

Commercial and Investment

Finance and Performance Report – November 2017

1. SUMMARY

1.1 Finance

| Previous Status | Category | Target | Current Status | Section Ref. |
|-----------------|------------------------|---------------------------------|----------------|--------------|
| Amber | Income and Expenditure | Balanced year end position | Amber | 2.1 – 2.4 |
| Green | Capital Programme | Remain within overall resources | Green | 3.2 |

2. INCOME AND EXPENDITURE

2.1 Overall Position

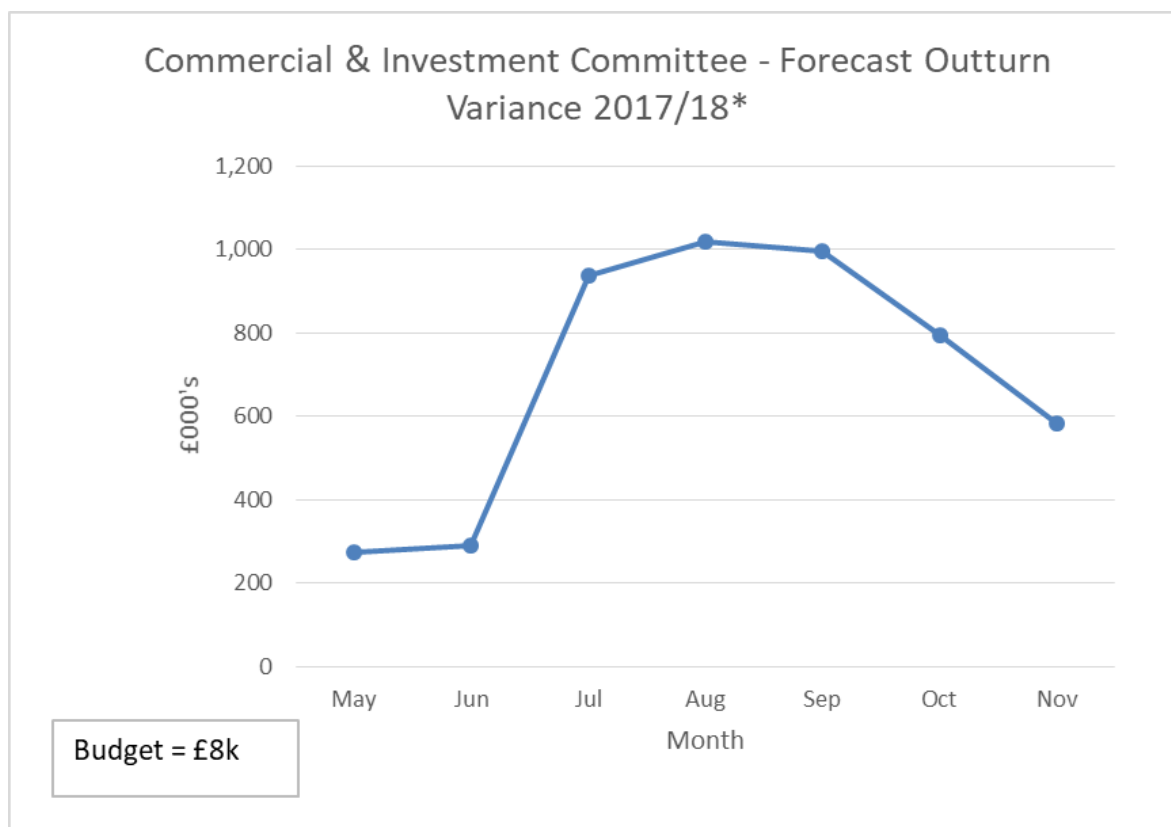
| Original Budget as per BP ⁽¹⁾ | Directorate | Current Budget | Forecast Variance - Outturn (Oct) | Forecast Variance - Outturn (Oct) | Forecast Variance - Outturn (Nov) | Forecast Variance - Outturn (Nov) | Current Status | DoT |
|--|--|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------------|-----|
| £000 | | £000 | £000 | % | £000 | % | | |
| 0 | Commercial Activity | -1,624 | 692 | 43 | 517 | 32 | Amber | ↑ |
| 6,340 | Property Services | 6,306 | -450 | -7 | -407 | -6 | Green | ↓ |
| -3,638 | Strategic Assets | -3,951 | 349 | 9 | 349 | 9 | Amber | ↔ |
| 10 | Traded Services To Schools and Parents | -724 | 202 | 28 | 126 | 17 | Amber | ↑ |
| 2,712 | Total | 8 | 793 | | 584 | | Amber | |

¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan.

² The October forecast outturn variance in the table has been adjusted to reflect the October forecasts for new budgets transferred in from Corporate and Customer Services.

The service level budgetary control report for Commercial and Investment for November can be found in [C&I appendix 1](#).

Further analysis of the results can be found in [C&I appendix 2](#).



* Previous forecast outturn variances have been adjusted to reflect the new budgets transferred to C&I Committee.

2.2 Significant Issues – Commercial and Investment

The Commercial and Investment budget has reduced by £1.6m during November, following the transfer to C&I of budgets relating to the Housing Investment Company (-£1.4m) and the ESPO dividend (-£200k).

Commercial and Investment is forecast to overspend by £584k in 2017/18. This is an improvement of £209k when comparing equivalent budgets, primarily due to the increase in the forecast surplus for the ESPO dividend and the ICT Service (Education) as explained below:

- As previously reported under Corporate and Customer Services, a £750k pressure is forecast following the re-phasing of expected income streams from the Housing Investment Company in 2017/18.
- A favourable variance of £233k is forecast this month for the ESPO dividend budget. The CCC share of the ESPO dividend for 2016/17 has been confirmed as £458k, exceeding the accrual of £400k which was made in the 2016/17 accounts; the £58k underspend was previously reported under LGSS Managed. A further surplus of £175k is being forecast this month for the 2017/18 dividend.

- The ICT Service (Education) is predicted to underspend by £67k following a substantial decrease in staffing, due to some team members leaving the service.

2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

No new items were recorded during November 2017.

A full list of additional grant income for Commercial and Investment can be found in [C&I appendix 3](#).

2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

The following virements were recorded in November to reflect changes in responsibilities:

| | £ | Notes |
|---|------------|---|
| Transfer from Financing Costs budget to C&I | -1,424,000 | CHIC interest costs and income generation |
| Transfer from LGSS Managed to C&I | -200,000 | ESPO Dividend |
| Non material virements (+/- £30k) | - | |

A full list of virements made in the year to date for Commercial and Investments can be found in [C&I appendix 4](#).

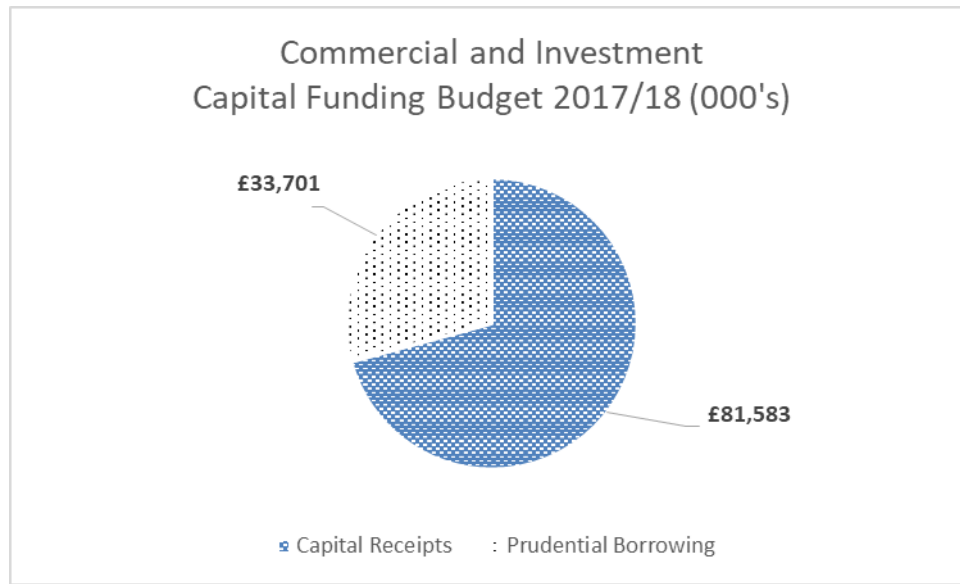
3. BALANCE SHEET

3.1 Reserves

The Commercial and Investment reserves contain various earmarked reserves (held for specific purposes), as well a short term provision (held for a potential liability) and capital funding. A schedule of these reserves can be found in [C&I appendix 5](#).

3.2 Capital Expenditure and Funding

Commercial and Investment Committee has a capital budget of £115m in 2017/18, which is funded by the following capital resources:



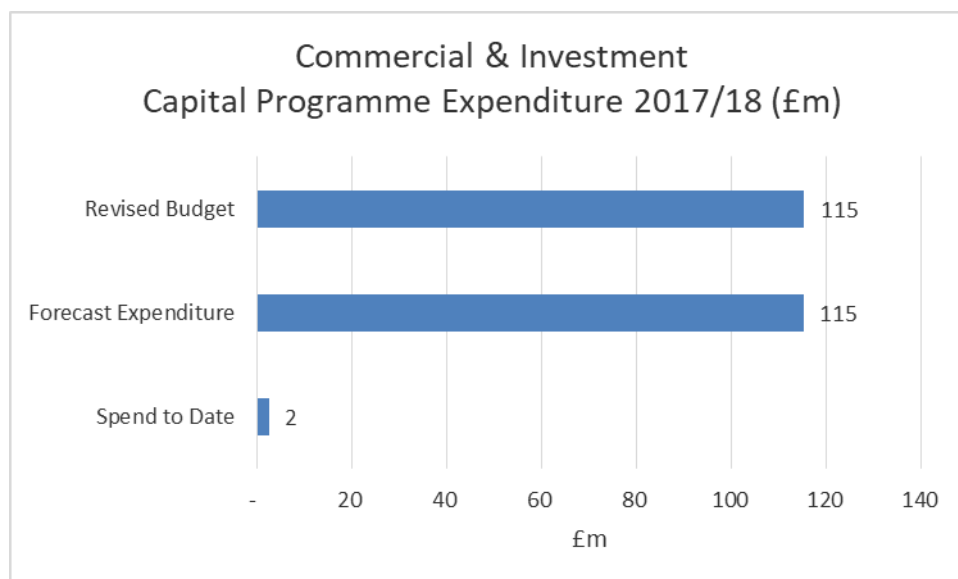
Variations Budget

A summary of the use of capital programme variations budget 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 slippage exceeds this budget.

| Service | Capital Programme Variations Budget £000 | Forecast Variance - Outturn (Nov) £000 | Capital Programme Variations Budget Used £000 | Capital Programme Variations Budget Used % | Revised Forecast Variance - Outturn (Nov) £000 |
|---------|---|---|--|---|---|
| C&I | -720 | -884 | 720 | 100% | -164 |

Expenditure

Commercial and Investment Committee has expenditure of £2.5m to date on the Capital Programme, against forecast expenditure of £115m:



Predicted in-year underspends of £884k have been netted off against the Capital Programme Variations budget; as a result it is currently expected that the programme will be underspent by £164k at year-end 2017/18.

Total scheme variances of £287k underspent are expected over the lifetime of the schemes.

The following changes to expenditure budgets are being reported for November:

- County Farms Investment: C&I are asked to recommend a request to General Purposes Committee to approve additional budget of £197k for the County Farms Investment projects, as recommended by the Capital Programme Board; this expenditure is to be funded by borrowing.

In 2017/18, County Farms Investment expenditure has been dominated by three large investments totalling £640k, comprising:

- a new cold store and HGV loading facilities to a holding at Milton
- the conversion of a farm building to a farm shop and café near Farcet, Peterborough
- extension to a dwelling at Benwick, near Chatteris.

Additional requests for investment on the estate have included improvements to farm yards and buildings, security fencing, an equine arena and the installation of 3 phase electricity. The tenants have all agreed an Improvement Charge to provide a return on each project of 7%.

The budget is currently forecast to be overspent by £197k, but will produce £55k additional revenue income for County Farms. This is greater than the annual cost of borrowing the additional £197k, which starts at £11k in 2018/19 and decreases each year thereafter. At present, it is not anticipated that there will be any further new projects to come forward during the current

financial year, and it is requested that the additional budget of £197k be approved.

- Sawston Community Hub: The C&I capital budget has reduced by £1.4m due to the transfer of the Sawston Community Hub scheme to Highways and Community Infrastructure Committee. There has therefore been a corresponding reduction of £280k in the Capital Programme Variations budget.

The following material expenditure variances are being reported for November:

- MAC Joint Highways Project: The project is predicted to underspend by £482k in 2017/18. Although some of the partners have withdrawn, the Highways Agency are engaged, but it is not envisaged that there will be any spend in this financial year. The project has received One Public Estate revenue grant funding of £50k which is being used for some initial feasibility work. The future of the scheme will be clearer when the next project meeting is held before this year end.

Funding

As reported above, projected in-year variances now exceed the allowance made in the capital variation budget. The programme budget is therefore expected to be underspent by £164k at year-end, leading to a reduction of the same amount in the expected funding requirement.

The following changes to funding budgets are being reported for November:

- County Farms Investment: As reported above, additional funding of £197k has been requested to fund County Farms Investment projects. This will result in an increase in the borrowing requirement.
- Sawston Community Hub: As reported above, the C&I capital budget has reduced by £1.4m due to the transfer of the Sawston Community Hub scheme and there has been a reduction of £280k in the Capital Programme Variations budget. This has led to a net reduction of £1.1m in the Commercial and Investment borrowing requirement.

The following material funding variances are being reported for November:

- MAC Joint Highways Project: As reported above, the MAC Joint Highways Project is expected to underspend by £482k in 2017/18, resulting in a reduced borrowing requirement.
- Capital Receipts: The Capital Receipts forecast for 2017/18 has been increased by £345k to reflect the latest estimates for predicted sales. This increase is partly offset by a capital funding adjustment relating to the capitalisation of Transformation Team costs. It has been identified that an additional £86k of Transformation Team costs may need to be capitalised,

and these costs can only be funded by capital receipts, under the flexible use of capital receipts government directive. Therefore this adjustment will result in a reduction of £86k in the use of capital receipts funding for C&I schemes and a matching increase in Commercial and Investment borrowing.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I appendix 6](#).

4. PERFORMANCE

- 4.1** Performance data for Commercial and Investment Committee is not currently available as performance indicators have not yet been set for the committee; work to review all indicators is still ongoing. As the committee starts to undertake commercial investment, relevant indicators will be developed in conjunction with the committee and subsequently exceptions will be reported against these.

C&I APPENDIX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of November 2017 for Commercial and Investment are as follows:

| Original Budget as per BP £000 | Service | Current Budget for 2017/18 £000 | Forecast Variance - Outturn (Oct) £000 | Forecast Variance - Outturn (Oct) % | Forecast Variance - Outturn (Nov) £000 | Forecast Variance - Outturn (Nov) % |
|---|---|--|--|---|--|---|
| Commercial & Investment | | | | | | |
| <u>Commercial Activity</u> | | | | | | |
| 0 | Cambridge Housing Investment Company | -1,424 | 750 | 53 | 750 | 53 |
| 0 | Other Commercial Activity | -200 | -58 | -29 | -233 | -117 |
| 0 | | -1,624 | 692 | 43 | 517 | 32 |
| <u>Property Services</u> | | | | | | |
| 1,111 | Building Maintenance | 1,111 | 2 | 0 | 0 | 0 |
| 4,500 | County Offices | 4,568 | -452 | -10 | -407 | -9 |
| 718 | Property Services | 560 | 0 | 0 | 0 | 0 |
| 22 | Property Compliance | 68 | 0 | 0 | 0 | 0 |
| -11 | Capital Team | 0 | 0 | 0 | 0 | 0 |
| 6,340 | | 6,306 | -450 | -7 | -407 | -6 |
| <u>Strategic Assets</u> | | | | | | |
| 766 | Strategic Assets | 803 | 349 | 43 | 349 | 43 |
| -4,404 | County Farms | -4,404 | 0 | 0 | 0 | 0 |
| 0 | Grant Income | -350 | 0 | 0 | 0 | 0 |
| -3,638 | | -3,951 | 349 | 9 | 349 | 9 |
| <u>Traded Services to Schools and Parents</u> | | | | | | |
| 10 | Traded Services to Schools and Parents | 68 | -150 | -220 | -160 | -235 |
| 0 | ICT Service (Education) | -200 | 0 | 0 | -67 | -34 |
| 0 | Professional Development Centre Services | -71 | 0 | 0 | 0 | 0 |
| 0 | Cambs Music | 789 | 0 | 0 | 0 | 0 |
| 0 | Outdoor Education (includes Grafham Water) | -77 | 113 | 146 | 113 | 146 |
| 0 | Cambridgeshire Catering & Cleaning Services | -449 | 239 | 53 | 240 | 53 |
| 0 | Grant Income | -784 | 0 | 0 | 0 | 0 |
| 5,414 | | -724 | 202 | 28 | 126 | 17 |
| 8,116 | COMMERCIAL & INVESTMENT TOTAL | 8 | 793 | 9,948 | 584 | |
| MEMORANDUM - Grant Income | | | | | | |
| 0 | Music Education Hub Grant | -784 | 0 | 0 | 0 | 0 |
| 0 | One Public Estate Grant | -350 | 0 | 0 | 0 | 0 |
| 0 | | -1,134 | 0 | 0 | 0 | 0 |

C&I APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000, whichever is greater.

| Service | Current Budget £'000 | Forecast Variance - Outturn | |
|---|-------------------------|-----------------------------|-------------|
| | | £'000 | % |
| County Offices | 4,568 | -407 | -9 |
| <p>Reported in July 17 F&PR:</p> <p>County Offices budgets are forecast to underspend by £407k at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income (£105k). The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.</p> | | | |
| Strategic Assets | 803 | 349 | 43 |
| <p>Reported in July 17 F&PR:</p> <p>Strategic assets budgets are predicting a £349k overspend at year end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across partners. At the ending of the arrangements, budgets were disaggregated to the partners. As the equalisation between LGSS partners no longer applies for this service area, Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget.</p> | | | |
| Traded Services to Schools and Parents | 68 | -160 | -235 |
| <p>Reported in October 17 F&PR:</p> <p>The following Traded Services to Schools and Parents have been transferred from the Children and Young People Committee and are reported within the C&I tables:</p> <ul style="list-style-type: none"> • ICT • Professional Development Centre Services • Cambs Music • Outdoor Education (includes Grafham Water). <p>An underspend of £160k is reported, following a review of likely income achievable and the related utilisation of equipment replacement reserves, in the Education ICT and Cambridgeshire Music Services.</p> | | | |
| ICT Service (Education) | -200 | -67 | -34 |
| <p>Reported in the November 17 F&PR:</p> <p>The ICT Service (Education) is predicted to underspend by £67k at year-end, following a substantial decrease in staffing due to some team members leaving.</p> | | | |

| Service | Current Budget £'000 | Forecast Variance - Outturn | |
|---|-------------------------|--------------------------------|------------|
| | | £'000 | % |
| Outdoor Education (includes Grafham Water) | -77 | 113 | 146 |
| <p>Reported in September 17 F&PR:</p> <p>There is an ongoing pressure of £113k against Grafham Water which was identified during budget build. The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.</p> <p>This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the service.</p> <p>Further, a £9k under recovery is now being forecasted against Stibbington Centre which has an overall income target of £18k. Under recovery here will also be addressed as part of the ongoing review of Outdoor Education services.</p> | | | |
| Cambridgeshire Catering & Cleaning Services | -449 | 240 | 53 |
| <p>Reported in August 17 F&PR:</p> <p>As part of recent internal re-organisations within People and Communities and CCS, the service is currently being led by the Resources directorate, and the financial contribution this service makes to the Council, and associated variances, are now reflected within the C&I tables. The Commercial & Investment Committee will oversee the service going forward, and as part of the transformation underway to ensure alignment to the Council's commercial interests.</p> <p>CCS is currently forecasting an under recovery of £240k. The forecast has increased from the £216k pressure identified at budget build, and is £1k worse than the £239k reported in October. The outturn will largely be determined by the service's success in achieving the targets for meal take-up and staffing costs by managing the staffing resources to maintain service provision through the winter period.</p> <p>The movement in-month primarily relates to a marginal reduction in provisions costs when compared to the September forecast. CCS commenced catering services at three new schools in September; all are new schools with good growth potential. Conversely, the Diamond Learning Trust have concluded a tender process with the result that CCS will no longer supply catering at three schools from January 2018.</p> <p>Plans are being progressed with the Transformation Team to develop strategies in which the service can be competitive on price, make efficiencies to the service, and increase customer engagement. The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider</p> | | | |

| Service | Current Budget £'000 | Forecast Variance - Outturn £'000 % |
|--|-------------------------|--|
| <p>considerations, the HoS and Client Development posts have been held vacant since June, enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.</p> <p>The mothballed C3 cook freeze unit has a potential £500k cost, including annual £80k lease/rates costs and approximately £250k dilapidations costs to resolve before the 2020 break clause.</p> | | |

C&I APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

| Grant | Awarding Body | Expected Amount £000 | Reported |
|------------------------------------|----------------|-------------------------|--------------|
| Grants as per Business Plan | | - | |
| One Public Estate | Cabinet Office | 260 | July 17 |
| One Public Estate | Cabinet Office | 90 | September 17 |
| Music Education Hub Grant | | 784 | September 17 |
| Total Grants 2017/18 | | 1,134 | |

C&I APPENDIX 4 – Virements and Budget Reconciliation

| | £000 | Reported |
|---|--------------|--------------|
| Budget as per Business Plan | 2,702 | |
| Business Plan adjustments | 44 | May 17 |
| Transfer of Apprenticeship Levy from CS to C&I | 6 | May 17 |
| Transfer of Energy Team from C&I to ETE | -58 | May 17 |
| Non-material virements (+/- £30k) | 11 | June 17 |
| Transfer of LGSS savings from C&I to LGSS Cambridge Office | -349 | July 17 |
| Transfer of CCS budgets to C&I from C&YP | -449 | August 17 |
| Transfer from C&YP to C&I of Traded Services to Schools and Parents | -343 | September 17 |
| Head of Service – Traded Services | 68 | October 17 |
| Transfer of CHIC costs from Debt Charges to C&I Committee | -1,424 | November 17 |
| Transfer of ESPO dividend budget from LGSS Managed to C&I | -200 | November 17 |
| | | |
| Current Budget 2017/18 | 8 | |

C&I APPENDIX 5 – Reserve Schedule

1. Commercial and Investment Reserves

| Fund Description | Balance at 31 March 2017 | Movements in 2017/18 | Balance as at 31 November 2017 | Forecast Balance at 31 March 2018 | Notes |
|------------------------------------|--------------------------------|-------------------------|---|---|-------|
| | £'000 | £'000 | £'000 | £'000 | |
| Equipment Reserves | | | | | |
| The ICT Service (Education) | 726 | 0 | 726 | 0 | 1 |
| subtotal | 726 | 0 | 726 | 0 | |
| Other Earmarked Funds | | | | | |
| Manor school site demolition costs | 362 | 53 | 415 | 468 | 2 |
| Cambs Music Reserve | 80 | 0 | 80 | 0 | 3 |
| subtotal | 442 | 53 | 495 | 468 | |
| Short Term Provisions | | | | | |
| SPV provision | 24 | 0 | 24 | 24 | |
| subtotal | 24 | 0 | 24 | 24 | |
| SUBTOTAL | 1,192 | 53 | 1,245 | 492 | |
| Capital Reserves | | | | | |
| General Capital Receipts | 0 | 3,099 | 3,099 | 0 | 4 |
| subtotal | 0 | 3,099 | 3,099 | 0 | |
| TOTAL | 1,192 | 3,152 | 4,345 | 492 | |

Notes

- 1 The reserve is committed to the replacement of essential equipment, which will be implemented before the end of March 2018.
- 2 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 3 Annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation.
- 4 Capital Receipts will be used to fund the capital programme at year-end.

C&I APPENDIX 6 – Capital Expenditure

1. Capital Expenditure Summary 2017/18

| Commercial & Investment Capital Programme 2017/18 | | | | | | TOTAL SCHEME | |
|--|----------------------------------|---|------------------------------------|--|---|--|---|
| Original 2017/18 Budget as per BP £000 | Scheme | Revised Budget for 2017/18 £000 | Actual Spend 2017/18 £000 | Forecast Spend - Outturn £000 | Forecast Outturn Variance £000 | Total Scheme Revised Budget £000 | Total Scheme Forecast Variance £000 |
| 113,476 | <u>Commercial Activity</u> | | | | | | |
| | Housing Schemes | 112,209 | 710 | 112,209 | - | 183,226 | - |
| 113,476 | | 112,209 | 710 | 112,209 | - | 183,226 | - |
| | <u>Property Services</u> | | | | | | |
| 600 | Building Maintenance | 600 | 333 | 600 | - | 5,579 | - |
| 550 | Shire Hall Campus | 550 | 236 | 550 | - | 5,502 | - |
| 1,150 | | 1,150 | 569 | 1,150 | - | 11,081 | - |
| | <u>Strategic Assets</u> | | | | | | |
| 350 | Local Plans Representations | 350 | 203 | 203 | (147) | 3,902 | (147) |
| 500 | County Farms Viability | 818 | 752 | 818 | - | 4,017 | - |
| - | Renewable Energy Soham | 775 | 214 | 520 | (255) | 9,994 | (140) |
| 482 | MAC Joint Highways Project | 482 | - | - | (482) | 5,198 | - |
| - | Office Portfolio Rationalisation | 200 | 6 | 200 | - | 345 | - |
| - | Other Committed Projects | 20 | 20 | 20 | - | 225 | - |
| 1,332 | | 2,645 | 1,194 | 1,761 | (884) | 23,681 | (287) |
| (550) | Capital Programme Variations | (720) | - | - | 720 | (487) | - |
| 115,408 | TOTAL | 115,284 | 2,474 | 115,120 | (164) | 217,501 | (287) |
| | | | | | | | |

2. Previously Reported Amendments – Capital Expenditure Budgets 2017/18

| Capital Scheme | 2017/18 Original Budget £'000 | 2017/18 Revised Budget £'000 |
|---|--|---|
| Energy Efficiency Fund | 250 | - |
| <p>Reported in July 17 F&PR:</p> <p>The Commercial and Investment capital programme budget reduced by £250k due to the removal of the Energy Efficiency Fund budget, which transferred to Economy, Transport and Environment Committee.</p> | | |
| Sawston Community Hub | - | 1,401 |
| <p>Reported in July 17 F&PR:</p> <p>The Sawston Community Hub scheme has transferred from LGSS Managed to Commercial & Investment. It had a 2017/18 budget of £1.2m (before changes to budget – see below); alongside this the capital programme variations budgets for Commercial & Investment and LGSS Managed have been realigned, so the variations budget for Commercial & Investment has returned to 20% of its budget (excluding housing schemes).</p> | | |
| Capital Programme Variations | -550 | -1,000 |
| <p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial & Investment budget, or as a result of any other changes to budget.</p> | | |

3. Previously Reported Amendments - Total Scheme Expenditure Budgets

| Capital Scheme | Total Scheme Original Budget £'000 | Total Scheme Revised Budget £'000 |
|--|---|--|
| Sawston Community Hub | 1,309 | 1,502 |
| <p>Reported in July 17 F&PR:</p> <p>The Sawston Community Hub scheme was placed on hold in 2016/17, following delays arising from prolonged negotiations with the parish council and the village college, before the planning application could be submitted. The scheme has since been reviewed, and following market testing the total scheme costs have now been re-assessed at £1.502m. This represents an increase of £178k over the estimated total scheme costs at Milestone 3+ (£1.324m), and an increase of £193k in the total scheme budget as recorded in the Business Planning proposals for 2017/18 (£1.309m); the programme budget had previously remained at the original estimate of £1.309m pending further review of the scheme. This cost increase is due to the actual cost inflation of materials over the period the project was delayed and issues arising from detailed design work.</p> <p>General Purposes Committee approved the revised budget of £1.502m at its meeting on 19th September. This revision required an increase of £193k to the Prudential Borrowing requirement.</p> | | |

4. Previously Reported Exceptions – Capital Expenditure 2017/18

| Capital Scheme | Current Budget 2017/18 £'000 | Forecast Variance - Outturn £'000 |
|---|---|--|
| Housing Schemes | 112,209 | - |
| <p>Reported in May 17 and August 17 F&PRs:</p> <p>The Housing Scheme budgets reflect the proposals included in the Business Plan 2017/18. The CHIC financial model is currently under review and any changes will be reported when further information becomes available. Planning permission is being actively progressed on schemes in order to maximise asset values.</p> | | |
| Renewable Energy Soham | 775 | -255 |
| <p>Reported in August 17 F&PR:</p> <p>The Renewable Energy Soham scheme is currently predicted to underspend by £255k in 2017/18. Of this underspend, £140k represents a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget, and £116k budget will be required to meet retention costs in 2018/19.</p> | | |
| Sawston Community Hub | 1,401 | -500 |
| <p>Reported in August 17 F&PR:</p> <p>The Sawston Community Hub scheme is forecasting an underspend of £500k in 2017/18. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected.</p> | | |
| Local Plans and Representations | 350 | -150 |
| <p>Reported in September 17 F&PR:</p> <p>The Local Plans and Representations budget is predicted to underspend by £150k in 2017/18, and this will reduce the total cost of the scheme by the same amount. There will be a reduced budget requirement for this function in future years as more projects are developed by CHIC; this change is being addressed in the Business Planning proposals for 2018/19.</p> | | |
| Capital Programme Variations | -1,000 | 905 |
| <p>Reported in September 17 F&PR:</p> <p>As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. As forecast underspends start to be reported, these are netted off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point when slippage exceeds the variation budget.</p> | | |

C&I APPENDIX 7 – Capital Funding

1. Capital Funding Summary 2017/18

| Commercial and Investment Capital Programme 2017/18 | | | | |
|---|----------------------|---|---|---|
| Original 2017/18 Funding Allocation as per BP £000 | Source of Funding | Revised Funding for 2017/18 £000 | Forecast Outturn Spend (Nov) £000 | Forecast Outturn Funding Variance (Nov) £000 |
| 81,583 | Capital Receipts | 81,583 | 83,381 | 1,798 |
| 33,825 | Prudential Borrowing | 33,701 | 31,739 | (1,962) |
| 115,408 | TOTAL | 115,284 | 115,120 | (164) |
| | | | | |

2. Previously Reported Amendments – Capital Funding Budgets 2017/18

| Capital Scheme | Original Budget 2017/18 £'000 | Revised Budget 2017/18 £'000 | | | | | | | | | | | | | | | | | | |
|--|-------------------------------------|--|--------|------|-------|------------------------|-----|---|------------------------------|----|---|------------------|-----|--|------------------------|-----|--|--|-------|--|
| Roll Forwards (Prudential Borrowing) | 982 | 2,098 | | | | | | | | | | | | | | | | | | |
| <p>Reported in May 17 F&PR:</p> <p>Commercial and Investment Committee was asked to approve the carry forward of funding from 2016/17 into 2017/18 for the following schemes:</p> <table border="1"> <thead> <tr> <th>Scheme</th><th>£000</th><th>Notes</th></tr> </thead> <tbody> <tr> <td>County Farms Viability</td><td>121</td><td>Carry forward £121k re Bettys Nose & Whitehall farm shop.</td></tr> <tr> <td>OtherCommitted Projects - K2</td><td>20</td><td>Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation</td></tr> <tr> <td>Soham Solar Farm</td><td>775</td><td>Final network and construction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.</td></tr> <tr> <td>Office Rationalisation</td><td>200</td><td>Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.</td></tr> <tr> <td></td><td>1,116</td><td></td></tr> </tbody> </table> | | | Scheme | £000 | Notes | County Farms Viability | 121 | Carry forward £121k re Bettys Nose & Whitehall farm shop. | OtherCommitted Projects - K2 | 20 | Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation | Soham Solar Farm | 775 | Final network and construction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast. | Office Rationalisation | 200 | Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure. | | 1,116 | |
| Scheme | £000 | Notes | | | | | | | | | | | | | | | | | | |
| County Farms Viability | 121 | Carry forward £121k re Bettys Nose & Whitehall farm shop. | | | | | | | | | | | | | | | | | | |
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| | 1,116 | | | | | | | | | | | | | | | | | | | |
| Housing Scheme Rephasing (Prudential Borrowing) | 113,476 | 112,209 | | | | | | | | | | | | | | | | | | |
| <p>Reported in May 17 F&PR:</p> <p>A reduction of £1.3m in respect of Housing Scheme funding which was brought forward from 2017/18 to fund expenditure in 2016/17.</p> | | | | | | | | | | | | | | | | | | | | |
| Capital Programme Variations (Prudential Borrowing) | -550 | -1,000 | | | | | | | | | | | | | | | | | | |
| <p>Reported in May 17 F&PR:</p> <p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial & Investment budget, or as a result of any other changes to budget.</p> | | | | | | | | | | | | | | | | | | | | |
| Energy Efficiency Fund (Prudential Borrowing) | 250 | - | | | | | | | | | | | | | | | | | | |
| <p>Reported in July 17 F&PR:</p> <p>The Energy Efficiency Fund budget of £250k transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement reduced by this amount.</p> | | | | | | | | | | | | | | | | | | | | |
| Sawston Community Hub (Prudential Borrowing) | - | 1,401 | | | | | | | | | | | | | | | | | | |
| <p>Reported in July 17 F&PR:</p> | | | | | | | | | | | | | | | | | | | | |

| Capital Scheme | Original Budget 2017/18 £'000 | Revised Budget 2017/18 £'000 |
|---|--|---|
| The Sawston Community Hub scheme transferred to the Commercial & Investment Committee with an approved 2017/18 budget of £1.2m (and a request for additional funding of £0.2m – see below). | | |

3. Previously Reported Amendments - Total Scheme Funding Budgets

| Capital Scheme | Total Scheme Original Budget £'000 | Total Scheme Revised Budget £'000 |
|--|---|--|
| Sawston Community Hub (Prudential Borrowing) | 1,309 | 1,502 |
| <p>Reported in July 17 F&PR:</p> <p>General Purposes Committee approved an increase of £193k in budget for the scheme, resulting in an increased borrowing requirement of this amount.</p> | | |

4. Previously Reported Exceptions – Capital Funding

| Capital Scheme | Current Budget £'000 | Forecast Variance - Outturn £'000 |
|--|---------------------------------|--|
| General Capital Receipts | 81,583 | 1,539 |
| <p>Reported in September 17 F&PR:</p> <p>The capital receipts forecast for 2017/18 has been increased by £1.9m to reflect additional monies received, including a £3m receipt in respect of land at Bassenhally (Phase 2). This increase is partly offset by a £350k reduction in capital receipts funding for C&I schemes, which is replaced by an increase in borrowing for C&I schemes. This reduction is as a result of a capital funding adjustment relating to the Mosaic project within Corporate Services, which necessitates £350k of Mosaic expenditure to be funded from capital receipts.</p> <p>Following a review of the Mosaic project, it has been determined that £350k of Mosaic revenue costs can be classified as transformation work and is therefore eligible to be charged to capital and funded from capital receipts in 2017/18. These costs can only be classified as capital under the government directive on flexible use of capital receipts; therefore they must be funded by capital receipts rather than any other source of capital funding. This adjustment removes a pressure on the Mosaic revenue budget, bringing both revenue and capital budgets in on target. The overall level of funding through capital receipts and borrowing across the two committees is unchanged by this adjustment.</p> | | |
| Prudential Borrowing | 34,625 | -1,539 |
| <p>Reported in September 17 F&PR:</p> <p>As reported above.</p> | | |