

Assets and Investment

Finance and Performance Report – Final Report 2016/17

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
N/A	Income and Expenditure	Balanced year end position	Green	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
Year-end actual (Number of indicators)			1	1

2. INCOME AND EXPENDITURE

2.1 Overall Position

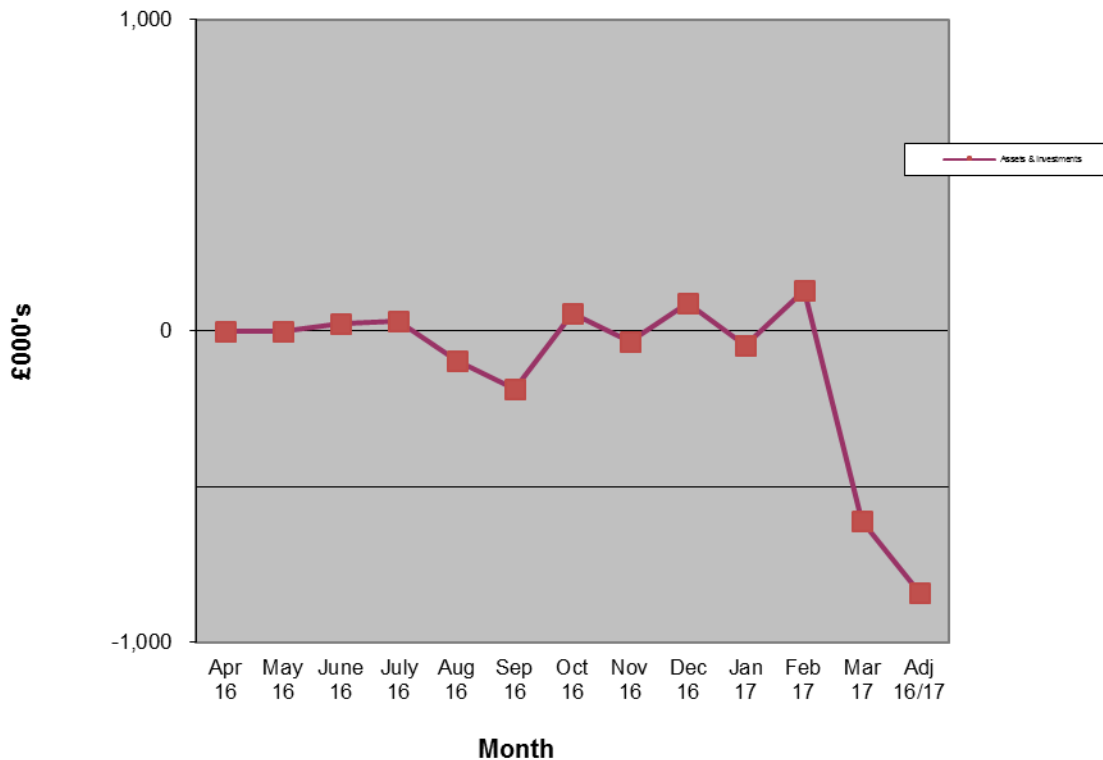
Original Budget as per BP ¹	Directorate	Current Budget	Forecast Variance - Outturn (March)	Actual Variance	Actual Variance	Final Status	DoT
£000		£000	£000	£000	%		
4,115	Assets & Investment	4,009	-611	-839	-21	Green	↑
4,115	Total	4,009	-611	-839	-21		

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 final service level budgetary control report for Assets and Investment Committee as at the end of the 2016/7 financial year can be found in [A&I appendix 1](#).

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

Assets & Investment - Actual 2016/17



2.2 Significant Issues – Assets and Investment

- The final position for Assets and Investment Committee as at the end of the 2016/17 financial year was an underspend of £839k, an improvement of £228k compared to the March forecast.
- County Farms budgets were underspent by £444k at year-end, which was an increase of £233k compared to the figure reported for March. This was due to adjustments to the calculation of year-end reserved debtors.
- Strategic Asset Management budgets overspent by £179k, an increase of £120k from the previous month. This was caused by two factors: an additional charge of £70k from LGSS Cambridge Office in respect of Property Services savings targets prior to the de-merger; and disposal costs of £65k incurred as part of the ongoing capital receipts programme, which were not eligible to be charged directly against the capital receipts.

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

There are no additional grant or income items to report for March:

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.

	£	Notes
Transfer to A&I from LGSS Managed	-217,231	Recharge of LGSS savings target to CCC
Non material virements (+/- £30k)	-2,202	

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

3. BALANCE SHEET

3.1 Reserves

A schedule of the Assets and Investment reserves can be found in [A&I appendix 5](#).

3.2 Capital Expenditure and Funding

Expenditure

- Assets and Investment Committee had a capital budget of £14.8m in 2016/17 and there was £13.1m spend at year-end. The programme was underspent by £1.6m at year-end, and the total scheme variances over the lifetime of the schemes amounted to an underspend of £7.1m.
- Shire Hall Campus and Building Maintenance budgets were each underspent by £0.6m in 2016/17, with a total scheme variance of £1.1m reported on each of the schemes. The 2016/17 budgets were set prior to the de-merger of Property Services with LGSS Cambridge and as previously reported these included £455k funding carried forward from 2015/16 that was not spent in year. The final underspends were due to further delays in obtaining condition surveys, and lack of clarity over the future role of some buildings.

Following the de-merger with LGSS Cambridge, a number of the proposed schemes are being reviewed and a Property Strategy is being drawn up with a five year plan for capital maintenance works. Procedures are also being reviewed to improve the process of commissioning condition surveys, and prioritising the necessary works during 2017/18.

- Assets and Investment Committee reported in-year slippage of £4.5m on the capital programme. This exceeded the capital variation budget allocation of £2.9m, resulting in an underspend of £1.7m across the programme in 2016/17.

Funding

- Assets and Investments Committee had capital funding of £14.8m in 2016/17. As reported above, the budget was underspent by £1.7m at year-end which resulted in a reduced funding requirement of this amount.

A detailed explanation of the position for Assets and Investments can be found in [A&I appendix 6](#).

4. PERFORMANCE

4.1 The table below outlines key performance indicators for Assets and Investments.

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Assets & Investment									
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	28/07/16	95% (£3.9m gross)	99.0%	Green	↑	

The full scorecard for Assets and Investments can be found at [A&I appendix 7](#).

A&I APPENDIX 1 – Assets and Investment Budgetary Control Report

The final variances as at the end of the 2016/17 financial year for Assets and Investment were as follows:

Original Budget as per BP £000	Service	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Mar) £000	Outturn Variance 2016/17 £000	Outturn Variance 2016/17 %
<u>Assets & Investment</u>					
1,122	Building Maintenance	-134	300	246	184
-3,453	County Farms	-3,435	-211	-444	-13
5,052	County Offices	6,283	-836	-907	-14
571	Property Services	706	77	87	12
823	Strategic Assets	675	59	179	27
0	Grant Income	-86	0	0	0
4,115		4,009	-611	-839	-21
4,115	ASSETS & INVESTMENT TOTAL	4,009	-611	-839	-21
MEMORANDUM - Grant Income					
0	Assets & Infrastructure Grants	-86	0	0	0
0		-86	0	0	0

A&I APPENDIX 2 – Commentary on Final 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	Current Variance £'000	Current Variance %
Building Maintenance	1,099	246	184
Building Maintenance overspent by £300k at year-end 2016-17. This was a reduction of £54k on the March forecast, taking into account the final year-end accruals.			
County Farms	-3,453	-444	-13
County Farms underspent by £444k, which was an increase of £233k compared to the figure reported for March. This was due to adjustments to the calculation of year-end reserved debtors. Previously reported pressures included £33k due to insurance costs and remedial electrical work, offset by underspending on unplanned maintenance (£20k), an over accrual at year-end of £70k and higher than expected income streams.			
County Offices	5,045	-907	-14
County Offices budgets finished with an underspend of £907k at year-end, which was an improvement of £71k compared to the March figure. This was due to an adjustment for VAT which was incorrectly charged on electricity bills in March. As previously reported a number of factors contributed to the overall underspend.			
At the start of the year there was a £240k in-built pressure due to the prior-year savings target for a reduction of the property portfolio. This was offset by additional income (£236k), due to the Castle Court 100% lease agreement having started 4 months earlier than originally expected. In addition a rates rebate was achieved for Shire Hall site following the leasing of Castle Court (£382k). There was also a £40k reduction in the Council's expected liability for insurance in respect of Castle Court, with the balance attributable to Study Inn, and a £36k payment was received from Study Inn due to delays in installing Pay and Display parking meters.			
Other surpluses included an underspend of £180k on the dilapidations budget, which included a reduction of £55k in the amount accrued for dilapidations in respect of 100 Churchill Road, Wisbech, following agreement that the building was to be demolished. There was a further surplus of £54k on Children's Centre business rates due to actual invoices received being lower than the estimated accrual for 2015/16. Furthermore there were savings on utility bills (water, electricity and gas); additional rental income from LGSS Law for accommodation in Scott House (£73k); an underspend on the Portable Appliance Testing budget; and a £21k rebate on a four year gas contract.			
Pressures reported during the year included the consultancy costs of the telecommunications hosting policy (£20k) and parking meters at Shire Hall (£22k), both of which are investments which will generate income in future years. Other pressures included the costs of office moves (£23k) being charged to Corporate Offices budget as			

Service	Current Budget £'000	Current Variance £'000	%
there was no separate budget provision for these costs; and a one-off payment of £20k to Huntingdon Town Council on completion of the transfer of the Cromwell Museum.			
Property Services	706	87	12
<p>The year-end position for Property Services budgets was an overspend of £87k, which was an increase of £10k since March month-end.</p> <p>Health & Safety budget finished the year with an overspend of £27k. A review of Health & Safety budgets following the de-merger from LGSS Cambridge identified a pressure of £13k, due to 2016/17 income that was received in advance but not accrued at year-end in 2015/16. In addition there was an overspend of £11k on equipment in compliance with DDA legislative requirements.</p> <p>As previously reported, Property Services staffing costs were reviewed following the demerger from LGSS and this resulted in a £42k increase in the outturn forecast based on a more realistic estimate of the agency staff required to cover vacancies. The final position included pressures of £24k from LGSS savings allocated to Property Services budgets and £37k due to the CCC and NCC Shared Services Memorandum of Understanding (MoU) for Property and Estates.</p>			
Strategic Assets	996	179	27
<p>Strategic Asset Management budgets overspent by £179k in 2016/17, an increase of £120k from the March figure. This reflected a charge of £70k from LGSS Cambridge Office in respect of Property Services savings targets prior to the de-merger, in addition to the £101k charge reported in March. The remainder of the increase represented disposal costs of £69k incurred as part of the ongoing capital receipts programme, which were not eligible to be charged directly against the capital receipts.</p> <p>Also contributing to the overspend, as previously reported, were agency costs of £155k, the CCC costs of the K2 Property Management System project (£50k), office removal expenses of £38k and a £16k pressure due to the net effect of the Shared Services MoU for Property and Estates. These pressures were offset by management costs in relation to Housing schemes which were recharged against capital (£240k), income received from other local authorities for consultancy work (£77k), and other staff vacancies (£35k).</p>			

A&I APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Amount £000
Grants as per Business Plan		0
One Public Estate	Cabinet Office	86
Total Grants 2016/17		86

A&I APPENDIX 4 – Virements and Budget Reconciliation

	£000	Notes
Budget as per Business Plan	0	
Transfer of Building Maintenance budget from Corporate Services	1,121	
Transfer County Farms budget from Corporate Services	-3,453	
Transfer of County Offices budget from Corporate Services	5,045	
Transfer of Strategic Assets and Property Services budgets from LGSS Finance to Assets and Investments	1,531	
Transfer of LGSS cross-cutting savings from LGSS Cambridge Office to Assets & Investment	-24	
Transfer of Insurance matching funding from LGSS Managed	25	
Transfer of LGSS savings to Assets and Investment	-217	
Non-material virements (+/- £30k)	-13	
Current Budget 2016/17	4,009	

A&I APPENDIX 5 – Reserve Schedule

1. Assets and Investments Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance as at 31 March 2017	Notes
	£'000	£'000	£'000	
<u>Other Earmarked Funds</u>				
Manor school site demolition costs	233	129	362	1
subtotal	233	129	362	
<u>Short Term Provisions</u>				
SPV provision	50	-26	24	
subtotal	50	-26	24	
SUBTOTAL	283	103	386	
<u>Capital Reserves</u>				
MAC - One Public Estate	230	-230	0	3
General Capital Receipts	0	0	0	2
subtotal	230	-230	0	
TOTAL	513	-127	386	

Notes

- 1 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 2 Capital Receipts totalling £777k achieved in 2016/17 were used to fund the capital programme at year-end.
- 3 One Public Estate grant funding transferred to revenue.

A&I APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Assets & Investments Capital Programme 2016/17					TOTAL SCHEME	
Original 2016/17 Budget as per BP £000	Scheme	Revised Budget for 2016/17 £000	Actual Spend 2016/17 £000	Actual Variance 2016/17 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
550	A&I - Shire Hall Campus	765	176	(589)	6,209	(1,078)
-	A&I - Fenland	20	10	(10)	6,596	(1,155)
400	A&I - Local Plans Representations	400	176	(224)	4,284	(382)
500	A&I - County Farms Viability	500	379	(121)	2,604	(467)
600	A&I - Building Maintenance	840	179	(661)	6,025	(1,123)
20	A&I - Other Committed Projects	120	44	(76)	2,243	(250)
-	A&I - East Barnwell Community Hub	194	45	(149)	1,950	-
8,251	A&I - Renewable Energy Soham	10,225	8,924	(1,301)	10,336	(342)
-	A&I - Housing Schemes	1,628	1,267	(361)	197,054	-
481	A&I - MAC Market Towns Project	481	-	(481)	1,481	(1,481)
345	Office Portfolio Rationalisation	345	145	(200)	345	-
-	Carbon Reduction	214	14	(200)	1,673	(850)
250	Energy Efficiency Fund	250	104	(146)	1,000	-
-	Vantage House	1,675	1,675	0	1,675	-
-	Capital Programme Variations	(2,850)	-	2,850	-	-
11,397	TOTAL	14,807	13,139	(1,668)	243,475	(7,129)

Previously Reported Exceptions

Awdry House: As reported in 2015/16, a reduction in the estimated cost of final retention payments for the Awdry House site increased the predicted total scheme underspend to £1.1m. This work was completed in 2016/17.

Carbon Reduction: As reported in 2015/16 the works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. The agreed work plan was expected to deliver a total scheme underspend of £0.65m and the work was expected to be completed in 2016/17. However, at year-end there was an underspend of £200k due to further delays in the programme.

Shire Hall Campus and Building Maintenance: Prior to the de-merger with LGSS, the budgets for building maintenance costs at Shire Hall and other County Council sites were revised to reflect the roll forward of £455k funding approved for 2015/16 that was not spent in year. This was due to unavoidable delays in completing condition surveys, meaning that works earmarked for 2015/16 could not be completed. The 2016/17 budget was already fully allocated as shown in the table below. This additional funding related to prudential borrowing, but this did not have a significant impact on the Debt Charges budget.

However, at year-end the Shire Hall Campus and Building Maintenance budgets were each underspent by £0.6m, with a total scheme underspend of £1.1m for each scheme.

These underspends were due to further delays in obtaining condition surveys, and lack of clarity over the role of some of the buildings and the future of the Shire Hall site. Following the de-merger with LGSS Cambridge, a number of the proposed schemes are being reviewed and a Property Strategy is being drawn up with a five year plan for capital maintenance works. Procedures are also being reviewed to improve the process of commissioning condition surveys, and prioritising the necessary works during 2017/18.

Shire Hall	£000	
Budget 2016/17	550	
Shire Hall	150	condition survey works
Castle Lodge	155	condition survey works
42 Castle St	45	condition survey works
Data Centre	265	carry forward request includes Ridge Fees & structural works & contingency amount
Babbage	50	estimated condition survey works
OPH	50	estimated condition survey works
Octagon	50	estimated condition survey works
Total of planned works	765	
Shortfall	215	
Building Maintenance - other sites	£000	
Budget 2016/17	600	
Lawrence Court	115	carry forward request
Ely Library	84	carry forward request
St Neots library	66	carry forward request
Victoria Lodge	15	replacement conservatory
Lawrence Court	13	window redecoration – completed 16/17
Stanton House, highways depot	55	condition survey works
Stanton House, Main building	80	condition survey works
Stanton Villas	9	condition survey works
Warboys library	84	condition survey works
Wisbech Castle	146	condition survey works
Sackville House	173	estimated re-roofing costs – main roof
Total of planned works	840	
Shortfall	240	
Additional funding requested	455	

Soham Eastern Gateway: Additional funding of £700k was agreed in 2016/17 for the Soham Eastern Gateway Pratt St Access Road Phase 1 works. This included the reconfiguration of the school car park, reconfiguration of the parking at the former caretaker's bungalow, alterations to the listed wall at Copperfield House, the relocation of a heat pump, professional fees and the planning application. This was funded by prudential borrowing but was part of a larger housing scheme for which the County Council would receive income in the future. At year-end this budget was underspent by £65k.

MAC Market Towns Project (March): The MAC Market Towns Project (March) is no longer required and so a current year underspend of £0.5m and a total scheme underspend of £1.5m was reported. This scheme was superseded by the new Housing budget which was

submitted via the current Business Planning process for 2017/18, with redevelopment projects transferred to the Housing programme. Potential projects not covered by the Housing programme will be taken forward as new business plan applications in the future. This change also impacted on the associated ring-fenced capital receipt generation, resulting in reduced funding of £0.4m.

Local Plans – Representations: The Local Plans – Representations budget underspent by £224k. This was partly due to the establishment of the Housing budget and improved management of the point at which projects were transferred from the Local Plans – Representations budget into the Housing budget. Current year costs were reviewed to ensure that all schemes were charged to Housing once they reached the planning application stage.

Housing Schemes: Housing Scheme budgets underspent by £361k in 2016/17.

A number of new Housing projects which formed part of the Business Planning proposals for Housing Schemes in 2017/18 progressed to the planning application stage in advance of the original schedule. Assets and Investment Committee approved additional budget in 2016/17, as detailed in the table below, to reflect the predicted expenditure for these new projects in the current year. This funding was not fully utilised in 2016/17 and at year-end the actual spend against these projects was £417k, resulting in an underspend of £123k. This will not affect the total scheme costs, and funding will be required 2017/18.

	£000
Belsar Farm – Willingham	55
Soham Northern Gateway	100
Clear Farm, Bassingbourn	70
Wicken, Housing Allocation	30
CFE Rural Plots	45
Management costs	<u>240</u>
	540

The following Housing Scheme budgets were rephased, as the schemes had progressed to the planning application stage in advance of the original schedule. Funding was brought forward from 2017/18 into 2016/17 as detailed below.

Scheme	£000
Housing - Shepreth 7 Homes Invest to Save	55
Housing - Cottenham 200 Homes Invest to Save	110
Housing - Redevelopment of Milton Road Library, Cambridge	20
	<u>185</u>

At year-end £101k of expenditure had been incurred against the above funding. The balance of funding will be required in 2017/18 and this will not affect total scheme costs.

East Barnwell: Increased resourcing brought forward work on the East Barnwell Community Hub project into 2016-17. The East Barnwell budget was rephased and funding of £194k brought forward from 2017/18 into 2016/17. However, work did not progress as quickly as forecast, and there was an underspend of £149k at year-end. This will not affect the total scheme costs, and the balance of funding will be required in 2017/18.

Renewable Energy Soham: The scheme was revised to incorporate increased costs due to currency changes re solar panels (£400k) and additional grid connection costs (£120k). At year-end the 2016-17 budget was underspent by £1.3m. Further network and construction costs of £315k, and a final retention payment of £460k, will be due in 2017/2018. These costs were budgeted in the 2016/17 capital programme, and will not affect total scheme costs. Overall a total scheme underspend of £342k is forecast, due to lower than expected pre-construction costs and savings on the cost of solar panels.

Vantage House: Funding of £1.6m was approved for Vantage House in 2016/17 and this budget was fully spent. This scheme was funded by prudential borrowing.

Capital Funding

Assets and Investments Capital Programme 2016/17				
Original 2016/17 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2016/17 £000	Actual Spend £000	Actual Funding Variance £000
10,268	Capital Receipts	10,268	-	(10,268)
-	Other Contributions	-	443	443
1,129	Prudential Borrowing	4,539	12,696	8,157
11,397	TOTAL	14,807	13,139	(1,668)

Previously Reported Exceptions

As previously reported, the Capital Programme Board recommended that services include a variation budget to account for likely slippage in the capital programme, as it is sometimes difficult to predict this against individual schemes in advance. As forecast underspends started to be reported, these were offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeded this budget.

As reported in previous months, capital receipts estimates were reduced during the course of the year by a total of £9.5m, to reflect actual sales achieved in 2016/17. This resulted in an increase in the expected requirement for public borrowing of the same amount.

The MAC Market Towns Project (March) was no longer required and this impacted on the associated ring-fenced capital receipt generation, resulting in reduced funding of £0.4m.

A&I Appendix 7 – Performance Scorecard

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments
Assets & Investment										
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	28/07/16	1 January - 31 March 2016 (Q4)	95% (£3.9m gross)	99.0%	Green	↑	