

## **Commercial and Investment**

### **Finance and Performance Report – November 2018**

#### **1. SUMMARY**

##### **1.1 Finance**

<b>Previous Status</b>	<b>Category</b>	<b>Target</b>	<b>Current Status</b>	<b>Section Ref.</b>
<b>Red</b>	Income and Expenditure	Balanced year end position	<b>Red</b>	2.1 – 2.4
<b>Green</b>	Capital Programme	Remain within overall resources	<b>Green</b>	3.2

#### **2. INCOME AND EXPENDITURE**

##### **2.1 Overall Position**

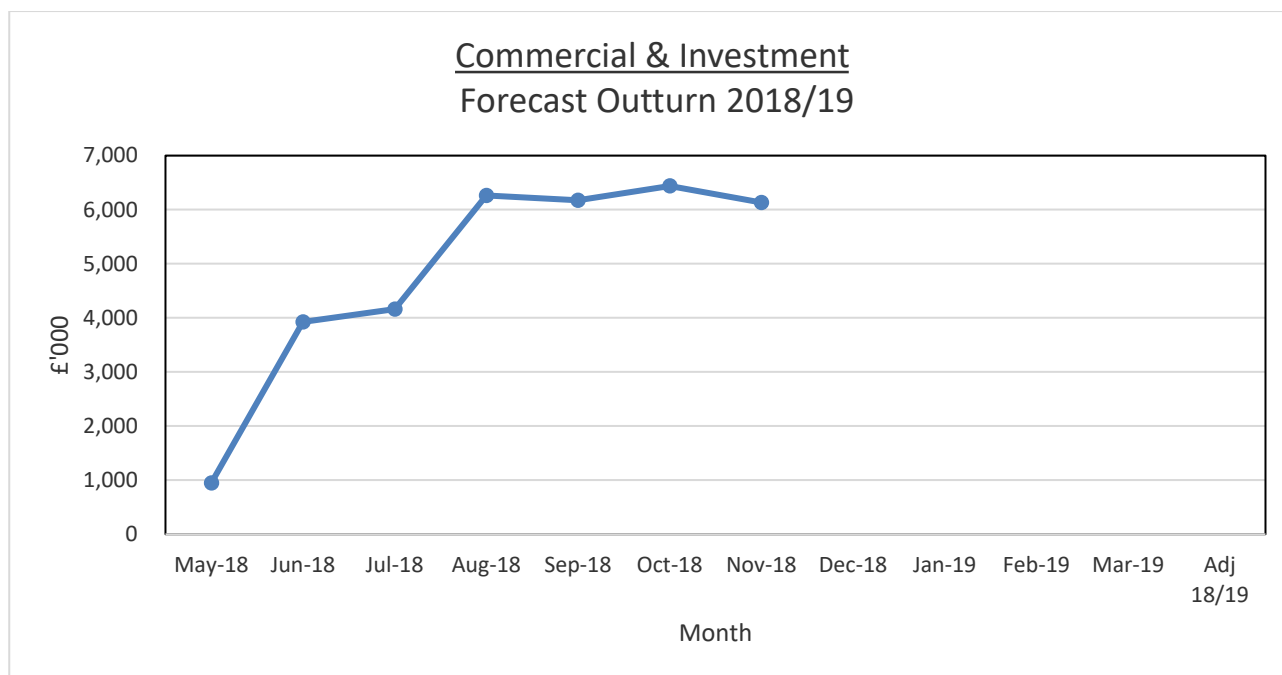
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

<b>Outturn Variance (Oct) £000</b>	<b>Directorate</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Outturn Variance (Nov) £000</b>	<b>Outturn Variance (Oct) %</b>
4,680	Commercial Activity	-9,536	133	4,421	46.4%
-87	Property Services	6,037	4,034	-89	-1.5%
-37	Strategic Assets	-4,098	-2,867	-44	1.1%
1,882	Traded Services	-1,200	968	1,847	153.9%
<b>6,438</b>	<b>Total</b>	<b>-8,797</b>	<b>2,269</b>	<b>6,135</b>	<b>69.7%</b>

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,797k. As such, the outturn variance of £6,135k means that C&I is expecting to achieve a net income position of -£2,662k by year-end.

The service level budgetary control report for Commercial and Investment for November 2018 can be found in [C&I Annex 1](#).

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



## 2.2 Significant Issues – Commercial and Investment

At the end of November 2018, Commercial and Investment is forecasting an underachievement of income of £6.1m in 2018/19. This represents a decrease of £302k from the previous forecast, mainly due to an increase in shareholder company dividends received.

### Commercial Activity

Shareholder Company Dividends are forecasting an overachievement of income of £169k. This is due to a rebate received from ESPO which was £259k higher than budgeted.

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

No new items were recorded during November 2018.

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

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

No new items were recorded during November 2018.

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

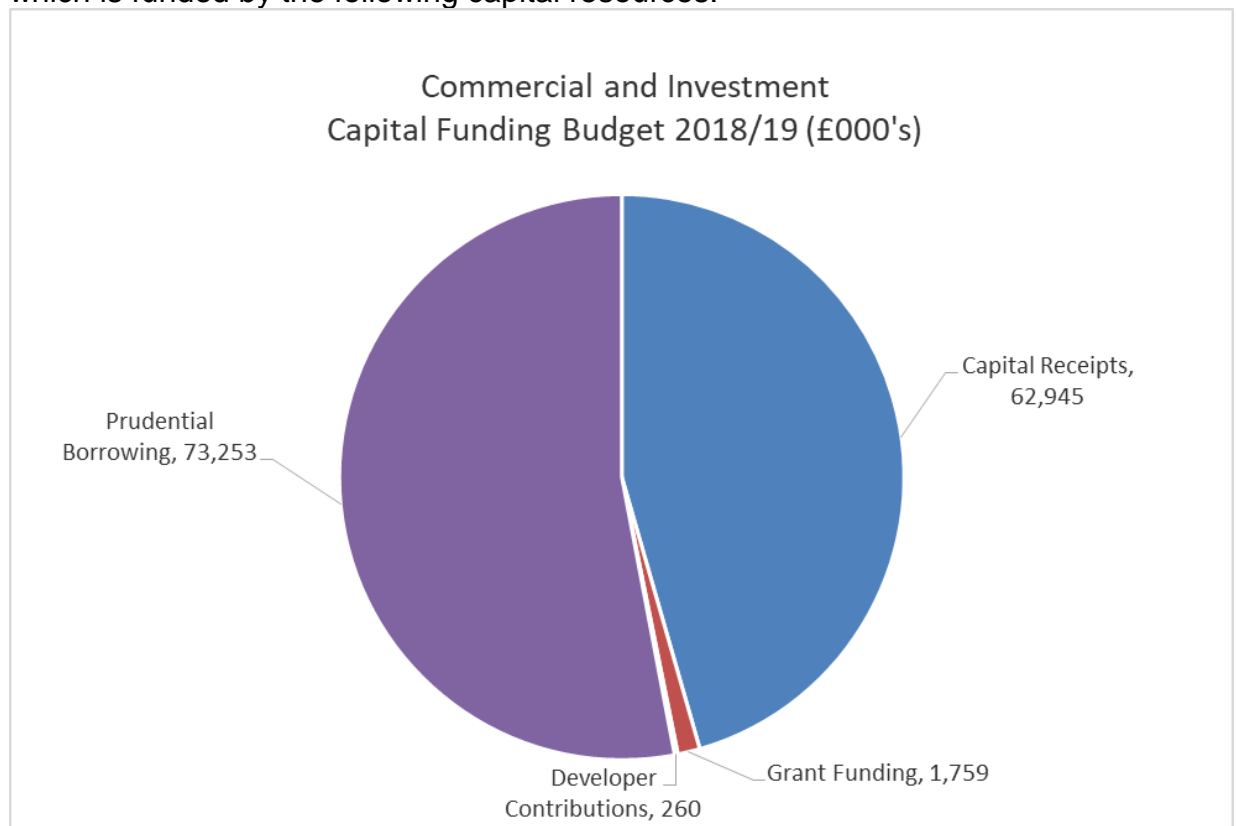
### 3. **BALANCE SHEET**

#### 3.1 **Reserves**

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I Annex 5](#).

#### 3.2 **Capital Expenditure and Funding**

Commercial and Investment Committee has a capital budget of £138m in 2018/19, which is funded by the following capital resources:



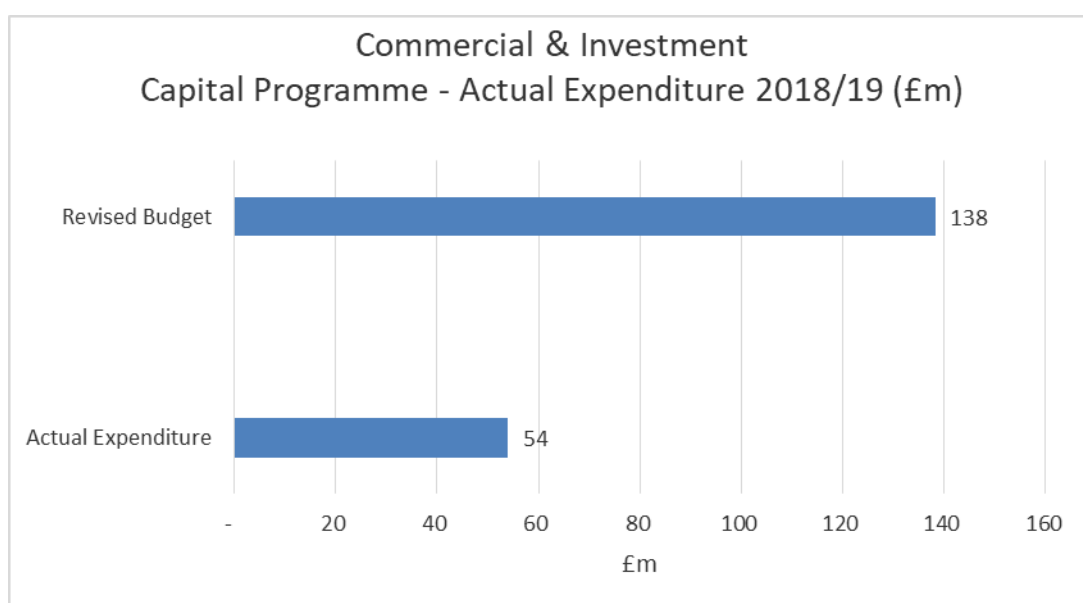
#### 3.3 **Variations Budget**

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 (October) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (October) £000
C&I	-33,805	-41,082	-33,805	100%	-7,277

### 3.4 Expenditure

Commercial and Investment Committee has expenditure of £54m to date on the Capital Programme, against a revised budget of £138m:



An in-year variance of £41.1m is predicted, which exceeds the Capital Programme Variations budget of £33.8m. Therefore there is a forecast underspend of £7.3m on the capital programme for 2018/19. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

There are no new significant variances to report this month.

### 3.5 Funding

Commercial and Investment Committee has capital funding of £138m in 2018/19.

Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Renewable Energy – North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 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. Relevant indicators are in the process of being established in conjunction with committee and in line with the development of the Council's Commercial Strategy; once these are in place, exceptions will be reported against these.

## C&I ANNEX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of November 2018 for Commercial and Investment are as follows:

Forecast Outturn Variance (Oct)		Budget 2018/19	Actual Nov 2018	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
3,450	Commercial Property Investments	-4,900	210	3,450	69%
90	Shareholder Company Dividends	-290	0	-169	-85%
2,040	Housing Investment (This Land Company)	-4,346	-77	2,040	47%
-900	Commercial Activity Financing	0	0	-900	0%
<b>4,680</b>	<b>Commercial Activity Total</b>	<b>-9,536</b>	<b>133</b>	<b>4,421</b>	<b>46%</b>
<b>Property Services</b>					
170	Building Maintenance	1,093	440	168	15%
-241	County Offices	4,096	3,016	-241	-6%
0	Property Services	645	490	0	0%
-16	Property Compliance	203	88	-16	-8%
<b>-87</b>	<b>Property Services Total</b>	<b>6,037</b>	<b>4,034</b>	<b>-89</b>	<b>-1%</b>
<b>Strategic Assets</b>					
17	County Farms	-4,905	-2,665	10	0%
-54	Strategic Assets	807	-202	-54	-7%
<b>-37</b>	<b>Strategic Assets Total</b>	<b>-4,098</b>	<b>-2,867</b>	<b>-44</b>	<b>1%</b>
<b>Traded Services</b>					
500	Traded Services - Central	-408	71	500	122%
0	ICT Service (Education)	-200	-1,039	0	0%
0	Professional Development Centres	-71	-101	0	0%
0	Cambridgeshire Music	5	846	0	0%
147	Outdoor Education (includes Grafham Water)	-77	405	147	191%
1,235	Cambridgeshire Catering & Cleaning Services	-449	785	1,200	267%
<b>1,882</b>	<b>Traded Services Total</b>	<b>-1,200</b>	<b>968</b>	<b>1,847</b>	<b>154%</b>
<b>6,438</b>	<b>Total</b>	<b>-8,797</b>	<b>2,269</b>	<b>6,135</b>	<b>70%</b>

## C&I ANNEX 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	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<b>Commercial Property Investments</b>	<b>-4,900</b>	<b>-1,450</b>	<b>3,450</b>	<b>70%</b>
<p>Commercial Investments is forecasting an underachievement of income of £3.5m at year end. There has been a commercial acquisition of £38m, however the expected income for the remainder of the year has been recalculated on the assumption of no further acquisitions in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p>				
<b>Shareholder Company Dividends</b>	<b>-290</b>	<b>-459</b>	<b>-169</b>	<b>-58%</b>
<p>A total rebate of £459k is due to be received from ESPO, which exceeds the £200k budgeted for income from ESPO. This is partially offset by the budget for a dividend from LGSS Law which will not be received.</p>				
<b>Housing Investment (This Land Company)</b>	<b>-4,346</b>	<b>-2,306</b>	<b>2,040</b>	<b>47%</b>
<p>An underachievement of income of £2m is reported on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender.</p>				
<b>Commercial Activity Financing</b>	<b>-</b>	<b>-900</b>	<b>-900</b>	<b>0%</b>
<p>As a result of the pressures reported elsewhere in this section of the Commercial and Investment domain connected to one-off delays in the mobilisation of property acquisitions and loan advances, a review is underway to identify mitigating adjustments that this area can put forward on a one-off basis to offset the position reported until further progress is made. At this stage, favourable changes are anticipated in this way as a result of:</p> <ul style="list-style-type: none"> <li>• A review of revenue expenditure under the Committee's purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, however a case could be made to charge this to capital resources available in 2018-19, in substitution for the revenue reserve, which would then be available to offer up. (£400k)</li> </ul>				

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<ul style="list-style-type: none"> <li>• Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k)</li> </ul>				
<b>Building Maintenance</b>	<b>1,093</b>	<b>1,261</b>	<b>168</b>	<b>15%</b>
An overspend of £168k on building maintenance is forecast due to additional unplanned maintenance costs in the year. These are offset by underspends in County Offices				
<b>County Offices</b>	<b>4,096</b>	<b>3,855</b>	<b>-241</b>	<b>-6%</b>
<p>County Offices budgets are forecast to underspend by £241k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none"> <li>• £180k surplus following a reassessment of historic business rates liabilities for children's centres.</li> <li>• £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning.</li> <li>• £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations.</li> </ul>				
<b>Traded Services – Central</b>	<b>-408</b>	<b>92</b>	<b>500</b>	<b>122%</b>
Traded services to Schools and Parents is forecasting a £500k pressure. These services were set a stretch target as part of this year's Business Plan in the sum of £500k. This was not allocated to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.				
<b>Outdoor Education</b>	<b>-77</b>	<b>70</b>	<b>147</b>	<b>191%</b>
<p>Outdoor Education is currently reporting a £147k overspend. This is mainly a combination of an anticipated £30k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 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 £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.</p>				



Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
<b>Cambridgeshire Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>751</b>	<b>1,200</b>	<b>267%</b>

Cambridgeshire Cleaning and Catering Services is to close during 2018/19, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service winds down, approximately 33% of SLAs are phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service. There is potential for this figure to increase as the one-off costs of closure are further refined and temporary 'diseconomies of scale' come to fruition.

### C&I ANNEX 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
<b>Grants as per Business Plan</b>		<b>783</b>	
One Public Estate	Cabinet Office	515	May 18
<b>Total Grants 2018/19</b>		<b>1,298</b>	

### C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
<b>Budget as per Business Plan</b>	<b>-8,188</b>	
Transfer of Traded Services salary and recharge budgets to C&I	-74	May 18
Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services	-134	May 18
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	May 18
Transfer balance of Cleaning Contract saving from C&I to Corporate Services.	-26	May 18
Transfer Cleaning Contract saving from C&I to Corporate Services budgets.	-36	June 18
Rent income budget for Grand Arcade Shop transferred from Libraries.	-50	August 18
Income budget for dividend from LGSS Law transferred to CCC.	-90	October 18
<b>Current Budget 2018/19</b>	<b>-8,797</b>	

## C&I ANNEX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2018	Movements in 2018/19	Balance at 30 November 2018	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	680	-654	26	0	1
subtotal	680	-654	26	0	
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	84	3
subtotal	552	105	658	657	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	0	34,308	34,309	52,590	4
subtotal	0	34,308	34,309	52,590	
<b>TOTAL</b>	<b>1,232</b>	<b>33,759</b>	<b>34,992</b>	<b>53,247</b>	

#### Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2018-19
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy 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 General Capital Receipts received during 2018/19 will be used to fund the capital programme at year-end, whereas This Land Capital Receipts will be used for Commercial Investment and any balance held over to be used in 2019/20.

## C&I ANNEX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2018/19

Original 2018/19 Budget as per BP £000	Scheme	Revised Budget for 2018/19 £000	Actual Spend 2018/19 £000	Forecast Spend - Outturn £000	Outturn Variance 2018/19 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
76,000	<u>Commercial Activity</u>	76,000	39,463	40,000	(36,000)	100,000	-
43,086	Commercial Investments	85,259	14,076	85,259	-	148,172	-
119,086	Housing Schemes	161,259	53,539	125,259	(36,000)	248,172	-
	<u>Property Services</u>						
-	Office Portfolio	184	119	184	-	345	-
600	Rationalisation	1,471	347	1,471	-	6,290	-
550	Building Maintenance	100	10	100	-	4,791	-
	Shire Hall Campus						
1,150	<u>Strategic Assets</u>	1,755	476	1,755	-	11,426	-
100	Local Plans	100	-	100	-	618	-
300	Representations	362	269	362	-	4,820	-
-	County Farms Investment	117	117	117	-	9,994	(87)
100	Renewable Energy Soham	100	-	100	-	5,198	-
1,919	MAC Joint Highways Project	1,919	-	100	(1,819)	1,950	-
-	Community Hubs - East Barnwell	2,506	12	2,506	-	16,606	-
3,330	Shire Hall Relocation	3,330	-	50	(3,280)	3,645	(60)
-	St Ives Smart Energy Grid	54	-	76	22	54	-
-	Babraham Smart Energy Grid	30	-	25	(5)	30	-
-	Trumpington Smart Energy Grid	62	-	62	-	147	-
-	Stanground Closed Landfill Energy Project	43	-	43	-	143	-
-	Woodston Closed Landfill Energy Project	36	-	36	-	36	-
-	Renewable Energy – North Angle Solar Farm	183	-	183	-	183	-
-	Manor Farm, Girton house extension	113	-	113	-	113	-
-	Marwick Centre Roof Repairs	-	-	-	-	-	-
-	Other Committed Projects						
5,749		8,955	398	3,873	(5,082)	43,537	(147)
53	Capitalisation of Interest	53	(0)	53	-	-	-
(2,764)	Budget	(33,805)	-	-	33,805	(36,971)	-
123,274	Capital Programme Variations Budget						
	<b>TOTAL</b>	<b>138,217</b>	<b>54,413</b>	<b>130,940</b>	<b>(7,277)</b>	<b>266,164</b>	<b>(147)</b>

## **2. Reported Amendments – Capital Expenditure Budgets 2018/19**

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<b>Housing</b>	<b>43,086</b>	<b>85,259</b>
This reflects approval in July C&I of both the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently in August C&I -£41.1m of rephasing to future years, to reflect the timing of investment.		
<b>Office Rationalisation</b>	<b>-</b>	<b>184</b>
Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for 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.		
<b>Shire Hall Building Maintenance</b>	<b>550</b>	<b>100</b>
In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		
<b>Building Maintenance</b>	<b>600</b>	<b>1,471</b>
<p>The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services.</p> <p>In addition to the carry forward of funds, the September C&amp;I Committee also approved a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.</p>		
<b>County Farms Investment</b>	<b>300</b>	<b>362</b>
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
<b>Renewable Energy - Soham</b>	<b>-</b>	<b>117</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
<b>Shire Hall Relocation</b>	-	<b>2,506</b>
C&I Committee agreed in November committee as part of a separate report to recommend to General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/10 into 2018/19. This is to be funded from prudential borrowing, and will therefore increase the prudential borrowing requirement in 2018/19 by £2.5m (and reduce it for 2019/20).		
<b>Babraham Smart Energy Grid</b>	-	<b>54</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Trumpington Smart Energy Grid</b>	-	<b>30</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Stanground Closed Landfill Energy Project</b>	-	<b>62</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project</b>	-	<b>43</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Renewable Energy – North Angle Solar Farm</b>	-	<b>36</b>
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
<b>Manor Farm, Girton house extension</b>	-	<b>183</b>
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. GPC agreed the additional funding on the 18 <sup>th</sup> December. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
<b>Marwick Centre Roof Repairs</b>	-	<b>113</b>
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		
<b>Capital Programme Variations Budget</b>	<b>-2,764</b>	<b>-33,805</b>
In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		

### **3. Reported Amendments - Total Scheme Expenditure Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid</b>	-	<b>54</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Trumpington Smart Energy Grid</b>	-	<b>30</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Stanground Closed Landfill Energy Project</b>	-	<b>62</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project</b>	-	<b>43</b>



<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Renewable Energy – North Angle Solar Farm</b>	-	<b>36</b>
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
<b>Manor Farm, Girton house extension</b>	-	<b>183</b>
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
<b>Marwick Centre Roof Repairs</b>	-	<b>113</b>
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		

#### **4. Reported Exceptions – Capital Expenditure 2018/19**

<b>Capital Scheme</b>	<b>Current Budget 2018/19 £000</b>	<b>Forecast Outturn Actual £000</b>	<b>Forecast Outturn Variance £000</b>
<b>Commercial Investments</b>	<b>76,000</b>	<b>40,000</b>	<b>-36,000</b>
An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.			
<b>Community Hubs – East Barnwell</b>	<b>1,919</b>	<b>100</b>	<b>-1,819</b>
An underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Options for the use of this site are being assessed, and an application for planning permission is currently being made, and as a result the majority of the expenditure on this project is expected to take place in future years.			
<b>St Ives Smart Energy Grid</b>	<b>3,330</b>	<b>50</b>	<b>-3,280</b>
An underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Construction is expected to start at the end of this financial year, so the majority of the expenditure on this project will take place in future years.			

## C&I ANNEX 7 – Capital Funding

### 1. Capital Funding Summary 2018/19

Commercial and Investment Capital Programme 2018/19				
Original 2018/19 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2018/19 £000	Forecast Spend £000	Forecast Variance £000
78,833	Capital Receipts	62,945	42,833	(20,112)
1,759	Grant Funding	1,759	-	(1,759)
260	Developer Contributions	260	-	(260)
42,422	Prudential Borrowing	73,253	88,107	14,854
<b>123,274</b>	<b>TOTAL</b>	<b>138,217</b>	<b>130,940</b>	<b>(7,277)</b>

### 2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
<b>Housing – Prudential Borrowing</b>	<b>43,086</b>	<b>85,259</b>
As reported above, this reflects the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently -£41.1m of rephasing to future years, to reflect the timing of investment.		
<b>Office Rationalisation – Prudential Borrowing</b>	<b>-</b>	<b>184</b>
As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects.		
<b>Shire Hall Building Maintenance – Prudential Borrowing</b>	<b>550</b>	<b>100</b>
As reported above, carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition, a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
<b>Building Maintenance – Prudential Borrowing</b>	<b>600</b>	<b>1,471</b>
As reported above, carry forward of £160k funding from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services. In addition, a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.		
<b>County Farms Investment – Prudential Borrowing</b>	<b>300</b>	<b>362</b>
As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
<b>Renewable Energy – Soham – Prudential Borrowing</b>	<b>-</b>	<b>117</b>
As reported above, carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
<b>Shire Hall Relocation – Prudential Borrowing</b>	<b>-</b>	<b>2,506</b>
As reported above, it is recommended that C&I Committee requests General Purposes Committee to approve the rephasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/20 into 2018/19. This is to be funded from prudential borrowing.		
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>54</b>
As reported above, additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	<b>-</b>	<b>30</b>
As reported above, additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	<b>-</b>	<b>62</b>

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
As reported above, C&I Committee has approved additional capital expenditure of £65k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	-	<b>43</b>
As reported above, C&I Committee has approved additional capital expenditure of £50k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Renewable Energy – North Angle Solar Farm – Prudential Borrowing</b>	-	<b>36</b>
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	<b>183</b>
As reported above, C&I Committee has approved additional capital expenditure of £183k in 2018/19, funded by prudential borrowing. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	<b>113</b>
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		
<b>Capital Programme Variations – Prudential Borrowing</b>	<b>-2,764</b>	<b>-17,917</b>
As reported above, the Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m which has reduced the prudential borrowing requirement by £14m.		
The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital		

<b>Capital Scheme</b>	<b>Original Budget 2018/19 £000</b>	<b>Revised Budget 2018/19 £000</b>
variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		
<b>Capital Programme Variations Budget – Capital Receipts</b>	-	<b>-15,888</b>
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.		

### **3. Reported Amendments - Total Scheme Funding Budgets**

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
<b>Babraham Smart Energy Grid – Prudential Borrowing</b>	-	<b>54</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Trumpington Smart Energy Grid – Prudential Borrowing</b>	-	<b>30</b>
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Stanground Closed Landfill Energy Project – Prudential Borrowing</b>	-	<b>62</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in		

<b>Capital Scheme</b>	<b>Total Scheme Original Budget £000</b>	<b>Total Scheme Revised Budget £000</b>
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Woodston Closed Landfill Energy Project – Prudential Borrowing</b>	-	<b>43</b>
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
<b>Renewable Energy – North Angle Solar Farm – Prudential Borrowing</b>	-	<b>36</b>
Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing. Additional budget for future years will be dealt with as part of the business planning process.		
<b>Manor Farm, Girton house extension – Prudential Borrowing</b>	-	<b>183</b>
As reported above, C&I Committee has approved additional capital expenditure of £183k in 2018/19, funded by prudential borrowing in the first instance. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost.		
<b>Marwick Centre Roof Repairs – Prudential Borrowing</b>	-	<b>113</b>
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		

#### 4. Reported Exceptions – Capital Funding 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
<b>Commercial Investments – Capital Receipts</b>	<b>76,000</b>	<b>40,000</b>	<b>-36,000</b>
As reported above, an underspend of £36m is forecast on Commercial Investments in 2018/19. As this budget is funded by capital receipts, a -£36m variation is being reported against capital receipts.			
<b>Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing</b>	<b>1,919</b>	<b>100</b>	<b>-1,819</b>
As reported above, an underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Of this underspend, £260k relates to developer contributions and £1,559k relates to prudential borrowing.			
<b>St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing</b>	<b>3,330</b>	<b>50</b>	<b>-3,280</b>
As reported above, an underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Of this underspend, £1,759k relates to grant funding and £1,521 relates to prudential borrowing.			
<b>Capital Programme Variations Budget – Capital Receipts</b>	<b>-15,888</b>	<b>-</b>	<b>15,888</b>
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£15,888k of the variations budget relates to capital receipts, £15,888k of the variations budget variance is being reported against capital receipts.			
<b>Capital Programme Variations Budget – Prudential Borrowing</b>	<b>-17,917</b>	<b>-</b>	<b>17,917</b>
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£17,917k of the variations budget relates to prudential borrowing, £17,917k of the variations budget variance is being reported against prudential borrowing.			