

Commercial and Investment

Finance and Performance Report – February 2018

1. SUMMARY

1.1 Finance

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

2. INCOME AND EXPENDITURE

2.1 Overall Position

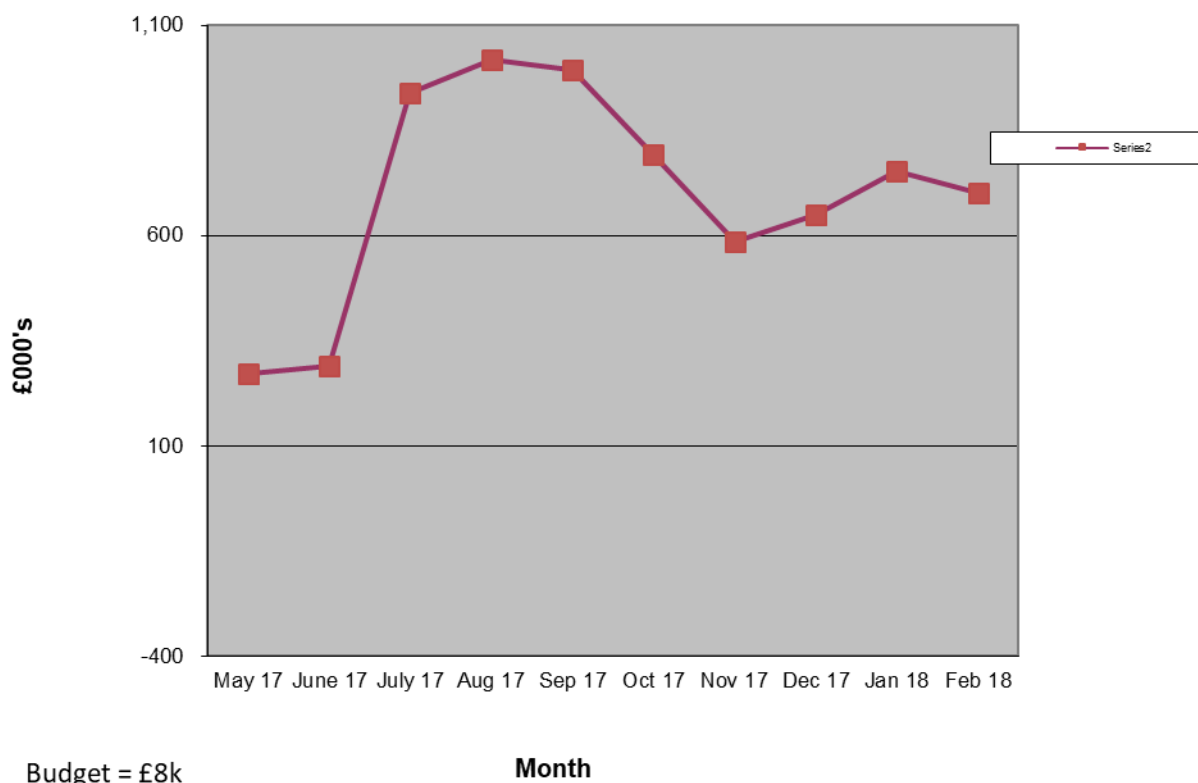
Original Budget as per BP (1)	Directorate	Current Budget	Forecast Variance - Outturn (Jan)	Forecast Variance - Outturn (Jan)	Forecast Variance - Outturn (Feb)	Forecast Variance - Outturn (Feb)	Current Status	DoT
£000		£000	£000	%	£000	%		
0	Commercial Activity	-1,624	612	38	612	38	Amber	↔
6,340	Property Services	6,314	-394	-6	-447	-7	Green	↑
-3,638	Strategic Assets	-3,936	349	9	409	10	Amber	↓
10	Traded Services To Schools and Parents	-724	187	26	126	17	Amber	↑
2,712	Total	30	754		700		Amber	↓

¹ 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.

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

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

Commercial & Investment Committee - Forecast Outturn Variance 2017/18 *



* Forecast outturn variances have been adjusted to reflect new budgets transferred to C&I.

2.2 Significant Issues – Commercial and Investment

Commercial and Investment is forecast to overspend by £700k in 2017/18, an improvement of £54k compared to last month.

A £60k increase is reported in the predicted overspend for Strategic Assets. This is due to legal costs and estate valuation fees within the County Farms budgets, and is offset by a -£53k change in the Property Services forecast outturn due to the predicted underspend on business rates budgets across the portfolio.

The forecast outturn position for Cambridgeshire Music has improved by £60k compared to last month. The £80k pressure previously reported on instrumental tuition has been mitigated by increased income resulting from a higher uptake of private tuition.

There are no material variances to report for February.

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

No new items were recorded during February 2018.

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

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

The following virements were recorded in February to reflect changes in responsibilities.

	£	Notes
Transfer to C&I from LGSS Managed	22,076	Match funding re insurance charges
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 appendix 4](#).

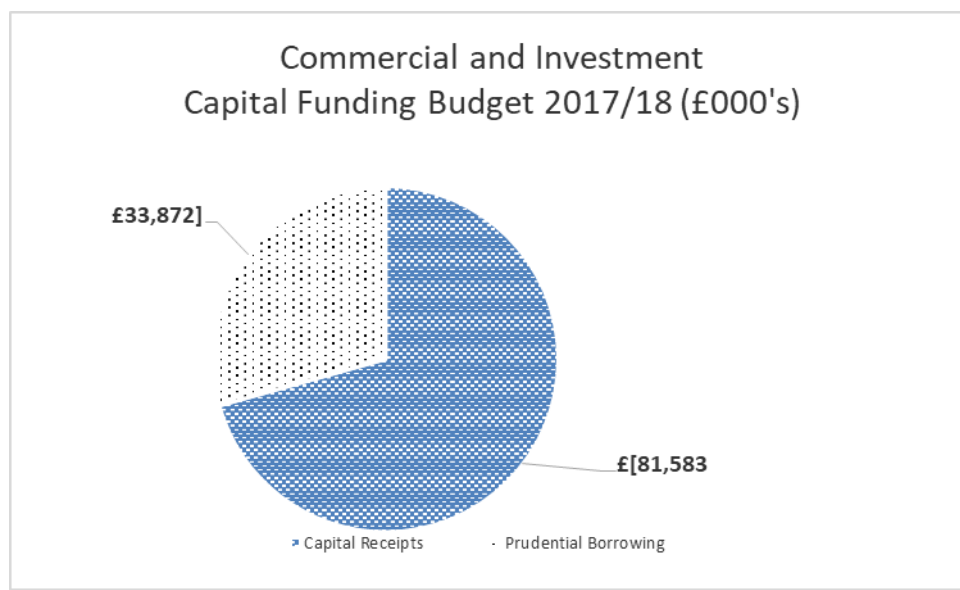
3. **BALANCE SHEET**

3.1 **Reserves**

The Commercial and Investment reserves contain various earmarked reserves (held for specific purposes), as well a short term provision (held for a potential liability) and capital funding. A schedule of these reserves can be found in [C&I appendix 5](#).

3.2 **Capital Expenditure and Funding**

Commercial and Investment Committee has a capital budget of £115m in 2017/18, which is funded by the following capital resources:



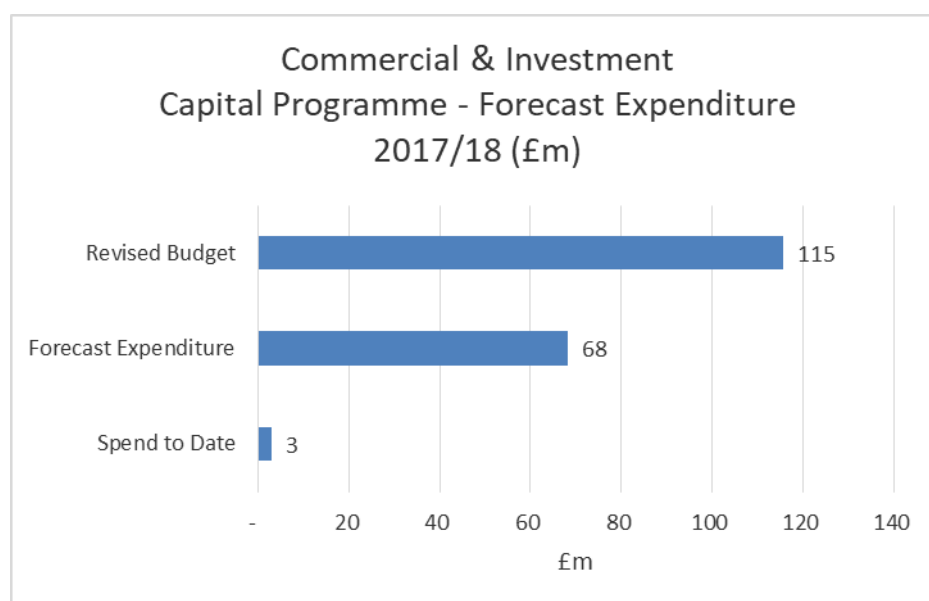
Variations Budget

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 (Feb) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (Feb) £000
C&I – Non-Housing	-720	-1,394	720	100%	-674

Expenditure

Commercial and Investment Committee has expenditure of £2.7m to date on the Capital Programme, against forecast expenditure of £68m:



Predicted in-year variances of £1,394k have been netted off against the Capital Programme Variations budget. This exceeds the variations budget of £720k, therefore at the end of February C&I Committee is forecasting that the element of the capital programme budget subject to a capital variations budget will be underspent by £674k at year-end.

In addition to this, an in-year underspend of £47.2m is reported on the Housing schemes as a result of the previously reported re-profiling. This takes the total programme underspend to £47.9m in 2017-18.

Total scheme variances of £227k underspent are expected over the lifetime of the schemes.

It is reported that the Property Services capital budgets are predicted to underspend by £540k at year-end 2017/18, with underspends across a number of schemes:

- Office Portfolio Rationalisation (£180k) due to re-scheduling of the Office Portfolio Rationalisation works at Sawtry Youth Centre and Hereward Hall, which will now be completed in 2018/19.
- Building Maintenance (£140k) due to slippage on the Ely and St Neots Library Lift projects, with installation works now expected to be completed in 2018/19.
- Shire Hall Campus (£220k) resulting from reduced levels of spending on maintenance at the Shire Hall campus due to uncertainty over the future of the site.

The schemes are funded by prudential borrowing, therefore these underspends will result in a reduction in the C&I borrowing requirement. As a result, the total scheme variance is predicted to increase to a position of £617k underspent.

There are no material changes to report on expenditure budgets for February.

Funding

As reported above, projected in-year variances now exceed the allowance made in the capital variation budget. The programme budget is therefore expected to be underspent by £47.9m at year-end, leading to a reduction of the same amount in the expected funding requirement.

As reported above, the Property services capital schemes are forecast to underspend by £540k at year-end. This results in a £540k reduction in the borrowing requirement for the C&I capital programme.

There are no material funding changes to report for February.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I appendix 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; work to review all indicators is still ongoing. As the committee starts to undertake commercial investment, relevant indicators will be developed in conjunction with the committee and subsequently exceptions will be reported against these.

C&I APPENDIX 1 – Commercial and Investment Budgetary Control Report

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

Corporate Directorates

Budgetary Control Report 2017/18

The variances to the end of February 2018 for the Corporate Directorates are:

Original Budget as per BP £000	Service	Current Budget for 2017/18 £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Forecast Variance - Outturn (Feb) £000	Forecast Variance - Outturn (Feb) %
Commercial & Investment						
<u>Commercial Activity</u>						
0	Cambridge Housing Investment Company	-1,424	845	59	845	59
0	Other Commercial Activity	-200	-233	-117	-233	-117
0		-1,624	612	38	612	38
<u>Property Services</u>						
1,111	Building Maintenance	1,111	0	0	0	0
4,500	County Offices	4,576	-408	-9	-462	-10
718	Property Services	560	-39	-7	-39	-7
22	Property Compliance	68	53	79	53	79
-11	Capital Team	0	0	0	0	0
6,340		6,314	-394	-6	-447	-7
<u>Strategic Assets</u>						
766	Strategic Assets	803	349	43	349	43
-4,404	County Farms	-4,389	0	0	60	1
0	Grant Income	-350	0	0	0	0
-3,638		-3,936	349	9	409	10
<u>Traded Services to Schools and Parents</u>						
10	Traded Services to Schools and Parents	68	-160	-235	-160	-235
0	ICT Service (Education)	-200	-96	-48	-99	-50
0	Professional Development Centre Services	-71	0	0	0	0
0	Cambs Music	789	80	10	20	3
0	Outdoor Education (includes Grafham Water)	-77	130	169	136	176
0	Cambridgeshire Catering & Cleaning Services	-449	233	52	229	51
0	Grant Income	-784	0	0	0	0
10		-724	187	26	126	17
2,712	COMMERCIAL & INVESTMENT TOTAL	30	754		700	
<u>MEMORANDUM - Grant Income</u>						
0	Music Education Hub Grant	-784	0	0	0	0
0	One Public Estate Grant	-350	0	0	0	0
0		-1,134	0	0	0	0

C&I APPENDIX 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 £'000	Forecast Variance - Outturn	
		£'000	%
Cambridge Housing Investment	-1,424	845	59
<p>Reported in November 17 F&PR, updated December 17:</p> <p>The Commercial and Investment budget reduced by £1.4m during November, following the transfer of budgets relating to the Housing Investment Company. As previously reported under Corporate and Customer Services, a £750k pressure is forecast in 2017/18 following the re-phasing of expected income streams from the Housing Investment Company. This forecast was updated to £845k in the December report.</p>			
Other Commercial Activity	-200	-233	117
<p>Reported in November 17 F&PR:</p> <p>The Commercial and Investment budget reduced by £200k during November, following the transfer of the ESPO Dividend budget. The CCC share of the ESPO dividend for 2016/17 has been confirmed as £458k, exceeding the accrual of £400k which was made in the 2016/17 accounts; the £58k underspend was previously reported under LGSS Managed. A further surplus of £175k is being forecast this month for the 2017/18 dividend.</p>			
County Offices	4,568	-462	-10
<p>Reported in July 17 & February 18 F&PR:</p> <p>County Offices budgets are forecast to underspend by £462k at year-end. This reflects a £60k increase in the predicted underspend on business rates budgets across the portfolio. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income (£105k). The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.</p>			
Strategic Assets	803	349	43
<p>Reported in July 17 F&PR:</p> <p>Strategic assets budgets are predicting a £349k overspend at year end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across partners. At the ending of the arrangements, budgets were disaggregated to the partners. As the equalisation between LGSS partners no longer applies for this service</p>			

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
area, Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget.			
Traded Services to Schools and Parents	68	-160	-235
Reported in October 17 F&PR: The following Traded Services to Schools and Parents have been transferred from the Children and Young People Committee and are reported within the C&I tables: <ul style="list-style-type: none">• ICT• Professional Development Centre Services• Cambridgeshire Music• Outdoor Education (includes Grafham Water). An underspend of £160k is reported, following a review of likely income achievable and the related utilisation of equipment replacement reserves, in the Education ICT and Cambridgeshire Music Services.			
ICT Service (Education)	-200	-99	-50
Reported in the November 17, updated December 17 F&PR: The ICT Service (Education) is predicted to underspend by £96k at year-end, following a substantial decrease in staffing due to some team members leaving.			
Cambridgeshire Music	789	20	3
Reported in January 18 F&PR, updated in February F&PR: Cambridgeshire Music is currently forecasting an overspend of £20k. The £80k pressure previously reported against instrumental tuition has been mitigated by increased income resulting from a higher take up of private tuition. The service is investigating and reviewing chargeable activity and looking at mitigating actions for the current financial year by reviewing tutors' core hours. Additional Music Hub funding in 2018/19 for music tuition has been approved by the Arts Council South East Area Council, while further service planning can fully mitigate the issues.			
Outdoor Education (includes Grafham Water)	-77	136	176
Reported in September 17 F&PR, updated in January 18 and February F&PRs: Outdoor Education is predicted to overspend by £136k, an increase of £6k compared to last month. This overspend is due to lower than anticipated levels of income being achieved, in part due to three late cancellations of residential bookings for March 2018, totalling £10k.			

Service	Current Budget £'000	Forecast Variance - Outturn £'000	%
<p>There is an ongoing pressure of £113k against Grafham Water which was identified during budget build. The budget includes an internal loan of £97k in 17/18 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 £27k over-recovery.</p> <p>This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the service.</p> <p>Further, a £9k under recovery is now being forecasted against Stibbington Centre which has an overall income target of £18k. Under recovery here will also be addressed as part of the ongoing review of Outdoor Education services.</p>			
Cambridgeshire Catering & Cleaning Services	-449	229	51
<p>Reported in August 17 F&PR, updated January 2018:</p> <p>CCS reported a forecast surplus contribution of £183k in August; an under recovery of £266k. This had increased from the £216k pressure identified at budget build, and the £185k reported in July to CYP Committee. The movement primarily related to prior months' costs that weren't included in the July forecast, notably higher than expected variable staff hours from July paid in August.</p> <p>CCS currently forecasts an under recovery of £229k for 2017/18. The forecast has improved by £37k against the £266k reported in August. This movement relates to revised staff and provision cost forecasts, 3 new school contracts, lower than budgeted insurance and buoyant meal sales through the colder weather period. In addition, the HofS and Client Development posts have been held vacant since June, enabling an in year saving of £102k. However, CCS will no longer be supplying 3 schools within the Diamond Learning Trust from January 2018 following the conclusion of a tender process.</p> <p>The outturn will largely be determined by the service's success in achieving the targets for the take-up of school meals, and the related staffing costs by managing the staffing resources to maintain service provision through the winter period.</p> <p>The Transformation team have worked with CCS during the last few months to undertake the Outcome Focus Review (OFR), which has now reported to C&I. The decision was taken in the February C&I committee to close the service in 2018/19 in line with the proposed exit strategy.</p>			

C&I APPENDIX 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			
One Public Estate	Cabinet Office	260	July 17
One Public Estate	Cabinet Office	90	September 17
Music Education Hub Grant		784	September 17
Total Grants 2017/18		1,134	

C&I APPENDIX 4 – Virements and Budget Reconciliation

	£000	Reported
Budget as per Business Plan	2,702	
Business Plan adjustments	44	May 17
Transfer of Apprenticeship Levy from CS to C&I	6	May 17
Transfer of Energy Team from C&I to ETE	-58	May 17
Non-material virements (+/- £30k)	11	June 17
Transfer of LGSS savings from C&I to LGSS Cambridge Office	-349	July 17
Transfer of CCS budgets to C&I from C&YP	-449	August 17
Transfer from C&YP to C&I of Traded Services to Schools and Parents	-343	September 17
Head of Service – Traded Services	68	October 17
Transfer of CHIC costs from Debt Charges to C&I Committee	-1,424	November 17
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	November 17
Transfer from LGSS Managed of match funding re Insurance charges	22	February 18
Current Budget 2017/18	30	

C&I APPENDIX 5 – Reserve Schedule

1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2017	Movements in 2017/18	Balance as at 28 February 2018	Forecast Balance at 31 March 2018	Notes
	£'000	£'000	£'000	£'000	
Equipment Reserves					
The ICT Service (Education)	726	0	726	680	1
subtotal	726	0	726	680	
Other Earmarked Funds					
Manor school site demolition costs	362	53	415	468	2
Cambs Music Reserve	80	0	80	80	3
subtotal	442	53	495	548	
Short Term Provisions					
SPV provision	24	0	24	24	
subtotal	24	0	24	24	
SUBTOTAL	1,192	53	1,245	1,252	
Capital Reserves					
General Capital Receipts	0	3,100	3,100	0	4
subtotal	0	3,100	3,100	0	
TOTAL	1,192	3,152	4,345	1,252	

Notes

- 1 The reserve is committed to the replacement of essential equipment, which will be implemented before the end of March 2018.
- 2 Rental income from Bellerbys buildings on Manor School 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 Capital Receipts will be used to fund the capital programme at year-end.

C&I APPENDIX 6 – Capital Expenditure

1. Capital Expenditure Summary 2017/18

Commercial & Investment Capital Programme 2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per BP £000	Scheme	Revised Budget for 2017/18 £000	Actual Spend 2017/18 £000	Forecast Spend - Outturn £000	Forecast Outturn Variance £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
113,476	Commercial Activity						
	Housing Schemes	112,209	879	65,000	(47,209)	183,226	-
113,476	Property Services	112,209	879	65,000	(47,209)	183,226	-
	- Office Portfolio Rationalisation	200	16	20	(180)	345	-
600	Building Maintenance	600	359	460	(140)	5,579	(140)
550	Shire Hall Campus	550	238	330	(220)	5,502	(220)
1,150	Strategic Assets	1,350	614	810	(540)	11,426	(360)
350	Local Plans Representations	350	263	263	(87)	3,902	(87)
500	County Farms Viability	818	623	818	-	4,017	-
	- Renewable Energy Soham	775	486	490	(285)	9,994	(170)
482	MAC Joint Highways Project	482	-	-	(482)	5,198	-
	- Shire Hall Relocation	171	29	171	-	16,606	-
	- Other Committed Projects	20	20	20	-	225	-
1,332		2,616	1,421	1,762	(854)	39,942	(257)
(550)	Capital Programme Variations	(720)	-	-	720	(487)	-
115,408	TOTAL	115,455	2,913	67,572	(47,883)	234,107	(617)

2. Previously Reported Amendments – Capital Expenditure Budgets 2017/18

Capital Scheme	2017/18 Original Budget £000	2017/18 Revised Budget £000
Energy Efficiency Fund	250	-
<p>Reported in July 17 F&PR:</p> <p>The Commercial and Investment capital programme budget reduced by £250k due to the removal of the Energy Efficiency Fund budget, which transferred to Economy, Transport and Environment Committee.</p>		
Sawston Community Hub	-	-
<p>Reported in July 17 F&PR, updated in November 17 F&PR:</p> <p>The Sawston Community Hub scheme transferred from LGSS Managed to Commercial & Investment in July 17. It had a 2017/18 budget of £1.2m (before changes to budget – see below); alongside this the capital programme variations budgets for Commercial & Investment and LGSS Managed have been realigned, so the variations budget for Commercial & Investment has returned to 20% of its budget (excluding housing schemes).</p> <p>The scheme subsequently transferred to Highways and Community Infrastructure Committee in November 17, resulting a reduction of £1.4m in the C&I capital expenditure budget.</p>		
County Farms Viability	500	818
<p>Reported in November 17 F&PR: (** Revised budget figure of £621k included £121k carry forward from 2016/17)</p> <p>In 2017/18, County Farms Investment expenditure has been dominated by three large investments totalling £640k, comprising:</p> <ul style="list-style-type: none"> • a new cold store and HGV loading facilities to a holding at Milton • the conversion of a farm building to a farm shop and café near Farcet, Peterborough • extension to a dwelling at Benwick, near Chatteris. <p>Additional requests for investment on the estate have included improvements to farm yards and buildings, security fencing, an equine arena and the installation of 3 phase electricity. The tenants have all agreed an Improvement Charge to provide a return on each project of 7%.</p> <p>The 2017/18 budget of £621k, which includes £121k funding carried forward from 2016/17, was forecast to be overspent by £197k, however, the overall budget will produce £55k additional revenue income for County Farms. At present, it is not</p>		

Capital Scheme	2017/18 Original Budget £000	2017/18 Revised Budget £000
<p>anticipated that there will be any further new projects to come forward during the current financial year.</p> <p>General Purposes Committee approved the additional budget of £197k at its meeting on 23 January. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		
Shire Hall Relocation Project	-	171
<p>Reported in December 17 F&PR:</p> <p>General Purposes Committee approved additional budget of £171k in 2017/18 for the Shire Hall relocation project. This is to cover the cost of the business case and feasibility studies for the project, as detailed in the business case that was agreed as part of the Business Plan by C&I in December, and subsequently by Full Council in February 18. The initial total cost over the lifetime of the scheme is expected to be £16.6m and this will be funded from borrowing.</p>		
Capital Programme Variations	-550	-720
<p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial & Investment budget, or as a result of any other changes to budget.</p>		

3. Previously Reported Amendments - Total Scheme Expenditure Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Sawston Community Hub	-	-
<p>Reported in July 17 F&PR, updated November 17:</p> <p>The Sawston Community Hub scheme was placed on hold in 2016/17, following delays arising from prolonged negotiations with the parish council and the village college, before the planning application could be submitted. The scheme has since been reviewed, and following market testing the total scheme costs have now been re-assessed at £1.502m. This represents an increase of £178k over the estimated total scheme costs at Milestone 3+ (£1.324m), and an increase of £193k in the total scheme budget as recorded in the Business Planning proposals for 2017/18 (£1.309m); the programme budget had previously remained at the original estimate of £1.309m pending further review of the scheme. This cost increase is due to the actual cost inflation of materials over the period the project was delayed and issues arising from detailed design work.</p> <p>General Purposes Committee approved the revised budget of £1.502m at its meeting on 19th September. This revision required an increase of £193k to the Prudential Borrowing requirement.</p> <p>As reported above, the Sawston Community Hub scheme subsequently transferred to Highways and Community Infrastructure Committee in November 17, with a total scheme budget of £1.5m.</p>		
County Farms Investment	3,820	4,017
<p>Reported in November 17 F&PR:</p> <p>As reported above, General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This investment will produce £55k additional revenue income for County Farms. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		
Shire Hall Relocation Project	-	16,606
<p>Reported in December 17 F&PR:</p> <p>As reported above, Full Council approved budget of £16,606 over the lifetime of the scheme as part of the 2018/19 Business Plan; this will be funded from borrowing.</p>		

4. Previously Reported Exceptions – Capital Expenditure 2017/18

Capital Scheme	Current Budget 2017/18 £000	Forecast Variance - Outturn £000
Housing Schemes	112,209	-47,209
<p>Reported in May 17, August 17 and December 17 F&PRs:</p> <p>The Housing Scheme budgets initially reflected the proposals included in the 2017/18 Business Plan. The CHIC financial model was under review and any changes were anticipated to be reported when further information became available. Planning permission has been actively progressed on schemes in order to maximise asset values.</p> <p>This position was subsequently amended in December when an underspend of £47,209k on the housing schemes was reported. As has previously been reported in separate papers to the committee, the Housing Schemes have not progressed as quickly as originally anticipated in the initial draft model that was created for the 2017-18 Business Planning process. The company's financial model has been refined and updated over the last few months, alongside the progression of work on seeking planning permission, declaring assets surplus and moving towards a position of being able to dispose of the properties before the end of the financial year. The Council is now therefore in a position to update the current year forecast in line with this work and as such, is reporting a £47,209k in-year underspend. This is subject to change following further progress of valuation work, by an external agent, as part of the portfolio sale. Account has already been taken of this re-phasing in future year budgets.</p>		
Renewable Energy Soham	775	-285
<p>Reported in August 17 F&PR:</p> <p>The Renewable Energy Soham scheme is currently predicted to underspend by £285k in 2017/18. Of this underspend, £170k represents a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget, and £116k budget will be required to meet retention costs in 2018/19.</p>		
Sawston Community Hub	1,401	-500
<p>Reported in August 17 F&PR:</p> <p>The Sawston Community Hub scheme is forecasting an underspend of £500k in 2017/18. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected. As reported above, the Sawston Community Hub scheme subsequently transferred to Highways and Community Infrastructure Committee in November 17.</p>		

Local Plans and Representations	350	-87
<p>Reported in September 17 F&PR:</p> <p>The Local Plans and Representations budget is predicted to underspend by £87k in 2017/18, and this will reduce the total cost of the scheme by the same amount. There will be a reduced budget requirement for this function in future years as more projects are developed by CHIC; this change is being addressed in the Business Planning proposals for 2018/19.</p>		
Capital Programme Variations	-720	720
<p>Reported in September 17 F&PR, updated in November 17:</p> <p>As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. As forecast underspends start to be reported, these are netted off against the forecast outturn for the variation budget, resulting in a forecast balanced budget up until the point when slippage exceeds the variation budget.</p> <p>The Capital Programme Variations budget has been adjusted to reflect the transfer of the Sawston Community Hub scheme, resulting in a reduction of £280k in the Capital Programme Variations budget for Commercial and Investment.</p>		
MAC Joint Highways	482	-482
<p>Reported in November 17 F&PR:</p> <p>The project is predicted to underspend by £482k in 2017/18. Although some of the partners have withdrawn, the Highways Agency are engaged, but it is not envisaged that there will be any spend in this financial year. The project has received One Public Estate revenue grant funding of £50k which is being used for some initial feasibility work. The future of the scheme will be clearer when the next project meeting is held before this year end.</p>		

C&I APPENDIX 7 – Capital Funding

1. Capital Funding Summary 2017/18

Commercial and Investment Capital Programme 2017/18					
Original 2017/18 Funding Allocation as per BP £000	Source of Funding		Revised Funding for 2017/18 £000	Forecast Outturn Spend (Feb) £000	Forecast Outturn Funding Variance (Feb) £000
81,583	Capital Receipts	C&I	81,583	1,323	(80,260)
33,825	Prudential Borrowing	C&I	33,872	66,249	32,377
115,408	TOTAL		115,455	67,572	(47,883)

2. Previously Reported Amendments – Capital Funding Budgets 2017/18

Capital Scheme	Original Budget 2017/18 £000	Revised Budget 2017/18 £000																		
Roll Forwards (Prudential Borrowing)	982	2,098																		
<p>Reported in May 17 F&PR:</p> <p>Commercial and Investment Committee was asked to approve the carry forward of funding from 2016/17 into 2017/18 for the following schemes:</p> <table> <tr> <th>Scheme</th><th>£000</th><th>Notes</th></tr> <tr> <td>County Farms Viability</td><td>121</td><td>Carry forward £121k re Bettys Nose & Whitehall farm shop.</td></tr> <tr> <td>OtherCommitted Projects - K2</td><td>20</td><td>Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation</td></tr> <tr> <td>Soham Solar Farm</td><td>775</td><td>Final network and consruction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.</td></tr> <tr> <td>Office Rationalisation</td><td>200</td><td>Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Buttsgrrove, Scott House/Stanton House and Meadows closure.</td></tr> <tr> <td></td><td>1,116</td><td></td></tr> </table>			Scheme	£000	Notes	County Farms Viability	121	Carry forward £121k re Bettys Nose & Whitehall farm shop.	OtherCommitted Projects - K2	20	Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation	Soham Solar Farm	775	Final network and consruction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast.	Office Rationalisation	200	Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Buttsgrrove, Scott House/Stanton House and Meadows closure.		1,116	
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	1,116																			
Housing Scheme Rephasing (Prudential Borrowing)	113,476	112,209																		
<p>Reported in May 17 F&PR:</p> <p>A reduction of £1.3m in respect of Housing Scheme funding which was brought forward from 2017/18 to fund expenditure in 2016/17.</p>																				

Capital Programme Variations (Prudential Borrowing)	-550	-720
<p>Reported in May 17 F&PR:</p> <p>The Capital Programme Variations budget has been recalculated each time a scheme has moved in or out of the Commercial & Investment budget, or as a result of any other changes to budget.</p>		
Energy Efficiency Fund (Prudential Borrowing)	250	-
<p>Reported in July 17 F&PR:</p> <p>The Energy Efficiency Fund budget of £250k transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement reduced by this amount.</p>		
Sawston Community Hub (Prudential Borrowing)	-	-
<p>Reported in July 17 F&PR, updated November 17 F&PR:</p> <p>The Sawston Community Hub scheme transferred to the Commercial & Investment Committee with an approved 2017/18 budget of £1.2m (and a request for additional funding of £0.2m – see below).</p> <p>In November 17 the scheme transferred to Highways and Community Infrastructure Committee, resulting in a £1.4m reduction in the Commercial and Investment borrowing requirement</p>		
County Farms Investment (Prudential Borrowing)	500	818
<p>Reported in November 17 F&PR:</p> <p>General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This revision required an increase of £197k to the Prudential Borrowing requirement. This increase is in addition to £121k of funding carried forward from 2016/17, as described above.</p>		
Shire Hall Relocation Project	-	171
<p>Reported in December 17 F&PR</p> <p>As reported above, additional borrowing of £171k will be required to fund the expected costs of the Shire Hall relocation project in 2017/18.</p>		

3. Previously Reported Amendments - Total Scheme Funding Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Sawston Community Hub (Prudential Borrowing)	-	-
<p>Reported in July 17 F&PR, updated in November 17 F&PR:</p> <p>General Purposes Committee approved an increase of £193k in budget for the scheme, resulting in an increased borrowing requirement of this amount.</p> <p>In November 17 the scheme transferred to Highways and Community Infrastructure Committee, resulting in a £1.4m reduction in the Commercial and Investment borrowing requirement.</p>		
County Farms Investment	3,820	4,017
<p>Reported in November 17 F&PR:</p> <p>As reported above, General Purposes Committee approved additional budget of £197k at its meeting on 23 January, to fund additional requests for investment on the farms estate. This revision required an increase of £197k to the Prudential Borrowing requirement.</p>		
Shire Hall Relocation Project	-	16,606
<p>Reported in December 17 F&PR</p> <p>As reported above, it is estimated that additional borrowing of £16,606k will be required to fund the costs of the Shire Hall relocation project over the lifetime of the scheme.</p>		

4. Previously Reported Exceptions – Capital Funding 2017/18

Capital Scheme	Current Budget 2017/18 £000	Forecast Variance - Outturn £000
General Capital Receipts	81,583	-80,260
<p>Reported in September 17, November 17, December 17 F&PRs:</p> <p>The capital receipts forecast for 2017/18 was increased by £1.9m in September 17 to reflect additional monies received, including a £3m receipt in respect of land at Bassenhally (Phase 2). This increase is partly offset by a £350k reduction in capital receipts funding for C&I schemes, which is replaced by an increase in borrowing for C&I schemes. This reduction is as a result of a capital funding adjustment relating to the Mosaic project within Corporate Services, which necessitates £350k of Mosaic expenditure to be funded from capital receipts.</p> <p>Following a review of the Mosaic project, it was 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; therefore they must be funded by capital receipts rather than any other source of capital funding. This adjustment removes a pressure on the Mosaic revenue budget, bringing both revenue and capital budgets in on target. The overall level of funding through capital receipts and borrowing across the two committees is unchanged by this adjustment.</p> <p>In November 17 the capital receipts forecast was increased by £345k to reflect the latest estimates for predicted sales. This increase was partly offset by a capital funding adjustment relating to the capitalisation of Transformation Team costs. It was identified that an additional £86k of Transformation Team costs may need to be capitalised, and these costs can only be funded by capital receipts, under the flexible use of capital receipts government directive. It is currently estimated that £64k of additional Transformation Team costs will need to be capitalised, therefore this adjustment will result in a revised reduction of £64k in the use of capital receipts funding for C&I schemes and a matching increase in Commercial and Investment borrowing.</p> <p>A capital funding adjustment was required in December 17, in relation to the Capitalisation of Corporate Redundancies budget within Corporate Services and Transformation. This budget was forecast to overspend by £328k in 2017-18, due to additional redundancy costs including the cost of the AL&S restructure (£160k). This forecast overspend has now increased to £497k, due to additional redundancy costs within P&C, including a further £85k relating to the AL&S restructure. Transformation 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 necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme, offset by an increase of £497k in the C&I</p>		

Capital Scheme	Current Budget 2017/18 £000	Forecast Variance - Outturn £000
<p>borrowing requirement. C&I was asked to acknowledge the impact on the level of borrowing required within the C&I capital programme.</p> <p>As noted above, the forecast outturn position for the Housing Schemes has been revised, and as such there will be a corresponding reduction in the use of capital receipts to fund this scheme of £47,209k. In addition, the funding profile has now also been updated to reflect the situation relating to commercial investment, which was agreed as part of the 2018/19 Business Plan by Full Council on 6 February 2018. The capital receipts generated by the sale of land to the company will now to be used to fund other commercial investment, and as a result it is necessary to reduce the use of capital receipts to fund the Housing schemes by £34,374k and increase the level of prudential borrowing by an equivalent amount. Due to the nature of how the scheme is managed, updating the funding position at this point in time does not directly impact upon the revenue position, as this has been forecast separately.</p>		
Prudential Borrowing	33,872	32,377
<p>Reported in September 17, November 17, December 17 F&PRs:</p> <p>As reported above in relation to Capital Receipts, the prudential borrowing forecast has increased or decreased to off-set decreases or increases in the Capital Receipts outturn position.</p> <p>In addition, as reported in November 17 F&PR, the MAC Joint Highways Project is expected to underspend by £482k in 2017/18, resulting in a reduced borrowing requirement.</p>		