                   | £'000                     | £'000    | £'000                 | £'000     |

**EastNet (CPSN Replacement)**

|       |       |      |    |      |   |      |
|-------|-------|------|----|------|---|------|
| 1,985 | 1,323 | -572 | 40 | -612 | 0 | -572 |
|-------|-------|------|----|------|---|------|

An in-year underspend of -£0.6m is forecast on the EastNet (CPSN Replacement) scheme. This is a change of -£612k on last month's position.

As reported to GPC in January, in the November Integrated Finance Monitoring Report, we are approximately 60% of the way through the installation of new Eastnet circuits across the partnership. All 'central services' (WiFi, Firewalls, Domain Name System) have been completed and we are pushing to have the final circuits migrated to Eastnet by the spring 2020. This therefore represents a rephasing of the capital scheme.

**LGSS Managed Capital Variation**

|      |   |     |     |     |   |     |
|------|---|-----|-----|-----|---|-----|
| -585 | 0 | 585 | 327 | 258 | 0 | 585 |
|------|---|-----|-----|-----|---|-----|

As agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when re-phasing exceeds this budget. Therefore £0.585m of the above EastNet (CPSN Replacement) underspend and a combination of more minor and previously reported underspends is balanced by full utilisation of the capital variations budget.

- For full and previously reported details see the [CS & LGSS Finance Monitoring Report](https://tinyurl.com/szl93dz), (<https://tinyurl.com/szl93dz>).

6.4.5 **Commercial & Investment:** a -£15.8m (-10.2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

| Revised Budget for 2019/20 | Forecast Spend - Outturn (Dec) | Forecast Spend - Outturn Variance (Dec) | Variance Last Month (Nov) | Movement | Breakdown of Variance |           |
|----------------------------|--------------------------------|---|---------------------------|----------|-----------------------|-----------|
|                            |                                |   |                           |          | Underspend/pressure   | Rephasing |
| £'000                      | £'000                          | £'000                                   | £'000                     | £'000    | £'000                 | £'000     |

**Housing Schemes**

|        |        |         |         |         |   |         |
|--------|--------|---------|---------|---------|---|---------|
| 56,847 | 20,222 | -36,625 | -26,475 | -10,150 | 0 | -10,150 |
|--------|--------|---------|---------|---------|---|---------|

An in-year underspend of -£36.6m is forecast. This is a -£10.2m increase on the underspend position previously reported in September and relates in full to a change since last month. This follows profiling of expected loans in relation to both overage and construction.

- For full and previously reported details see the [C&I Finance Monitoring Report](https://tinyurl.com/wtl3ude), (<https://tinyurl.com/wtl3ude>).

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

6.5.1 **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/w3x6ecb), (<https://tinyurl.com/w3x6ecb>).

6.5.2 **People & Communities:** a -£12.546m (-1.8%) total scheme underspend is forecast.

| Total Scheme Revised Budget  | Total Scheme Forecast Spend - Outturn (Dec) | Total Scheme Forecast Spend - Outturn Variance (Dec) | Variance Last Month (Nov) | Movement |
|--|---|--|---------------------------|----------|
| £'000  | £'000                                       | £'000  | £'000                     | £'000    |
| <b>Basic Need – Primary</b>  |   |  |                           |          |
| 273,739  | 262,179                                     | -11,560  | -9,497                    | -2,063   |
| A total scheme underspend of -£11.6m is forecast across Basic Need – Primary schemes. This is a change of -£2.1m on the position reported last month and is mainly due to changes on the scheme outlined below:              |   |  |                           |          |
| <b>St Philip’s Primary School</b>  |   |  |                           |          |
| 3,500  | 1,627                                       | -1,873   | 0                         | -1,873   |
| The scope of the project has been scaled down to make the scheme fully funded by Section 106 contributions.  |   |  |                           |          |
| <b>Basic Need – Secondary</b>  |   |  |                           |          |
| 321,067  | 320,425                                     | -642   | -493                      | -149     |
| A total scheme underspend of -£0.6m is forecast across Basic Need – Secondary schemes. This is a change of -£0.3m on the position previously reported in October and is mainly due to changes on the schemes outlined below: |   |  |                           |          |
| <b>Cambridge City secondary</b>  |   |  |                           |          |
| 18,355   | 18,200                                      | -155   | -155                      | 0        |
| Savings due to unexpended risk register items and employers’ contingencies.  |   |  |                           |          |
| <b>Cambourne Village College</b>   |   |  |                           |          |
| 19,173   | 18,834                                      | -339   | -190                      | -149     |
| Reduction due to release of unspent and closed out risk register items and a proportion of the unspent contingencies.  |   |  |                           |          |

- For full and previously reported details see the [P&C Finance Monitoring Report](https://tinyurl.com/t2k2ncm), (<https://tinyurl.com/t2k2ncm>).

6.5.3 **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/szl93dz), (<https://tinyurl.com/szl93dz>).

6.5.4 **LGSS Managed:** a -£0.069m (-1.0%) 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/szl93dz), (<https://tinyurl.com/szl93dz>).

6.5.5 **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/wtl3ude), (<https://tinyurl.com/wtl3ude>).

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

| Funding Source                                     | B'ness Plan Budget | Rolled Forward Funding <sup>1</sup> | Revised Phasing | Additional/Reduction in Funding | Revised Budget | Outturn Funding | Funding Variance |
|--|--------------------|-------------------------------------|-----------------|---------------------------------|----------------|-----------------|------------------|
|  | £m                 | £m                                  | £m              | £m                              | £m             | £m              | £m               |
| Department for Transport (DfT) Grant               | 16.0               | 0.5                                 | -0.3            | 1.9                             | 18.2           | 19.8            | 1.6              |
| 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                                 | -               | 0.7                             | 9.1            | 7.4             | -1.8             |
| S106 Contributions & Community Infrastructure Levy | 19.4               | 3.3                                 | -12.8           | 0.5                             | 10.4           | 10.1            | -0.3             |
| Capital Receipts                                   | 45.4               | 10.4                                | -10.5           | -20.6                           | 24.7           | 37.2            | 12.5             |
| Other Contributions                                | 24.6               | 3.3                                 | -               | 6.0                             | 33.8           | 16.6            | -17.2            |
| Revenue Contributions                              | 10.1               | -                                   | -               | -                               | 10.1           | 10.1            | -                |
| Prudential Borrowing                               | 133.4              | 22.2                                | -13.4           | 67.1                            | 209.3          | 180.8           | -28.4            |
| <b>TOTAL</b>                                       | <b>269.9</b>       | <b>41.7</b>                         | <b>-37.0</b>    | <b>54.3</b>                     | <b>328.9</b>   | <b>295.3</b>    | <b>-33.6</b>     |

<sup>1</sup> 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.

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     | +£1.0       | <p>A net increase in contributions of +£1,023k 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 last month. The Combined Authority is invoiced on a monthly basis for work on CA schemes.</p> <p><b>General Purposes Committee is asked to note the additional 2019/20 contributions of £1,023k expected in relation to the Combined Authority funded Wisbech Town Centre Access Study scheme.</b></p> |

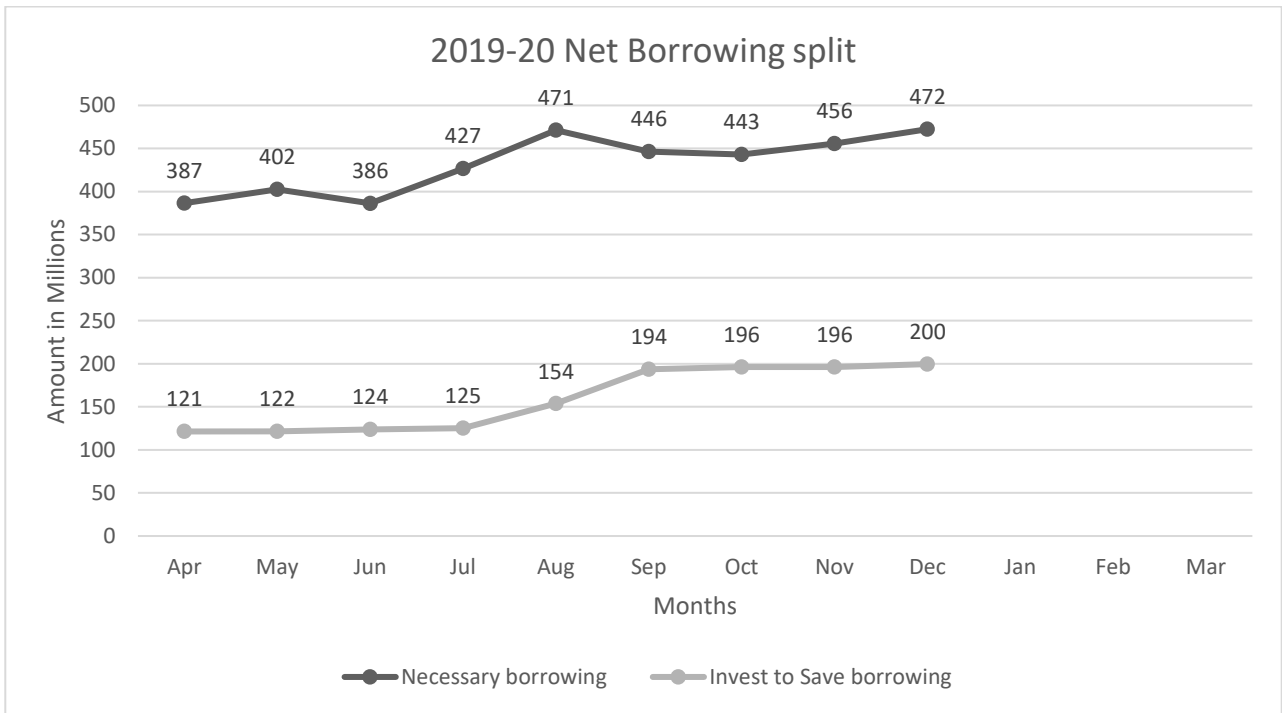
## 7. BALANCE SHEET

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

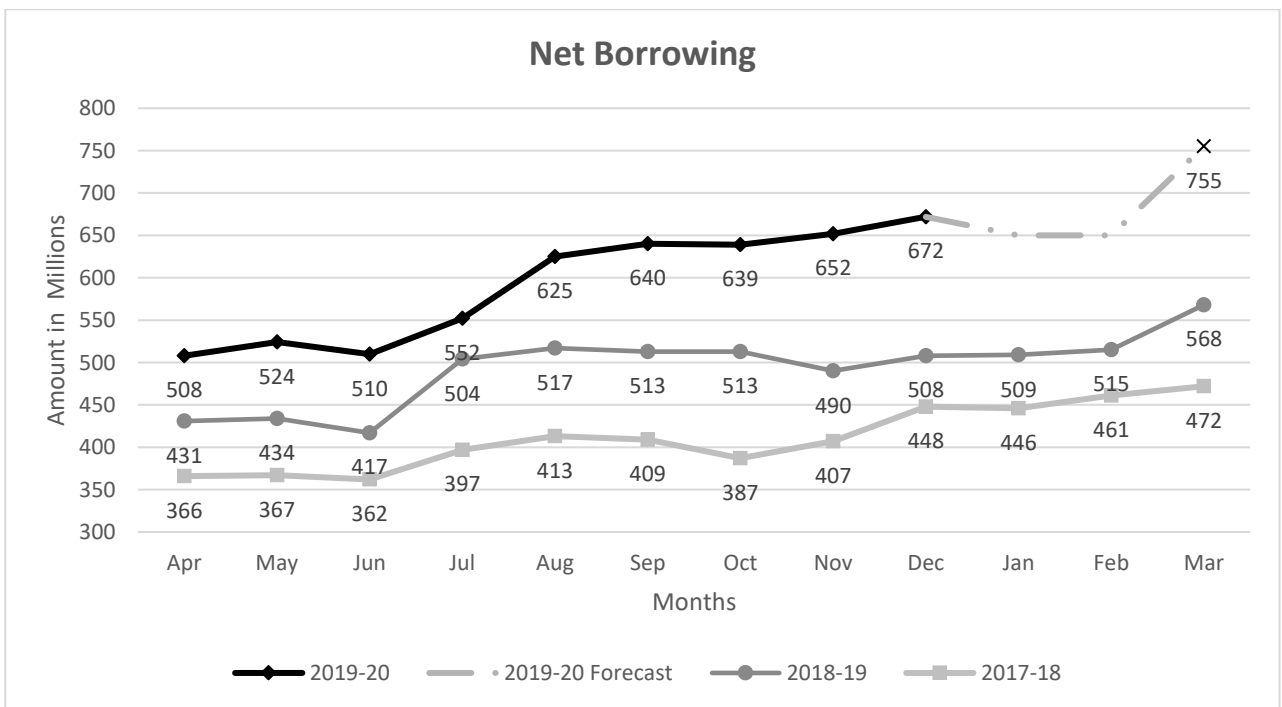
| Measure   |                   | Year End Target | Actual as at the end of Dec 2019 <sup>1</sup> |
|---|-------------------|-----------------|---|
| Level of debt outstanding (owed to the council) 91 days +, £m | Adult Social Care | £3.37m          | £4.95m  |
|   | Sundry            | £1.71m          | £2.60m  |

<sup>1</sup> The debt figures from Oct 19 onwards exclude Cambridgeshire & Peterborough CCG debts as these are considered collectable and are subject to separate reconciliation.

7.2 The graph below shows the estimated split of the net borrowing between necessary borrowing and Invest to Save borrowing. Of the gross borrowing in 2019-20, it is estimated that £200m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3<sup>rd</sup> parties in order to receive a financial return.



7.3 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. At the end of December 2019, investments held totalled £83m (excluding 3<sup>rd</sup> party loans) and gross borrowing totalled £755m, equating to a net borrowing position of £672m.



7.4 The Council's cash flow profile – which influences the net borrowing requirement - varies considerably during the year, due to the timing difference between outgoing payments (payroll, supplier payments etc.) and income streams (grants, council tax etc.). As illustrated by the comparative 2017-18 and 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.



- 7.5 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the forthcoming year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 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.
- 7.6 From a strategic perspective, the Council continues to temporarily utilise cash-backed resources in lieu of additional borrowing (known as internal borrowing) and where borrowing is undertaken loans are raised for shorter terms, both to generate net interest cost savings and consequently holding less investments reduces the Council's exposure to credit risk. However, this approach carries with it interest rate risk and officers continue to monitor options as to the timing of any potential longer term borrowing should underlying interest rates be forecast to rise in a sustained manner.
- 7.7 There is a link between the capital financing borrowing requirement, the net borrowing position and consequently net interest costs. However, the Debt Charges budget is prudently formulated with sensitivity to additional factors including projected levels of cash-backed reserves, forecast movements in interest rates, and the overall borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.8 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](http://tiny.cc/5qfggz), (<http://tiny.cc/5qfggz>).
- 7.9 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

## **8. ALIGNMENT WITH CORPORATE PRIORITIES**

### **8.1 A good quality of life for everyone**

There are no significant implications for this priority.

### **8.2 Thriving places for people to live**

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority

## **9. SIGNIFICANT IMPLICATIONS**

### **9.1 Resource Implications**

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

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

There are no significant implications within this category.

## 9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

## 9.4 Equality and Diversity Implications

There are no significant implications within this category.

## 9.5 Engagement and Consultation Implications

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

## 9.6 Localism and Local Member Involvement

There are no significant implications within this category.

## 9.7 Public Health Implications

There are no significant implications within this category.

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

| <b>Source Documents</b>  | <b>Location</b>  |
|--|--|
| P&E Finance Monitoring Report (December 19)<br>P&C Finance Monitoring Report (December 19)<br>PH Finance Monitoring Report (December 19)<br>CS and LGSS Cambridge Office Finance Monitoring Report (December 19)<br>C&I Finance Monitoring Report (December 19)<br>Capital Monitoring Report (December 19)<br>Report on Debt Outstanding (December 19) | 1 <sup>st</sup> Floor,<br>Octagon,<br>Shire Hall,<br>Cambridge |

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

|   | <b>P&amp;C</b> | <b>Public Health</b> | <b>P&amp;E</b> | <b>CS Financing</b> | <b>Corporate Services</b> | <b>LGSS Managed</b> | <b>C&amp;I</b> | <b>LGSS Op</b> | <b>Financing Items</b> |
|---|----------------|----------------------|----------------|---------------------|---------------------------|---------------------|----------------|----------------|------------------------|
|   | <b>£'000</b>   | <b>£'000</b>         | <b>£'000</b>   | <b>£'000</b>        | <b>£'000</b>              | <b>£'000</b>        | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>           |
| 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                        |                     |                |                |                        |
| <b>Current budget</b>   | <b>262,944</b> | <b>390</b>           | <b>52,080</b>  | <b>27,558</b>       | <b>12,201</b>             | <b>13,150</b>       | <b>-8,768</b>  | <b>6,103</b>   | <b>18,447</b>          |
| 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 31st Dec 2019 |                                |   |
|                                     | £000s                    | £000s                | £000s                    | £000s                          |   |
| <b><u>General Reserves</u></b>      |                          |                      |                          |                                |   |
| - County Fund Balance               | 12,850                   | 4,699                | 17,549                   | 16,344                         |   |
| - 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                      | 0                    | 112                      | 297                            |   |
| subtotal                            | 12,962                   | 4,699                | 17,661                   | 16,641                         |   |
| <b><u>Earmarked</u></b>             |                          |                      |                          |                                |   |
| - Specific Reserves                 |                          |                      |                          |                                |   |
| 5 Insurance                         | 4,060                    | -1,331               | 2,729                    | 2,729                          |   |
| subtotal                            | 4,060                    | -1,331               | 2,729                    | 2,729                          |   |
| - 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                             |   |
| <b><u>Other Earmarked Funds</u></b> |                          |                      |                          |                                |   |
| 10 P&C                              | 1,008                    | -134                 | 874                      | 874                            |   |
| 11 PH                               | 2,886                    | 98                   | 2,984                    | 2,258                          |   |
| 12 P&E                              | 5,571                    | -981                 | 4,590                    | 3,437                          | Includes liquidated damages in respect of the Guided Busway |
| 13 CS                               | 3,193                    | 244                  | 3,437                    | 3,547                          |   |
| 14 LGSS Managed                     | 63                       | 0                    | 63                       | 0                              |   |
| 15 C&I                              | 600                      | 0                    | 600                      | 679                            |   |
| 16 Transformation Fund              | 24,504                   | 3,085                | 27,589                   | 22,638                         | Savings realised through change in MRP policy.              |
| 17 Innovate & Cultivate Fund        | 1,561                    | -252                 | 1,309                    | 893                            |   |
| subtotal                            | 39,386                   | 2,060                | 41,446                   | 34,326                         |   |
|                                     |                          |                      |                          |                                |   |
| <b>SUB TOTAL</b>                    | <b>56,475</b>            | <b>5,428</b>         | <b>61,903</b>            | <b>53,707</b>                  |   |
|                                     |                          |                      |                          |                                |   |
| <b><u>Capital Reserves</u></b>      |                          |                      |                          |                                |   |
| - Services                          |                          |                      |                          |                                |   |
| 18 P&C                              | 29,463                   | 0                    | 29,463                   | 29,463                         |   |
| 19 P&E                              | 6,069                    | 714                  | 6,783                    | 1,000                          |   |
| 20 LGSS Managed                     | 0                        | 0                    | 0                        | 0                              |   |
| 21 C&I                              | 20,415                   | 13,549               | 33,964                   | 0                              |   |
| 22 Corporate                        | 54,694                   | 17,334               | 72,028                   | 62,469                         | Section 106 and Community Infrastructure Levy balances.     |
| subtotal                            | 110,641                  | 31,597               | 142,238                  | 92,932                         |   |
|                                     |                          |                      |                          |                                |   |
| <b>GRAND TOTAL</b>                  | <b>167,116</b>           | <b>37,026</b>        | <b>204,141</b>           | <b>146,639</b>                 |   |

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

| Fund Description               | Balance at 31 March 2019 | 2019-20              |                          | Forecast Balance 31 March 2020 | Notes |
|--------------------------------|--------------------------|----------------------|--------------------------|--------------------------------|-------|
|                                |                          | Movements in 2019-20 | Balance at 31st Dec 2019 |                                |       |
|                                | £000s                    | £000s                | £000s                    | £000s                          |       |
| <b>- Short Term Provisions</b> |                          |                      |                          |                                |       |
| 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                          |       |
| <b>- Long Term Provisions</b>  |                          |                      |                          |                                |       |
| 6 LGSS Managed                 | 3,613                    | 0                    | 3,613                    | 3,613                          |       |
| subtotal                       | 3,613                    | 0                    | 3,613                    | 3,613                          |       |
|                                |                          |                      |                          |                                |       |
| <b>GRAND TOTAL</b>             | <b>7,273</b>             | <b>0</b>             | <b>7,273</b>             | <b>7,273</b>                   |       |