

**Commercial and Investment****Finance and Performance Report – July 2017****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

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

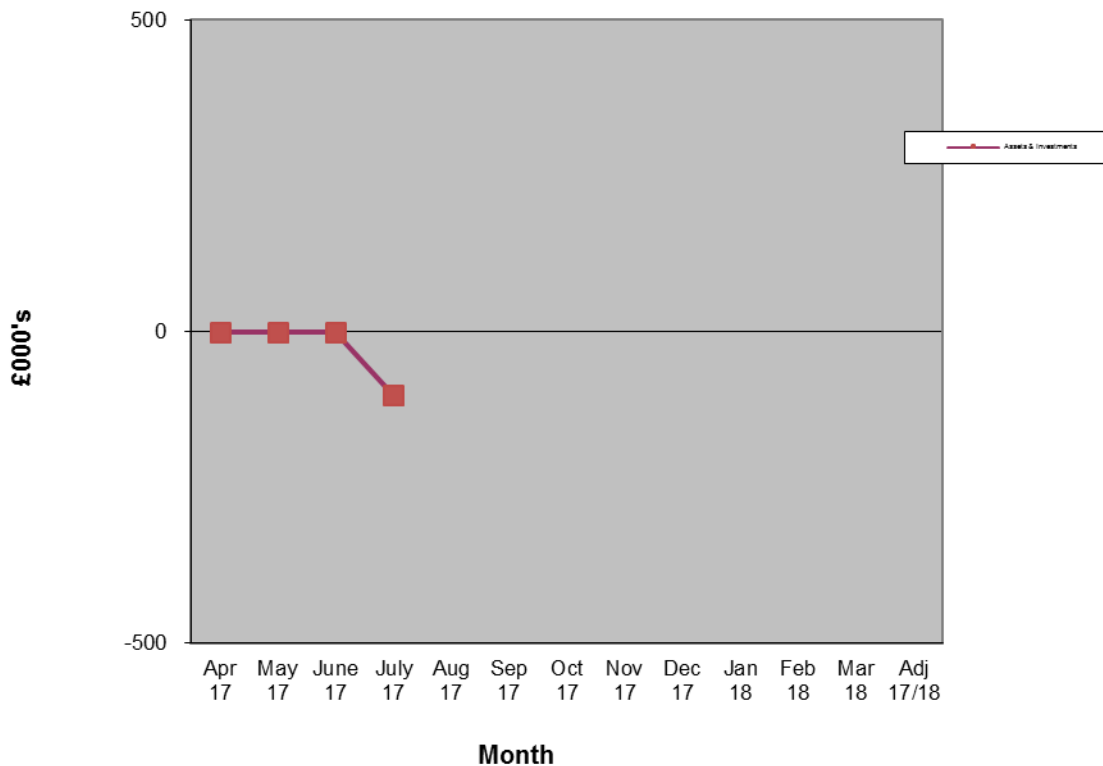
Original Budget as per BP <sup>1</sup>	Directorate	Current Budget	Forecast Variance - Outturn (June)	Forecast Variance - Outturn (July)	Forecast Variance - Outturn (July)	Current Status	DoT
£000		£000	£000	£000	%		
2,702	Commercial & Investment	2,356	0	-101	-4	Green	↑
<b>2,702</b>	<b>Total</b>	<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</b>		

<sup>1</sup> 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 Committee for July can be found in [C&I appendix 1](#).

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

## Commercial & Investment - Outturn 2017/18



### 2.2 Significant Issues – Commercial and Investment

- Commercial and Investment Committee is currently predicting an underspend of £101k at year-end, compared to a predicted break-even position as reported last month.
- County Offices budgets are forecast to underspend by £450k at year-end. 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 leasing of the Castle Court office building to a student accommodation provider.
- 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 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.

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

The following items above the de minimis reporting limit were recorded during July 2017.

<b>Grant</b>	<b>Awarding Body</b>	<b>Expected Amount £</b>
One Public Estate	Cabinet Office	260,000
Non-material grants (+/- £30k)		0

A full list of additional grant income for Commercial and Investment Committee 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 this month to reflect changes in responsibilities:

	<b>£</b>	<b>Notes</b>
Transfer from C&I to LGSS Cambridge	-349,000	Transfer of budget re LGSS savings following Property demerger
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**

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

#### **3.2 Capital Expenditure and Funding**

##### Expenditure

- Commercial and Investment Committee has a capital budget of £116m in 2017/18 and there is £1.0m spend to date. It is currently expected that the programme will be in balance at year-end, and there will be £0 total scheme variances over the lifetime of the schemes.
- The Commercial and Investment capital programme budget has been reduced by £250k, due to the removal of the Energy Efficiency Fund budget, which has transferred to Economy, Transport and Environment Committee.
- The Sawston Community Hub scheme has transferred from LGSS Managed to Commercial & Investment. It has a budget of £1.4m; 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).

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.

General Purposes Committee will be asked to approve the revised budget of £1.502m at its meeting on 19<sup>th</sup> September. This revision will mean an increase of £193k to the Prudential Borrowing requirement.

##### Funding

- Commercial and Investment Committee has capital funding of £116m in 2017/18.

- As reported above, the Energy Efficiency Fund budget of £250k has transferred to Economy, Transport and Environment Committee, therefore the Commercial and Investment Committee borrowing requirement has reduced by this amount.
- As reported above, the Sawston Community Hub scheme has transferred to the Commercial & Investment Committee. It has an approved budget of £1.2m. Prudential Borrowing and General Purposes Committee has been asked to approve an increase of £193k in budget for the scheme, which will result in an increased borrowing requirement of this amount.
- As reported above, the programme budget is expected to be in balance at year-end, with the expectation that this funding will continue to be required in line with the revised budget proposals.

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 Investments for July 2017 is not currently available.

## A&I APPENDIX 1 – Commercial and Investment Budgetary Control Report

The variances to the end of July 2017 for Commercial and Investment are as follows:

Original Budget as per BP £000	Service	Current Budget for 2017/18 £000	Forecast Variance - Outturn (June) £000	Forecast Variance - Outturn (July) £000	Forecast Variance - Outturn (July) %
<u>Commercial &amp; Investment</u>					
1,111	Building Maintenance	1,111	0	0	0
-4,404	County Farms	-4,404	0	0	0
4,500	County Offices	4,568	0	-450	-10
718	Property Services	521	0	0	0
22	Property Compliance	106	0	0	0
-11	Capital Team	0	0	0	0
766	Strategic Assets	713	0	349	49
0	Grant Income	-260	0	0	0
<b>2,702</b>		<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</b>
<b>2,702</b>	<b>COMMERCIAL &amp; INVESTMENT TOTAL</b>	<b>2,356</b>	<b>0</b>	<b>-101</b>	<b>-4</b>
 <b>MEMORANDUM - Grant Income</b>					
0	One Public Estate Grant	-260	0	0	0
<b>0</b>		<b>-260</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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	%
<b>County Offices</b>	<b>4,568</b>	<b>-450</b>	<b>-10</b>
County Offices budgets are forecast to underspend by £450k at year-end. 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.			
<b>Strategic Assets</b>	<b>713</b>	<b>349</b>	<b>49</b>
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 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.			

### C&I APPENDIX 3 – Grant Income Analysis

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

<b>Grant</b>	<b>Awarding Body</b>	<b>Expected Amount £000</b>
<b>Grants as per Business Plan</b>		0
One Public Estate	Cabinet Office	260
<b>Total Grants 2017/18</b>		<b>260</b>

### C&I APPENDIX 4 – Virements and Budget Reconciliation

	<b>£000</b>	<b>Notes</b>
<b>Budget as per Business Plan</b>	<b>2,702</b>	
Business Plan adjustments	44	
Transfer of Apprenticeship Levy from CS to C&I	6	
Transfer of Energy Team from C&I to ETE	-58	
Transfer of LGSS savings from C&I to LGSS Cambridge Office	-349	
Non-material virements (+/- £30k)	11	
<b>Current Budget 2017/18</b>	<b>2,356</b>	



## C&I APPENDIX 5 – Reserve Schedule

### 1. Commercial and Investments Reserves

Fund Description	Balance at 31 March 2017	Movements in 2017/18	Balance as at 31 July 2017	Forecast Balance at 31 July 2017	Notes
	£'000	£'000	£'000	£'000	
<b>Other Earmarked Funds</b>					
Manor school site demolition costs	362	26	389	389	1
subtotal	362	26	389	389	
<b>Short Term Provisions</b>					
SPV provision	24	0	24	24	
subtotal	24	0	24	24	
<b>SUBTOTAL</b>	<b>386</b>	<b>26</b>	<b>413</b>	<b>413</b>	
<b>Capital Reserves</b>					
General Capital Receipts	0	3,072	3,072	0	2
subtotal	0	3,072	3,072	0	
<b>TOTAL</b>	<b>386</b>	<b>3,098</b>	<b>3,485</b>	<b>413</b>	

#### 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 will be used to fund the capital programme at year-end.

## C&I APPENDIX 6 – Capital Expenditure and Funding

### Capital Expenditure

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
550	Shire Hall Campus	550	192	550	-	5,502	-
350	Local Plans Representations	350	101	350	-	3,902	-
500	County Farms Viability	621	139	621	-	3,353	-
600	A&I - Building Maintenance	600	204	600	-	5,579	-
-	Other Committed Projects	20	1	20	-	225	-
-	Renewable Energy Soham	775	1	775	-	9,994	-
113,476	Housing Schemes	112,209	385	112,209	-	183,226	-
482	MAC Joint Highways Project	482	-	482	-	5,198	-
-	Office Portfolio Rationalisation	200	4	200	-	345	-
1,068	Sawston Community Hub	1,401	9	1,401	-	1,502	-
(550)	Capital Programme Variations	(1,000)	-	(1,000)	-	(767)	-
<b>116,476</b>	<b>TOTAL</b>	<b>116,208</b>	<b>1,035</b>	<b>116,208</b>	-	<b>218,059</b>	-

### Previously Reported Exceptions

As previously reported the capital programme figures include a revised Capital Programme Variations target, which effectively reduces the programme budget. This budget is forecast to be fully achieved at this stage, but as forecast underspends start to be reported, these will be 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.

The Housing Scheme budgets reflect the proposals included in the Business Plan 2017/18. The CHIC financial model is currently under review and any changes will be reported when further information becomes available.

## Capital Funding

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 (July) £000	Forecast Outturn Funding Variance (July) £000
81,583	Capital Receipts	81,583	81,583	-
33,825	Prudential Borrowing	34,625	34,625	-
<b>115,408</b>	<b>TOTAL</b>	<b>116,208</b>	<b>116,208</b>	-

## Previously Reported Exceptions

As previously reported, the capital programme budget incorporates the following funding adjustments:

- £1.1m funding for schemes carried-forward from 2016/17.
- A reduction of £1.3m in respect of Housing Scheme funding which was brought forward from 2017/18 to fund expenditure in 2016/17.
- £133k increase in the Capital Variation budget.

Commercial and Investment Committee was asked to approve the carry forward of funding from 2016/17 into 2017/18 for the following schemes:

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	

The Capital Programme Variations target included in the Business Plan was updated based on 2016/17 slippage and to allow for other funding sources in addition to borrowing.

The Capital Programme variation target reduces the overall capital budget, resulting in a reduced funding requirement.