

Corporate Services and LGSS Cambridge Office**Finance and Performance Report – September 2017****1. SUMMARY****1.1 Finance**

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

1.2 Performance Indicators – Current status: (see section 4)

Monthly Indicators	Red	Amber	Green	Total
September Number of indicators)	2	4	7	13

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

The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service. Budgets relating to Commercial and Investment Committee have been disaggregated from these figures.

The adverse position seen overall in this report is subject to action by officers to address. Mitigations identified in corporate areas, but reported outside of this report, include additional income from the County Offices estate and Business Rates.

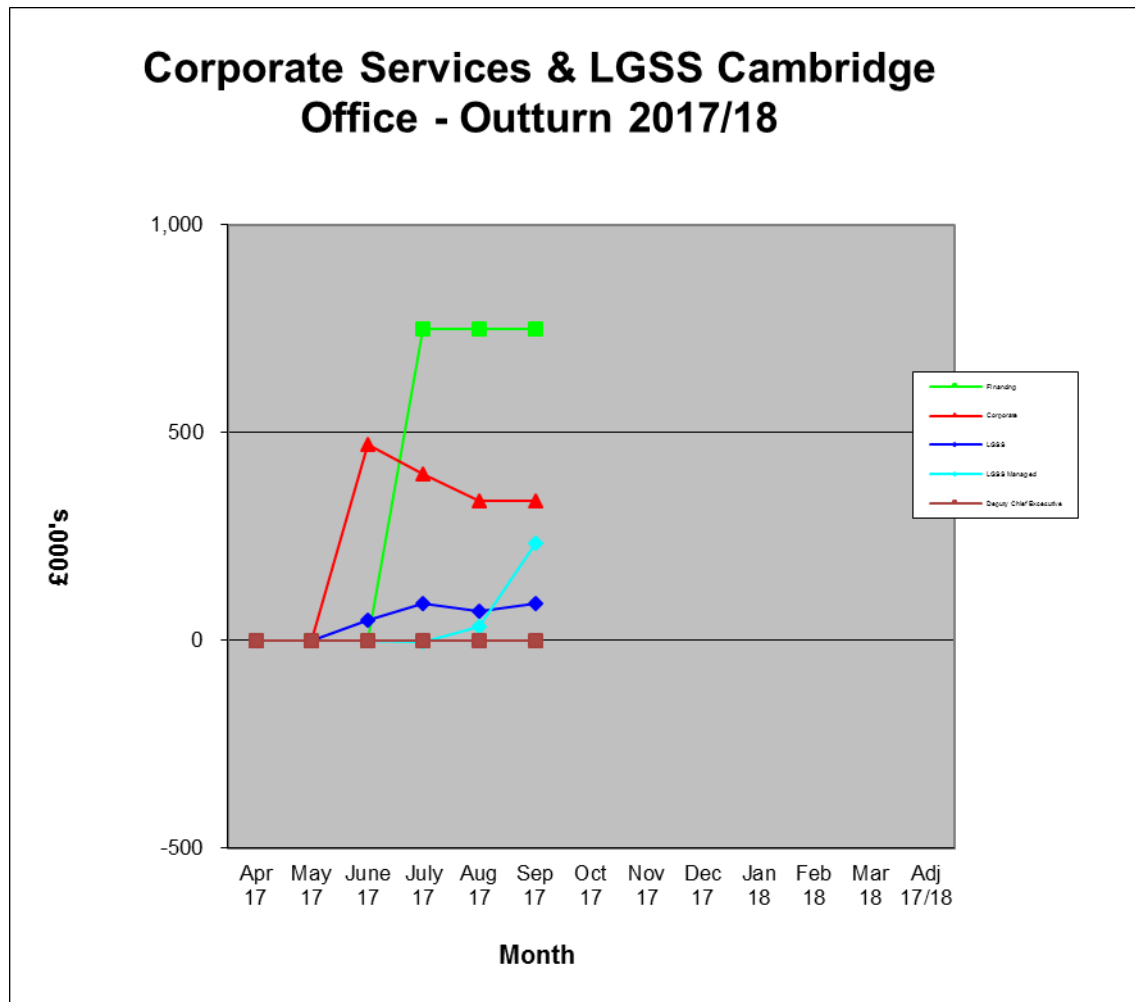
Original Budget as per BP (1)	Directorate	Current Budget	Forecast Variance - Outturn (August)	Forecast Variance - Outturn (Sept)	Forecast Variance - Outturn (Sept)	Current Status	DoT
£000		£000	£000	£000	%		
6,914	Corporate and Customer Service	5,740	336	336	6	Amber	↔
223	Deputy Chief Executive	275	0	0	0	Green	↔
13,626	LGSS Managed	13,560	34	233	2	Amber	↓
22,803	Financing Costs	22,803	750	750	3	Amber	↔
43,566	Sub Total	42,379	1,120	1,319			
7,746	LGSS Cambridge Office	9,473	70	90	1	Amber	↓
51,312	Total	51,852	1,190	1,409			

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for September 2017 can be found in [CS appendix 1](#).

The service level budgetary control report for LGSS Cambridge Office for September 2017 can be found in [LGSS appendix 1](#)

Further analysis of the results can be found in [CS appendix 2](#) and [LGSS appendix 2](#)

The appendices are published online only and not printed for Committee.



2.2.1 Significant Issues – Corporate and Customer Services

Corporate and Customer Services budgets are currently predicting an overspend of £336k at year-end, which is unchanged from last month.

As part of the re-configuration of Strengthening Communities service, £345k budget has now been transferred to Economy, Transport and Environment and People and Communities. It is anticipated that this work will be completed in time for the October report.

There are no exceptions to report this month.

2.2.2 Significant Issues – Deputy Chief Executive

Deputy Chief Executive budgets are forecast to be in balance at year-end.

There are no exceptions to report this month.

2.2.3 Significant Issues – LGSS Managed

LGSS Managed budgets are currently predicted to be overspent by £233k at year-end, an adverse change of £199k from the position reported last month. This is due to the following new variance:

- There is a predicted overspend of £418k on IT Managed budgets, which is an increase of £256k since last month. This is due to the revenue impact of the Corporate Software Infrastructure re-procurement which is expected to amount to £350k in 2017/18. The requirement to switch to a subscription charging basis will result in a revenue cost in 2017/18, as previously agreed by GPC. In the past, the Council would have purchased a three year agreement with capital funding, and a capital budget of £500k was set in 2017/18 to buy out the licences at the end of the previous contract.
- The above pressure will be partially offset by the use of £150k funding to be written back from reserves to the Authority-wide Miscellaneous budget. £56k funding was set aside in May 2015 to cover back scanning of CCC personnel files; this funding is no longer required as a decision was taken not to proceed with the back scanning project. A further £94k of funding was previously earmarked for the EDRM project, and this funding is no longer required for that purpose.

2.2.4 Significant Issues – Financing Costs

As reported last month, Financing Costs budgets are recording a pressure of £750k in 2017-18 following the re-phasing of expected income streams from The Housing Investment Company. There are no new exceptions to report for this month.

2.2.5 Significant Issues – LGSS Cambridge Office

LGSS Cambridge Office is predicting an overspend of £90k at year-end. This is an increase of £20k from last month, due to recruitment of additional digital analysts and developers.

Any year-end deficit / surplus is subject to a sharing arrangement with Northamptonshire County Council and Milton Keynes Council and will therefore be split between partner authorities on the basis of net budget, with an equalisation adjustment processed accordingly at year-end. This will be incorporated into the report as outturn figures become available during the course of the year.

There is a forecast deficit of £217k on the consolidated trading activities. This will be offset through the LGSS Smoothing Reserve, which has been built up in previous financial years to address potential trading risk.

There are no material exceptions (over £100k) to report for this month.

2.3 Additional Income and Grant Budgeted this Period

(De minimis reporting limit = £30,000)

There were no new items recorded during September 2017. The following items were transferred out to other Committees during September.

Corporate and Customer Services:

Grant	Comment	Expected Amount £000
SCS Museums Partnership	Transferred to P&C	35
SCS Arts Alive	Transferred to P&C	93
SCS Librarian Theatre Tour	Transferred to P&C	51
Non-material grants (+/- £30k)		0

Deputy Chief Executive:

Grant	Comment	Expected Amount £
One Public Estate	Transferred to C&I	90
Non-material grants (+/- £30k)		0

A full list of additional grant income for Corporate Services and LGSS Managed can be found in [CS appendix 3](#).

A full list of additional grant income for LGSS Cambridge Office can be found in [LGSS appendix 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.

Corporate and Customer Services:

	£	Notes
Transfer from CS to LGSS Cambridge and P&C	130,000	Transfer of Grants to Vol Orgs budgets to P&C
Transfer from CS to LGSS Cambridge and P&C	-139,397	Transfer of SCS budgets to P&C
Transfer from CS to ETE	-75,854	Transfer of SCS budgets to ETE
Non material virements (+/- £30k)	0	

LGSS Cambridge Office:

	£	Notes
Transfer from P&C to LGSS Cambridge	-53,680	Transfer of P&C Business Support Officers
Non material virements (+/- £30k)	0	

A full list of virements made in the year to date for Corporate and Customer Services, LGSS Managed and Financing Costs can be found in [CS appendix 4](#).

A full list of virements made in the year to date for LGSS Cambridge Office can be found in [LGSS appendix 4](#).

3. BALANCE SHEET

3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in [CS appendix 5](#).

A schedule of the LGSS Cambridge Office Reserves can be found in [LGSS appendix 5](#).

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services and Transformation schemes have a capital budget of £5.6m in 2017/18 and there is £503k spend to date. The forecast for net in-year slippage of £846k exceeds the Capital Programme Variation budget of £279k, resulting in a favourable forecast outturn variance of £567k. The total scheme variation is predicted be nil.

The phasing of the Mosaic Project budget has been adjusted to reflect Business Planning, with a reduced budget of £2.3m in 2017/18.

Additional scrutiny was also required on the Mosaic scheme costs. This has now happened and officers are confident in the projected forecasts. This analysis has resulted in an increase in projected revenue spend, and a decrease in capital. The capital scheme budget was predicted to underspend by £680k in 2017/18. Of this underspend, £350k represented a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget; the remaining £330k represented slippage due to delays in implementation whilst the scheme was reviewed, and this funding will be required for planned spending in 2018/19.

However, it has been determined that £350k of Mosaic revenue costs can be classified as transformation work and is therefore eligible to be charged to capital and funded from capital receipts in 2017/18. These costs can only be classified as capital under the government directive on flexible use of capital receipts, which permits capital receipts to be used to fund transformation work; therefore they must be funded by capital receipts rather than any other source of capital funding. This adjustment will remove a pressure on the Mosaic revenue budget, bringing revenue costs within budget.

The capital costs of the project will increase by £350k, reducing the predicted in-year scheme underspend to £330k, and leading to a nil total scheme variance. The use of £350k capital receipts funding will result in a corresponding reduction to the borrowing requirement for Corporate Services.

- LGSS Managed has a capital budget of £0.85m in 2017/18 and there is expenditure of £77k to date. In-year slippage does not yet exceed the Capital Programme Variation budget of £570k, therefore a balanced position is forecast at year-end. A £495k total scheme variance is forecast.

The Microsoft Enterprise Agreement budget is predicted to underspend by £500k in 2017/18. This is due to the requirement to switch to a subscription charging basis for the Corporate Software Infrastructure re-procurement, as approved by GPC, which will be funded from revenue. In the past, the Council would have purchased a three year agreement with capital funding, and a capital budget of £500k was set aside in 2017/18 to buy out the licences at the end of the previous contract. This will result in a reduction in the overall scheme forecast outturn by this amount.

- LGSS Cambridge Office has a capital budget of £0.5m in 2017/18 and there is no spend to date. The capital scheme budgets are predicted to be in balance at year-end and total scheme variances of £0k are forecast across the programme.

There were no new exceptions to report for September.

Funding

- Corporate Services and Transformation schemes have capital funding of £5.6m in 2017/18.

The adjusted phasing of the Mosaic scheme (£250k), in conjunction with the predicted in-year underspend (£680k), has resulted in a reduction of £930k in the predicted borrowing requirement for the scheme in 2017/18. This is offset by an increase of £350k in capital receipts funding due to the capitalisation of revenue expenditure. As a result of the requirement to fund £350k of Mosaic spending from capital receipts, this necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme, which is offset by an increase of £350k in the borrowing requirement for that committee.

The Corporate Services capital programme as a whole is predicting an in-year underspend of £846k for 2017/18. This is offset by the Capital Programme Variation budget, resulting in a net reduction of £567k in the borrowing requirement for 2017/18.

- LGSS Managed has capital funding of £0.85m in 2017/18 and the current expectation is that this funding continues to be required in line with the revised budget proposals.

As reported above, there is a predicted in-year underspend of £500k. However, this is offset by the Capital Programme Variations budget, resulting in a balanced overall position.

- LGSS Cambridge Office has capital funding of £0.5m in 2017/18.

A balanced budget is forecast, and the current expectation is that this funding continues to be required in line with the revised budget proposals.

- A detailed explanation of the position for Corporate Services and LGSS Managed can be found in [CS appendix 6](#).

A detailed explanation of the position for LGSS Cambridge Office can be found in [LGSS appendix 6](#).

4. PERFORMANCE

- 4.1** The key performance indicators for Corporate and Customer Services, LGSS Managed Services and the LGSS Cambridge Office for September 2017 are set out in CS Appendix 7 and LGSS Appendix 7.

The appendices to this report can be viewed in the [online version](#) of the report.