

**FINANCE AND PERFORMANCE REPORT – OCTOBER 2015**

**To:** General Purposes Committee

**Meeting Date:** 22nd December 2015

**From:** Director of Customer Service and Transformation  
Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** Not applicable      **Key decision:** No

**Purpose:** To present to General Purposes Committee (GPC) the October 2015 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.

The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of October 2015.

**Recommendation:** The Committee is asked to review, note and comment upon the report.

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## 1. BACKGROUND

- 1.1 At its meeting in May 2014, the Committee was informed that it will receive the Corporate Services and LGSS Cambridge Office Finance and Performance Report at its future meetings, where it will be asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility, remain on target.

## 2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the October 2015 Finance and Performance report.
- 2.2 At the end of October, Corporate Services (including the LGSS Managed and Financing Costs) was forecasting a year-end underspend on revenue of £1,953k.
- 2.3 The LGSS Operational budget was expected to break-even by year-end. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.
- 2.4 There are six significant forecast outturn variances by value (over £100,000) being reported for Corporate Services / LGSS Managed, these are in relation to:
- LGSS Managed is currently predicting a year-end overspend of £288k, which is an increase of £33k from the figure reported last month.
  - Building Maintenance is forecasting an overspend of £121k due to a shortfall in the amount accrued in the 2014-15 accounts compared to invoices paid in respect of these accrued costs. Officers are investigating the reasons for the increase in costs, compared to those estimated.
  - County Farms is forecasting an additional surplus of £154k of which £140k is due to an increase in rent income following completion of 60 rent reviews during 2014/15. Levels of income generation resulting from the ongoing programme of solar PV installations across the estate are being assessed to consider whether any further underspend can be declared.
  - County Offices is forecasting an overspend of £856k, an increase of £85k from the figure reported last month. Under the agreement to lease Castle Court, the 50% rental period was due to commence on 31st October 2015. However, due to delays in obtaining planning permission, the lease agreement is not now expected to be completed before December. The additional income predicted in 2015/16 has therefore been reduced pro rata from £281k to £225k, based on the assumption that rent will be received from December 2015. It is expected that there will also be a subsequent reduction of around £10k in the rate rebate achieved.
  - An underspend of £421k is being reported on the IT Managed budgets. To contribute towards recovery of the overall LGSS Managed overspend the balance on the IT Asset replacement fund (£475k) will be written back to revenue. This is facilitated by the move towards provision of mobile devices, which are funded from the IT for Smarter Business Working capital scheme.

This is partially offset by £54k net pressures across the centrally held budgets.

- The Transformation Fund covers the costs of Section 188 redundancies. As previously reported, an underspend of £225k is being reported. However, significant additional spending (£200k) was recorded during October, therefore it will be necessary to monitor carefully the levels of spending in coming months and review the outturn position accordingly.
  - The Authority-wide miscellaneous budget is forecasting an overspend of £190k due to a forecast deficit in additional employer pension contributions. The position is monitored via the balance sheet each month, but any surplus or deficit at year-end is written back to revenue. The applied percentage for additional pension contributions is an estimate based on budgeted employer contributions and as such there is always likely to be a variance between actual levels of recovery and the lump sum required; there was an over-recovery of £168k in 2014/15. The forecast under-recovery for 2015/16 will be taken into account when the 2016/17 percentage is calculated as part of the Business Plan inflation forecasting process.
- 2.5 The debt charges and interest budget is currently predicting a year-end underspend of £1,960k, with no change from the figure reported last month.
- 2.6 At the end of October, Corporate and LGSS Managed was forecasting a year-end underspend on capital of £6.0m in 2015-16.
- 2.7 There are seven significant forecast underspends by value being reported for Corporate Services / LGSS Managed, these are in relation to:
- The EPAM – County Farms Viability is forecasting an in-year underspend of £0.5m. The level of funding required for this scheme has been reassessed for Business Planning and it has been determined that it can be reduced by £0.5m per year to better reflect actual activity with tenant farmers more cautious due to the unsettled global market. This will result in a total scheme underspend of £2.4m and the scheme budget will be adjusted as part of the 2016/17 Business Planning process.
  - The EPAM – Sawston Community Hub scheme is forecasting an in-year underspend of £1.1m. Ongoing discussions with the District Council and Sawston Village College regarding siting of the compound are significantly delaying the start of construction, which is now expected to commence in early 2016.
  - Members have undertaken a review of the EPAM – East Barnwell Community Hub scheme and have decided that it should not progress in its current form. Work is underway to assess alternative options and a decision is due later in the year regarding how the scheme should progress. As a consequence, an in-year underspend of £1.8m is being reported. A feasibility study has been commissioned to reflect the mixed use scope now required and will be part of a revised scheme cost when costs have been refined.
  - The EPAM – Disposal / Relocation of Huntingdon Highways Depot scheme is no longer required and so a total scheme underspend of £1.6m is being reported. This has been superseded by a new Joint Highways Depot scheme

under Making Assets Count (MAC), which is being submitted via the 2016/17 Business Planning process.

- The EPAM – MAC Market Towns Project has been reassessed for Business Planning, resulting in rephasing of activity from 2015/16 to 2016/17, producing an in-year underspend of £0.6m and a reduced total scheme cost (-£0.3m).
- The Optimising IT for Smarter Business Working scheme is forecasting an in-year underspend of £0.9m. Expenditure has been rephased to reflect the priorities set by the County Council for the provision of the IT infrastructure and devices to support mobile working, and a revised timescale for implementation.
- The IT Infrastructure Investment scheme is showing an in-year underspend of £0.7m. Expenditure has been rephased to better reflect timescales for the delivery of upgrades / refresh of the core IT software and hardware systems that underpin the use of IT across the Council.

2.8 Corporate Services / LGSS has seven performance indicators for which data is available. Five indicators are currently at green status, one at amber and one red, the red indicator being IT - incidents resolved within Service Level Agreement.

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

#### **3.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

#### **3.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

#### **4.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

#### **4.3 Equality and Diversity Implications**

There are no significant implications within this category.

#### **4.4 Engagement and Consultation Implications**

There are no significant implications within this category.

#### **4.5 Localism and Local Member Involvement**

There are no significant implications within this category.

#### **4.6 Public Health Implications**

There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
There are no source documents for this report.	Box No: OCT1114 Room No:1st Floor Octagon Shire Hall Castle Hill Cambridge CB3 0AP