

Assets and Investment

Finance and Performance Report – December 2016

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
December (Number of indicators)			1	1

2. INCOME AND EXPENDITURE

2.1 Overall Position

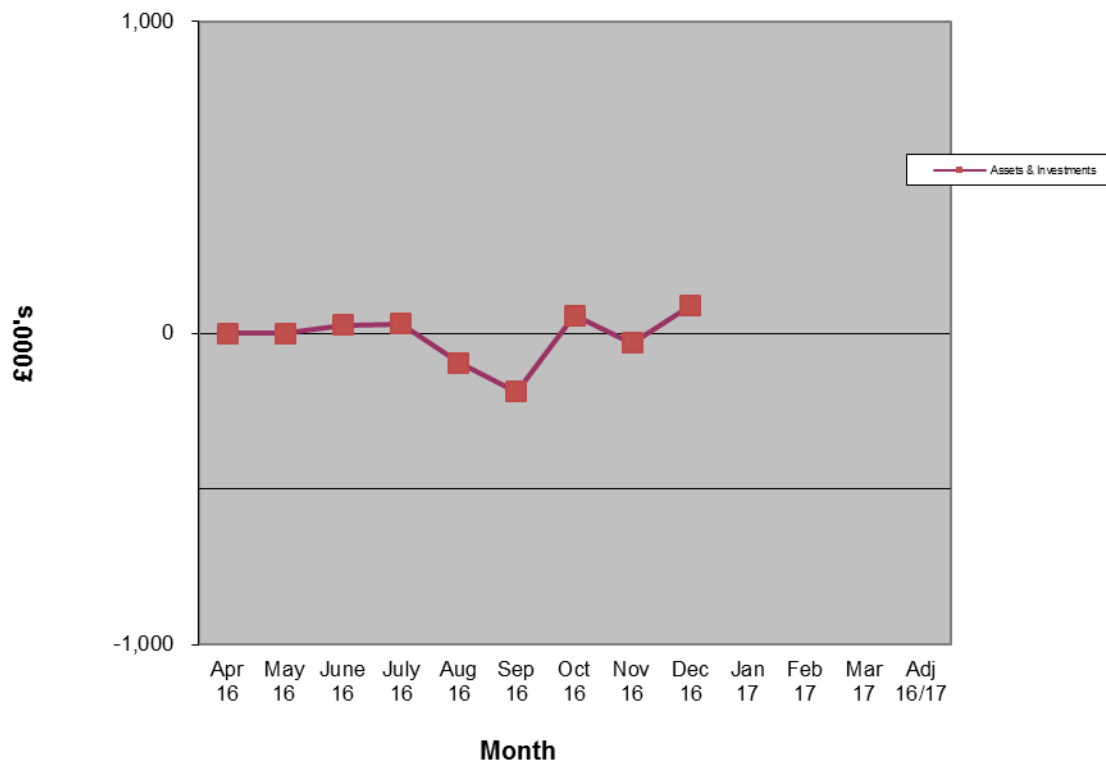
Original Budget as per BP ¹	Directorate	Current Budget	Forecast Variance - Outturn (Nov)	Forecast Variance - Outturn (Dec)	Forecast Variance - Outturn (Dec)	Current Status	DoT
£000		£000	£000	£000	%		
4,104	Assets & Investment	4,204	-32	88	2	Amber	↓
4,104	Total	4,204	-32	88	2		

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 Assets and Investment Committee for December 2016 can be found in [A&I appendix 1](#).

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

Assets & Investment Outturn 2016/17



2.2 Significant Issues – Assets and Investment

- Assets and Investment Committee is currently predicting an overspend of £88k at year-end, an adverse change of £120k compared to last month's forecast.
- There are no exceptions to report this month.

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

The following item above the de minimis reporting limit is included for December:

	Awarding Body	Expected Amount £
One Public Estate	Cabinet Office	190,000
Non-material grants (+/- £30k)		0

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
Non material virements (+/- £30k)	-16,887	CCR1

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 has a capital budget of £13.1m in 2016/17 and there is £10.3m spend to date. It is currently expected that the programme will be balanced at year-end, and the total scheme variances over the lifetime of the schemes will amount to an underspend of £3.5m.
- Although Assets and Investment Committee is reporting in-year slippage of £1.1m on the capital programme, this is within the allowances made for capital programme variations, leading to a balanced outturn overall.
- As reported last month a number of new Housing projects which form part of the Business Planning proposals for Housing Schemes in 2017/18 have progressed to the planning application stage in advance of the original schedule.

Assets and Investment Committee is asked to approve additional budget in 2016/17 to reflect the predicted expenditure for these new projects in the current year; this will not affect the total scheme costs

	£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

- Increased resourcing has also brought forward work on the East Barnwell Community Hub project into 2016-17. The East Barnwell budget has been rephased and funding of £194k has been brought forward from 2017/18 into 2016/17; this will not affect the total scheme costs.

Funding

- Assets and Investments Committee has capital funding of £13.1m in 2016/17, with the current expectation being that this continues to be required in line with the original budget proposals.

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 variances to the end of December 2016 for Assets and Investment are as follows:

Original Budget as per BP £000	Service	Look up	Current Budget for 2016/17 £000	Forecast Variance - Outturn (Nov) £000	Forecast Variance - Outturn (Dec) £000	%
<u>Assets & Investment</u>						
1,122	Building Maintenance	BM	1,099	200	200	18
			-3,453	-84	-84	-2
-3,453	County Farms	Farms				
5,052	County Offices	CO	5,045	-154	-70	-1
571	Property Services	POD	706	52	94	13
813	Strategic Assets	SAM	996	-45	-51	-5
0	Grant Income	A&I	-190	0	0	0
4,104			4,204	-32	88	2
4,104	ASSETS & INVESTMENT TOTAL		4,204	-32	88	2
 MEMORANDUM - Grant Income						
0	Assets & Infrastructure Grants		0	0	0	0
0			0	0	0	0

A&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	%
County Offices	5,045	-70	-1
<p>County Offices is predicted to underspend by £70k in 2016/17, a reduction of £84k since last month. This movement is due to £60k insurance costs in respect of Castle Court and £20k staff recharges relating to office rationalisation.</p> <p>As previously reported, an additional £36k payment was received from Study Inn due to delays in installing Pay and Display parking meters. There is a £240k in-built pressure due to the prior-year savings target for a reduction of the property portfolio. This is partly offset by a predicted underspend of £55k on the dilapidations budget, less a pressure of £18k for service and cleaning charges on vacated properties. Additional income has been received from the Castle Court lease to Study Inn (£236k), due to the 100% rental agreement having started 4 months earlier than originally expected. There is a predicted surplus of £75k on Children's Centre business rates due to actual invoices received being lower than the estimated accrual for 2015/16, a predicted underspend of £55k on the Portable Appliance Testing budget, and a £21k rebate on a four year gas contract. Other pressures include £22k spending on parking meters at Shire Hall, which will result in additional income, and a £26k pressure in respect of rates for the Ely Archive Centre.</p>			
Building Maintenance	1,099	200	18
<p>Based on expenditure to date and forecast commitments to the end of the year, it is currently estimated that Building Maintenance budgets will be overspent by £200k in 2016/17.</p>			
Property Services	706	94	13
<p>An overspend of £94k is predicted on Property Services budgets, an increase of £42k since last month. Staffing costs have been reviewed following the demerger from LGSS and this increase is due to a more realistic estimate of the agency staff required to cover vacancies. As previously reported these figures include 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	-51	-5
<p>It is forecast that the Strategic Assets budgets will underspend by £51k in 2016/17, an increase of £6k compared to last month's forecast. This underspend is largely due to management costs in relation to Housing schemes being recharged against capital (£244k). Income received from other local authorities for consultancy work (£90k), and staff vacancies (£20k) are offset by agency costs of £143k. In addition the forecast includes a contingency of £60k for the implementation of K2 at CCC and a £16k pressure due to the net effect of the Shared Services MoU for Property and Estates.</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	Expected Amount £000
Grants as per Business Plan		0
One Public Estate	Cabinet Office	190
Total Grants 2016/17		190

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	
Non-material virements (+/- £30k)	-16	
Current Budget 2016/17	4,204	

A&I APPENDIX 5 – Reserve Schedule

1. Assets and Investments Reserves

Fund Description	Balance at 31 March 2016	Movements in 2016-17	Balance at 31/12/16	Forecast Balance at 31 March 2017	Notes
	£'000	£'000	£'000	£'000	
<u>Other Earmarked Funds</u>					
Manor school site demolition costs	233	71	304	327	1
subtotal	233	71	304	327	
<u>Short Term Provisions</u>					
SPV provision	50	0	50	50	
subtotal	50	0	50	50	
SUBTOTAL	283	71	354	377	
<u>Capital Reserves</u>					
MAC - One Public Estate	230	-230	0	0	3
General Capital Receipts	0	213	213	0	2
subtotal	230	-17	213	0	
TOTAL	513	53	566	377	

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 achieved in 2016/17 will be 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	Forecast Spend - Outturn (Dec) £000	Forecast Variance - Outturn (Dec) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
550	A&I - Shire Hall Campus	765	146	495	(270)	6,209	-
	- A&I - Fenland	20	(7)	20	-	6,596	(1,115)
400	A&I - Local Plans Representations	400	96	155	(245)	4,284	-
500	A&I - County Farms Viability	500	127	450	(50)	2,604	-
600	A&I - Building Maintenance	840	105	840	-	6,025	-
20	A&I - Other Committed Projects	120	13	120	0	2,243	(237)
	- A&I - East Barnwell Community Hub	194	24	194	-	1,950	-
8,251	A&I - Renewable Energy Soham	10,225	8,706	10,225	-	10,336	-
	- A&I - Housing Schemes	1,628	1,034	1,577	(51)	197,054	-
481	A&I - MAC Market Towns Project	481	-	-	(481)	1,481	(1,481)
345	Office Portfolio Rationalisation	345	59	345	-	345	-
	- Carbon Reduction	214	14	214	-	1,673	(650)
250	Energy Efficiency Fund	250	0	250	-	1,000	-
	- Capital Programme Variations	(2,850)	-	(1,753)	1,097	-	-
11,397	TOTAL	13,132	10,317	13,132	0	241,800	(3,483)

Previously Reported Exceptions

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

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 is expected to deliver a total scheme underspend of £0.65m. This work is expected to be completed in 2016/17.

The Renewable Energy Soham scheme has been revised to incorporate increased costs due to currency changes re solar panels (£400k) and additional grid connection costs (£120k).

The following housing scheme budgets have been rephased, as the schemes have progressed to the planning application stage in advance of the original schedule. Funding has been brought forward from 2017/18 into 2016/17 as detailed below and this will not affect the total scheme costs.

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
	185

The budgets for building maintenance costs at Shire Hall and other County Council sites have been revised due to 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 is already fully allocated as shown below. This additional funding relates to prudential borrowing, however this will not have a significant impact on the Debt Charges budget.

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	

Additional funding of £700k in 2016/17 has been agreed for the Soham Eastern Gateway Pratt St Access Road Phase 1 works. This includes 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 will be funded by prudential borrowing but is part of a larger housing scheme for which the County Council would receive income in the future.

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 is forecast. This scheme has been superseded by the new Housing budget which has been 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 has also impacted on the associated ring-fenced capital receipt generation, resulting in reduced funding of £0.4m.

The East Barnwell project requires rephasing, as increased resourcing has brought forward work on the project into 2016/17, in advance of the original schedule. Funding of £194k has been brought forward from the Housing budget for 2017/18 to cover the estimated costs in 2016/17; this will not affect the total scheme costs.

The Local Plans – Representations budget is forecast to underspend by £245k. This is partly due to the establishment of the Housing budget and improved management of the point at which projects are transferred from the Local Plans – Representations budget into the Housing budget. Current year costs have been reviewed to ensure that all schemes are charged to Housing once they reach the planning application stage.

Due to the phasing of projects, the above underspend is currently offset by an overspend on the Housing budget in 2016/17. A number of projects which form part of the Business Planning proposals for Housing Schemes in 2017/18 have progressed to the planning application stage in advance of the original schedule, with forecast expenditure of £235k in 2016/17. In addition, it is expected that management costs of £240k will be chargeable to the Housing project in 2016/17; this includes costs relating to staff time spent on Local Plans – Representations. The expected costs for 2016/17 are detailed below:

	£000
Belsar Farm – Willingham	55
Soham Northern Gateway	100
Clear Farm, Bassingbourn	70
Wicken, Housing Allocation	30
Management costs	<u>240</u>
	495

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	Forecast Spend Outturn (Dec) £000	Forecast Funding Variance Outturn (Dec) £000
10,268	Capital Receipts	A&I	10,268	3,895	(6,373)
1,129	Prudential Borrowing	A&I	2,864	9,237	6,373
11,397	TOTAL		13,132	13,132	0

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 start to be 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.

As previously reported, capital receipts estimates were reduced by a total of £5.9m to reflect latest estimates for sales expected with high probability in 2016/17. This has resulted in an increase in the expected requirement for public borrowing of the same amount.

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	↑	