

**Commercial and Investment****Finance and Performance Report – May 2019****1. SUMMARY****1.1 Finance**

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

**2. INCOME AND EXPENDITURE****2.1 Overall Position**

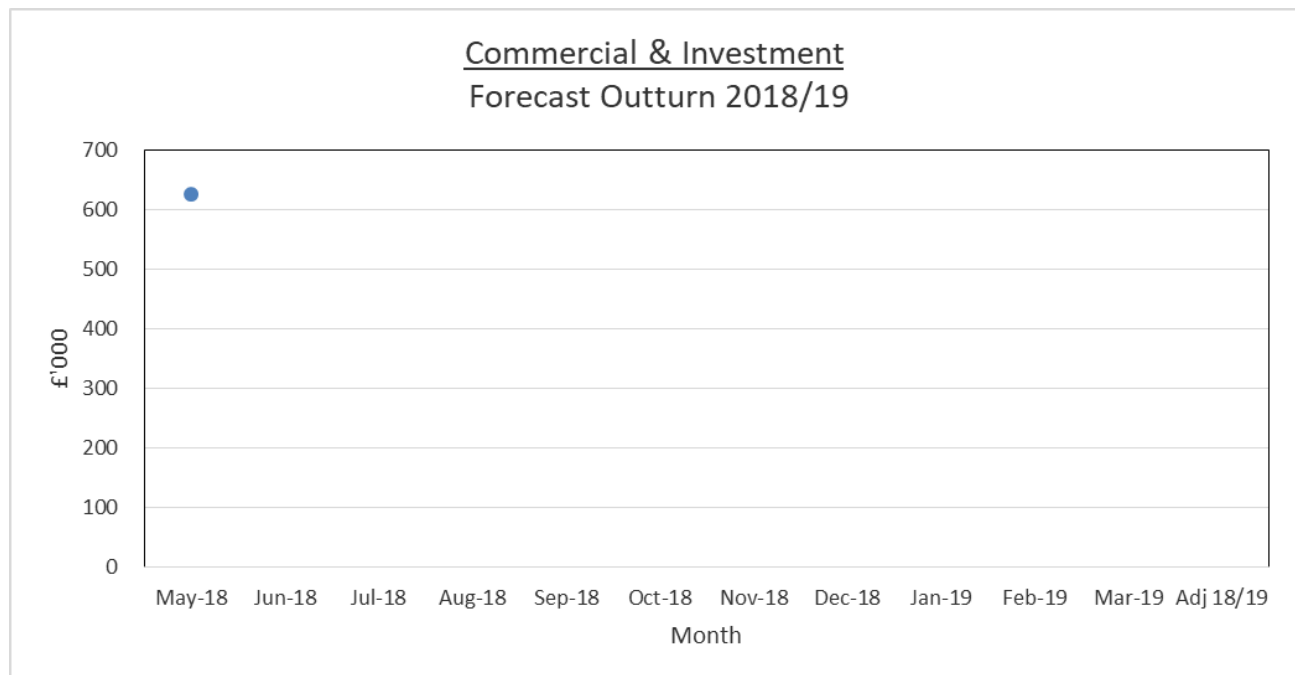
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) 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>Directorate</b>	<b>Budget £000</b>	<b>Actual £000</b>	<b>Outturn Variance £000</b>	<b>Outturn Variance %</b>
Commercial Activity	-11,205	255	475	8.1%
Property Services	6,229	1,331	63	1.0%
Strategic Assets	-4,175	-409	-0	0.0%
Traded Services	-343	-804	88	25.7%
<b>Total</b>	<b>-9,493</b>	<b>373</b>	<b>626</b>	<b>6.6%</b>

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019/20 of -£9,493k. As such, the forecast outturn variance of £626k means that C&I is expecting to achieve a net income position of -£8,867k by year-end.

The service level budgetary control report for Commercial and Investment for May 2019 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 May 2019, Commercial and Investment is forecasting an underachievement of income of £626k in 2019/20. This is mainly due to underachievement of income expected in Commercial Activity.

### **Housing Investment (This Land Company)**

At the end of May 2019 an underachievement of income of £475k is forecast on Housing Investment. This relates to interest received on loans made to This Land; whilst -£4.5m of the -£5.9m budget is secure through loans already issued to date, the forecast underachievement is as a result of delays in issuing further loans.

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

No new items were recorded during May 2019.

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)**

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,502</b>	
Movement of Contract Efficiency saving target from Corporate Services	-51	May 2019
Clear Traded Services Central income target from Central Services Risks budget.	58	May 2019
<b>Revised Budget</b>	<b>-9,493</b>	

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

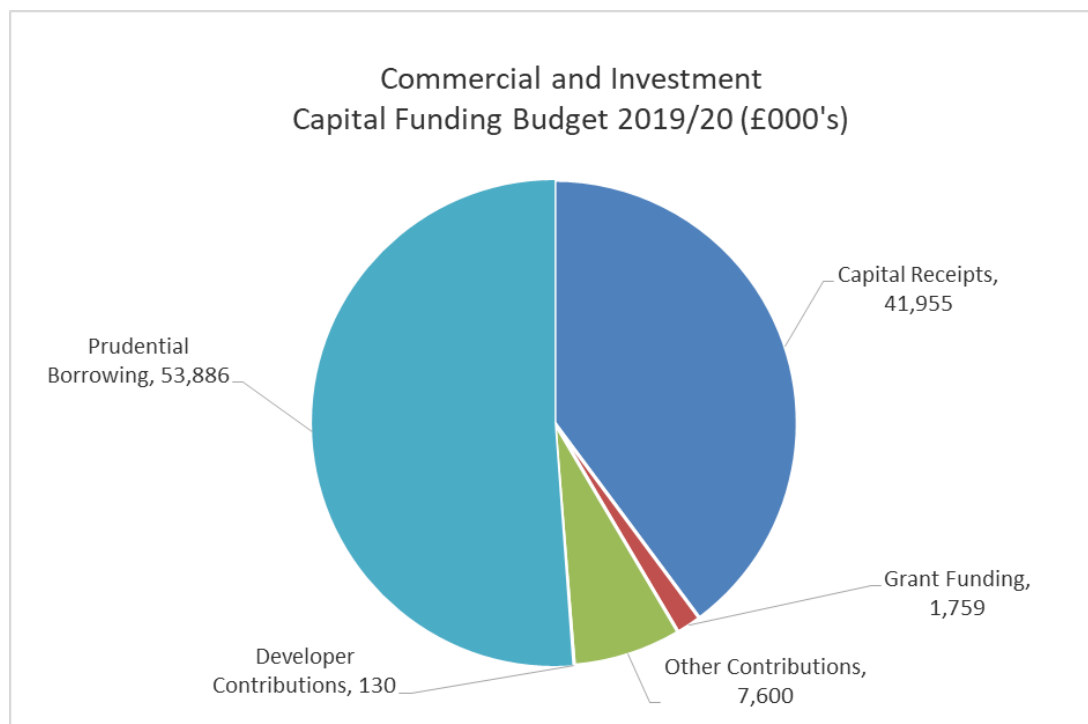
**3. BALANCE SHEET**

**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 £105m in 2019/20, which is funded by the following capital resources:



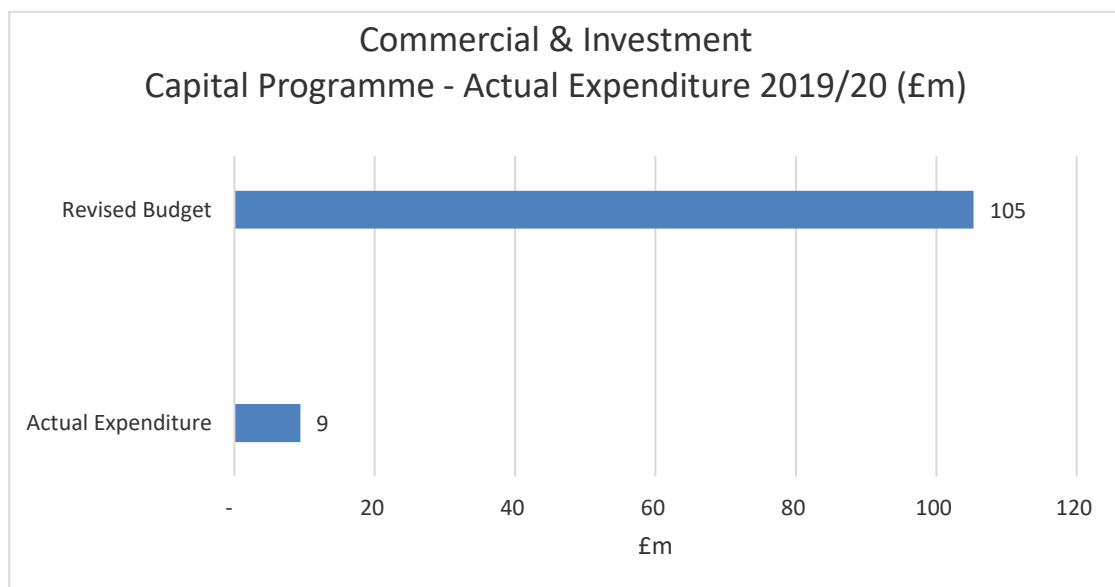
### 3.3 Variations Budget

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 (May) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (May) £000
C&I	-26,312	0	0	0%	0

### 3.4 Expenditure

Commercial and Investment Committee has expenditure of £9.4m to date on the Capital Programme, against a revised budget of £105m:



In-year, a balanced position is forecast. The total scheme forecast is also on budget.

### 3.5 Funding

Commercial and Investment Committee has capital funding of £105m in 2019/20. This includes £18.6m funding carried forward from 2018/19, which has been reviewed by Capital Programme Board.

Commercial and Investment Committee is asked to consider and recommend to General Purposes Committee to approve the carry forward of funding from 2018/19 into 2019/20 for the following schemes:

<b>Scheme</b>	<b>Carry Forward Amount</b>	
	<b>Prudential Borrowing £'000</b>	<b>Capital Receipts £'000</b>
Commercial Investments		537
Housing Schemes	3,950	9,830
Building Maintenance	738	
Shire Hall Campus	81	
MAC Joint Highways Project	582	
Community Hubs - East Barnwell	131	
Shire Hall Relocation	2,338	
St Ives Smart Energy Grid	98	
Babraham Smart Energy Grid	69	
Trumpington Smart Energy Grid	22	
Stanground Closed Landfill Energy Project	57	
Woodston Closed Landfill Energy Project	39	
North Angle Solar Farm	23	
Marwick Centre Roof Repairs	113	

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

#### **4. PERFORMANCE**

- 4.1** Relevant indicators have been established in conjunction with C&I Committee and in line with the development of the Council's Commercial Strategy. However, the mechanism for reporting of performance data in Finance and Performance Reports is currently being reviewed across the Council. It is anticipated that as a result of this review, performance will be reported quarterly moving forward; as such, C&I Committee will review the first quarter's performance in the July report at its September Committee.

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

The variances to the end of May 2019 for Commercial and Investment are as follows:

Forecast Outturn Variance (Previous)		Budget 2019/20	Actual May 2019	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
<b>Commercial Activity</b>					
0	Property Investments	-4,700	-349	0	0%
0	Shareholder Company Dividends	-206	530	-0	0%
0	Housing Investment (This Land Company)	-5,850	74	475	8%
0	Contract Efficiencies & Other Income	-449	0	-0	0%
<b>0</b>	<b>Commercial Activity Total</b>	<b>-11,205</b>	<b>255</b>	<b>475</b>	<b>0</b>
<b>Property Services</b>					
0	Facilities Management	5,369	1,204	63	1%
0	Property Services	655	116	0	0%
0	Property Compliance	205	12	0	0%
<b>0</b>	<b>Property Services Total</b>	<b>6,229</b>	<b>1,331</b>	<b>63</b>	<b>1%</b>
<b>Strategic Assets</b>					
0	County Farms	-4,988	-211	-0	0%
0	Strategic Assets	813	-198	0	0%
<b>0</b>	<b>Strategic Assets Total</b>	<b>-4,175</b>	<b>-409</b>	<b>-0</b>	<b>0%</b>
<b>Traded Services</b>					
0	Traded Services - Central	0	12	0	0%
0	ICT Service (Education)	-200	-1,196	0	0%
0	Professional Development Centres	-71	-17	0	0%
0	Cambridgeshire Music	5	210	0	0%
0	Outdoor Education (includes Grafham Water)	-77	187	88	114%
<b>0</b>	<b>Traded Services Total</b>	<b>-343</b>	<b>-804</b>	<b>88</b>	<b>26%</b>
<b>0</b>	<b>Total</b>	<b>-9,493</b>	<b>373</b>	<b>626</b>	<b>7%</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	%
Housing Investment (This Land Company)	-5,850	-5,375	475	8
At the end of May 2019 an underachievement of income of £475k is forecast on Housing Investment. This relates to interest received on loans made to This Land; whilst -£4.5m of the -£5.9m budget is secure through loans already issued to date, the underachievement is as a result of delays in issuing further loans.				

## C&I ANNEX 3 – Grant Income Analysis

There is no additional grant income recorded in 2019/20.

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

	£'000	Reported
<b>Budget as per Business Plan</b>	<b>-9,502</b>	
Movement of Contract Efficiency saving target from Corporate Services	-49	May 2019
Clear Traded Services Central income target from Central Services Risks budget.	58	May 2019
<b>Revised Budget</b>	<b>-9,493</b>	

## C&I ANNEX 5 – Reserve Schedule

### 1. Commercial and Investment Reserves

Fund Description	Balance at 01 April 2019	Movements in 2019/20	Balance at 31 May 2019	Forecast Balance at 31 March 2020	Notes
	£'000	£'000	£'000	£'000	
<b><u>Equipment Reserves</u></b>					
The ICT Service (Education)	56	0	56	0	1
<b>subtotal</b>	<b>56</b>	<b>0</b>	<b>56</b>	<b>0</b>	
<b><u>Other Earmarked Funds</u></b>					
North Cambridge Academy site demolition costs	600	0	600	679	2
<b>subtotal</b>	<b>600</b>	<b>0</b>	<b>600</b>	<b>679</b>	
<b><u>Capital Reserves</u></b>					
General Capital Receipts	20,415	13,200	33,615	0	3
<b>subtotal</b>	<b>20,415</b>	<b>13,200</b>	<b>33,615</b>	<b>0</b>	
<b>TOTAL</b>	<b>21,070</b>	<b>13,200</b>	<b>34,270</b>	<b>679</b>	

#### Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2019/20
- 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 General Capital Receipts received during 2019/20 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used for Commercial Investment.



## C&I ANNEX 6 – Capital Expenditure

### 1. Capital Expenditure Summary 2019/20

Commercial & Investment Capital Programme 2019/20						TOTAL SCHEME	
Original 2019/20 Budget as per BP £000	Scheme	Revised Budget for 2019/20 £000	Actual Spend 2019/20 £000	Forecast Spend - Outturn £000	Forecast Variance 2019/20 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
51,907	Commercial Activity	52,444	6,817	52,444	-	91,907	-
43,067	Commercial Investments	56,847	2,032	56,847	-	153,009	-
94,974	Housing Schemes	109,291	8,849	109,291	-	244,916	-
	<u>Property Services</u>						
600	Building Maintenance	1,338	442	1,338	-	6,000	-
-	Shire Hall Campus	81	-	81	-	6,150	-
550	Investment in the CCC asset portfolio	550	-	550	-	550	-
1,150	<u>Strategic Assets</u>	1,969	442	1,969	-	12,700	-
100	Local Plans	100	6	100	-	1,000	-
300	Representations	300	11	300	-	3,000	-
4,616	County Farms	5,198	-	5,198	-	5,198	-
910	Investment	1,041	-	1,041	-	1,950	-
5,633	MAC Joint Highways	7,971	105	7,971	-	18,326	-
3,280	Project	3,378	-	3,378	-	3,645	-
383	Community Hubs - East Barnwell	452	0	452	-	11,399	-
292	Shire Hall Relocation	314	0	314	-	6,969	-
397	St Ives Smart Energy	454	-	454	-	9,745	-
246	Grid	285	-	285	-	2,526	-
672	Babraham Smart Energy	695	-	695	-	23,219	-
-	Grid	113	-	113	-	113	-
16,829	Trumpington Smart	20,301	123	20,301	-	87,090	-
81	Energy Grid	81	-	81	-	134	-
(22,591)	Stanground Closed	(26,312)	-	(26,312)	-	(40,969)	-
90,443	Landfill Energy Project	105,330	9,415	105,330	-	303,871	-
	Woodston Closed Landfill						
	Energy Project						
	North Angle Solar Farm						
	Marwick Centre Roof						
	Repairs						
	Capitalisation of Interest						
	Budget						
	Capital Programme						
	Variations Budget						
	<b>TOTAL</b>						

## **2. Reported Amendments – Capital Expenditure**

There are no new exceptions to report this month.

## **C&I ANNEX 7 – Capital Funding**

### **1. Capital Funding Summary 2019/20**

<b>Commercial and Investment Capital Programme 2019/20</b>				
<b>Original 2019/20 Funding Allocation as per BP £000</b>	<b>Source of Funding</b>	<b>Revised Funding for 2019/20 £000</b>	<b>Forecast Funding - Outturn £000</b>	<b>Forecast Variance £000</b>
42,077	Capital Receipts	41,955	41,955	-
2,309	Grant Funding	1,759	1,759	-
7,600	Other Contributions	7,600	7,600	-
130	Developer Contributions	130	130	-
38,327	Prudential Borrowing	53,886	53,886	-
<b>90,443</b>	<b>TOTAL</b>	<b>105,330</b>	<b>105,330</b>	<b>-</b>

## **2. Reported Amendments – Capital Funding**

<b>Capital Scheme</b>	<b>Original Budget 2019/20 £000</b>	<b>Revised Budget 2019/20 £000</b>
<b>Investment in the CCC Asset Portfolio</b>	<b>550</b>	<b>550</b>
This scheme was reported in the 2019/20 Business Plan as funded from Capital Maintenance Grant. The scheme will actually be funded from Prudential Borrowing, and the revised funding has been updated to reflect this.		