

Commercial and Investment

Finance and Performance Report – October 2018

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

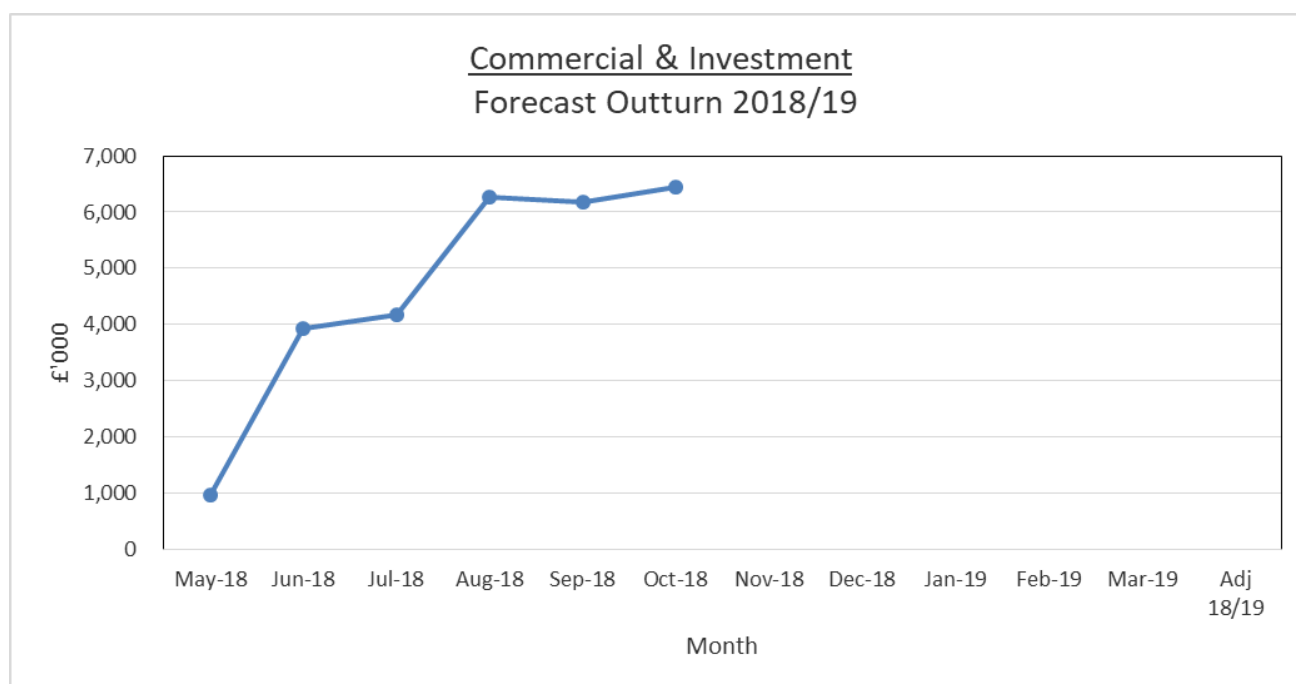
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) 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.

Outturn Variance (Sep) £000	Directorate	Budget £000	Actual £000	Outturn Variance (Oct) £000	Outturn Variance (Oct) %
4,700	Commercial Activity	-9,536	133	4,680	49.1%
-109	Property Services	6,037	3,283	-87	-1.4%
-22	Strategic Assets	-4,098	-2,779	-37	0.9%
1,607	Traded Services	-1,200	350	1,882	156.8%
6,177	Total	-8,797	987	6,438	73.2%

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,707k. As such, the outturn variance of £6,438k means that C&I is expecting to achieve a net income position of -£2,509k by year-end.

The service level budgetary control report for Commercial and Investment for October 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 October 2018, Commercial and Investment is forecasting an underachievement of income of by £6.4m in 2018/19. This represents an increase of £261k from the previous forecast, due to additional underachievement of income in Traded Services.

Commercial Activity

Commercial Investments is forecasting an underachievement of income of £3,450k at year end, an increase in underachievement of £300k. 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.

An underachievement of income of £2,040k is reported on Housing budgets, an increase in underachievement of £490k. Expectations of interest receivable continue to be remodelled and reprofiled, based on forecasts of when future loans will be advanced.

As a result of the pressures reported in Commercial Activity 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:

- 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)

- Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k)

Traded Services

Traded services - Central is forecasting an additional £250k 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 this have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.

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

No new items were recorded during October 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)

The following virements have been made this month to reflect changes in responsibilities.

	£000	Notes
LGSS Law	-90	Income budget for dividend from LGSS Law transferred to CCC.
Non material virements (+/- £30k)	0	

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

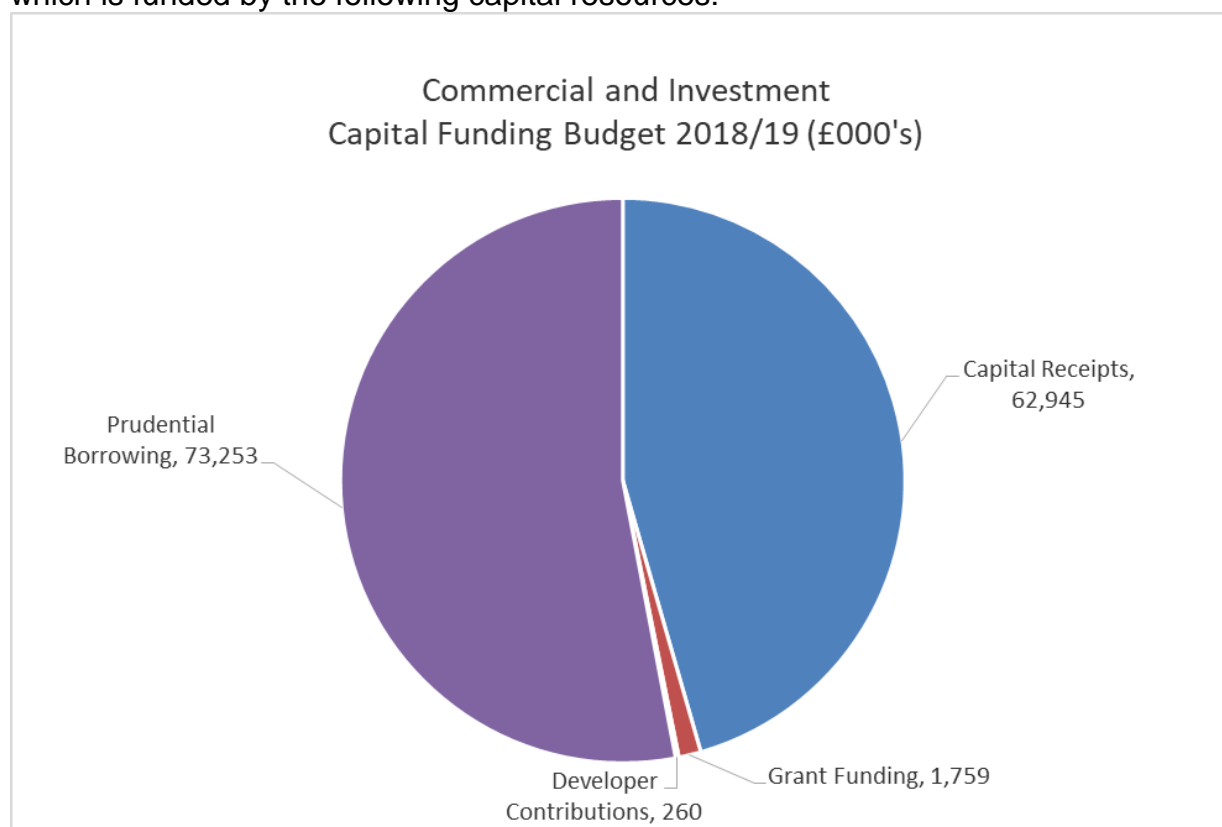
3. BALANCE SHEET

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:



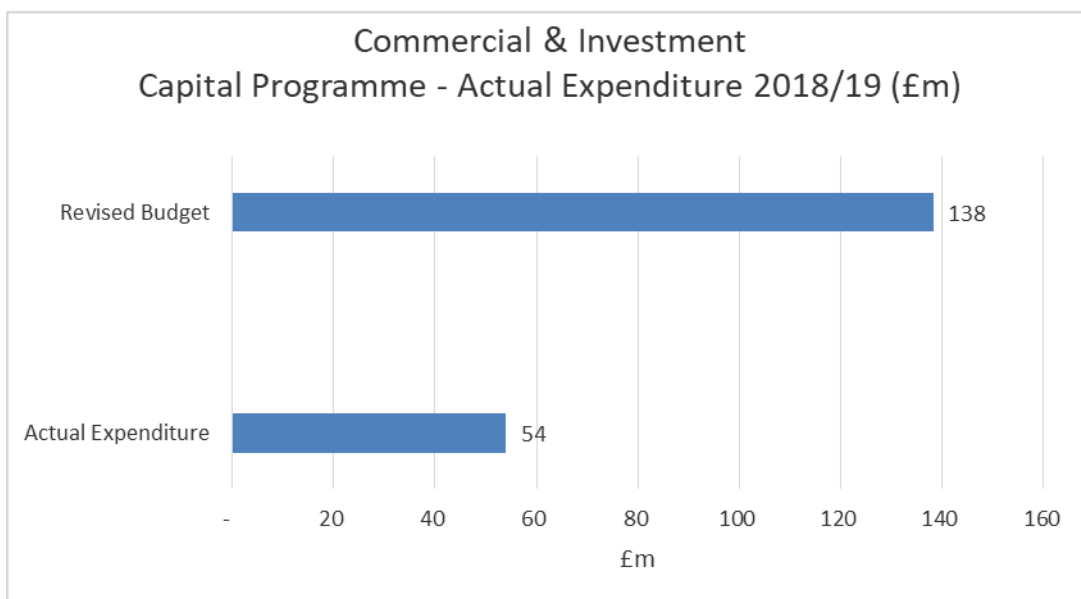
3.3 Variations Budget

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 - Mere Farm, Soham 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.

Commercial and Investment Committee is asked to recommend 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. The business tenancy is currently for 5 years running from 2017. It is proposed to extend the tenancy for an additional 14 years from the date the work is completed to ensure a sufficient period to payback the initial investment. This would be an exception to the Council's policy which links tenancy length to the retirement age although there have been a number of limited variations. The policy will be reviewed by Members in the forthcoming strategy review.

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 October 2018 for Commercial and Investment are as follows:

Forecast Outturn Variance (Sep)		Budget 2018/19	Actual Oct 2018	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
Commercial Activity					
3,150	Commercial Property Investments	-4,900	210	3,450	70%
0	Shareholder Company Dividends	-290	0	90	31%
1,550	Housing Investment (This Land Company)	-4,346	-77	2,040	47%
0	Commercial Activity Financing	0	0	-900	0%
4,700	Commercial Activity Total	-9,536	133	4,680	49%
Property Services					
0	Building Maintenance	1,093	374	170	16%
-98	County Offices	4,096	2,419	-241	-6%
0	Property Services	645	423	0	0%
-11	Property Compliance	203	67	-16	-8%
-109	Property Services Total	6,037	3,283	-87	-1%
Strategic Assets					
32	County Farms	-4,905	-2,530	17	0%
-54	Strategic Assets	807	-248	-54	-7%
-22	Strategic Assets Total	-4,098	-2,779	-37	1%
Traded Services					
250	Traded Services - Central	-408	62	500	122%
0	ICT Service (Education)	-200	-1,462	0	0%
0	Professional Development Centres	-71	-57	0	0%
0	Cambridgeshire Music	5	805	0	0%
147	Outdoor Education (includes Grafham Water)	-77	387	147	191%
1,210	Cambridgeshire Catering & Cleaning Services	-449	615	1,235	275%
1,607	Traded Services Total	-1,200	350	1,882	157%
6,177	Total	-8,797	987	6,438	73%

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	%
Commercial Property Investments	-4,900	-1,450	3,450	70%
<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>				
Housing Investment (This Land Company)	-4,346	-2,306	2,040	47%
<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>				
Commercial Activity Financing	-	-900	-900	0%
<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"> • 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) • Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£500k) 				
Building Maintenance	1,093	1,263	170	16%

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
An overspend of £170k on building maintenance is forecast due to additional unplanned maintenance costs in the year. These are offset by underspends in County Offices				
County Offices	4,096	3,855	-241	-6%
<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"> • £180k surplus following a reassessment of historic business rates liabilities for children's centres. • £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. • £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. 				
Traded Services – Central	-408	92	500	122%
<p>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.</p>				
Outdoor Education	-77	70	147	191%
<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>				
Cambridgeshire Catering & Cleaning Services	-449	786	1,235	275%

Service	Current Budget £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000 %
<p>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.</p>			

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
Grants as per Business Plan		783	
One Public Estate	Cabinet Office	515	May 18
Total Grants 2018/19		1,298	

C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
Budget as per Business Plan	-8,188	
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
Current Budget 2018/19	-8,797	

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 October 2018	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<u>Equipment Reserves</u>					
The ICT Service (Education)	680	-626	54	0	1
subtotal	680	-626	54	0	
<u>Other Earmarked Funds</u>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	84	3
subtotal	552	105	658	657	
<u>Capital Reserves</u>					
General Capital Receipts	0	34,225	34,225	52,590	4
subtotal	0	34,225	34,225	52,590	
TOTAL	1,232	33,704	34,936	53,247	

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	14,081	85,259	-	148,172	-
119,086	Housing Schemes	161,259	53,543	125,259	(36,000)	248,172	-
	<u>Property Services</u>						
-	Office Portfolio	184	119	184	-	345	-
600	Rationalisation	1,471	180	1,471	-	6,290	-
550	Building Maintenance	100	10	100	-	4,791	-
	Shire Hall Campus						
1,150	<u>Strategic Assets</u>	1,755	309	1,755	-	11,426	-
100	Local Plans	100	-	100	-	618	-
300	Representations	362	231	362	-	4,820	-
-	County Farms Investment	117	-	117	-	9,994	(87)
100	Renewable Energy Soham	100	-	100	-	5,198	-
1,919	MAC Joint Highways	1,919	-	100	(1,819)	1,950	-
-	Project						
-	Community Hubs - East	2,506	12	2,506	-	16,606	-
3,330	Barnwell	3,330	-	50	(3,280)	3,645	(60)
-	Shire Hall Relocation	54	-	76	22	54	-
-	St Ives Smart Energy Grid	30	-	25	(5)	30	-
-	Babraham Smart Energy	62	-	62	-	147	-
-	Grid	43	-	43	-	143	-
-	Trumpington Smart Energy	36	-	36	-	36	-
-	Grid	183	-	183	-	183	-
-	Stanground Closed Landfill	113	-	113	-	113	-
-	Energy Project	-	-	-	-	-	-
-	Woodston Closed Landfill						
-	Energy Project						
-	Renewable Energy - Mere						
-	Farm, Soham						
-	Manor Farm, Girton house						
-	extension						
-	Marwick Centre Roof						
-	Repairs						
-	Other Committed Projects						
5,749		8,955	243	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						
	TOTAL	138,217	54,095	130,940	(7,277)	266,164	(147)

2. Reported Amendments – Capital Expenditure Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing	43,086	85,259
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.		
Office Rationalisation	-	184
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.		
Shire Hall Building Maintenance	550	100
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.		
Building Maintenance	600	1,471
<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&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>		
County Farms Investment	300	362
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy - Soham	-	117

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
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.		
Shire Hall Relocation	-	2,506
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).		
Babraham Smart Energy Grid	-	54
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).		
Trumpington Smart Energy Grid	-	30
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).		
Stanground Closed Landfill Energy Project	-	62
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).		
Woodston Closed Landfill Energy Project	-	43
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		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Renewable Energy – Mere Farm, Soham	-	36
Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee is asked in December committee to recommend 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. The business tenancy is currently for 5 years running from 2017. It is proposed to extend the tenancy for an additional 14 years from the date the work is completed to ensure a sufficient period to payback the initial investment. This would be an exception to the Council's policy which links tenancy length to the retirement age although there have been a number of limited variations. The policy will be reviewed by Members in the forthcoming strategy review.		
Marwick Centre Roof Repairs	-	113
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.		
Capital Programme Variations Budget	-2,764	-33,805

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
<p>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.</p> <p>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.</p>		

3. Reported Amendments - Total Scheme Expenditure Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid	-	54
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).		
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Stanground Closed Landfill Energy Project	-	62

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
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).		
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Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee is asked in December committee to recommend 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.		
Marwick Centre Roof Repairs	-	113
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		

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
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

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments	76,000	40,000	-36,000
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.			
Community Hubs – East Barnwell	1,919	100	-1,819
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.			
St Ives Smart Energy Grid	3,330	50	-3,280
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
123,274	TOTAL	138,217	130,940	(7,277)

2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing – Prudential Borrowing	43,086	85,259
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.		
Office Rationalisation – Prudential Borrowing	-	184
As reported above, carry forward of £184k funding from 2017/18 into 2018/19, for work on office rationalisation, moves and co-location projects.		
Shire Hall Building Maintenance – Prudential Borrowing	550	100
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.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Building Maintenance – Prudential Borrowing	600	1,471
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.		
County Farms Investment – Prudential Borrowing	300	362
As reported above, carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy – Soham – Prudential Borrowing	-	117
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.		
Shire Hall Relocation – Prudential Borrowing	-	2,506
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.		
Babraham Smart Energy Grid – Prudential Borrowing	-	54
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).		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
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).		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
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).		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
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).		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36
Commercial and Investment Committee is asked in December committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
Commercial and Investment Committee is asked in December committee to recommend 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.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
As reported above, C&I Committee has approved additional capital expenditure of £113k in 2018/19, funded by prudential borrowing in the first instance.		
Capital Programme Variations – Prudential Borrowing	-2,764	-17,917
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.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
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.		
Capital Programme Variations Budget – Capital Receipts	-	-15,888
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

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid – Prudential Borrowing	-	54
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).		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
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).		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
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		

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
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).		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36
Commercial and Investment Committee is asked to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the Mere Farm 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.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
Commercial and Investment Committee is asked to recommend 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.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
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
Commercial Investments – Capital Receipts	76,000	40,000	-36,000

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
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.			
Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing	1,919	100	-1,819
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.			
St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing	3,330	50	-3,280
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.			
Capital Programme Variations Budget – Capital Receipts	-15,888	-	15,888
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.			
Capital Programme Variations Budget – Prudential Borrowing	-17,917	-	17,917
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.			