

**Corporate Services and LGSS Cambridge Office****Finance and Performance Report – Interim March 2014****Spend to the end of March 2014****Overall Position**

The current year-end forecast for the Corporate Services and LGSS Cambridge Office is an underspend of £4.083m.

<b>Previous Outturn Variance</b>	<b>Service</b>	<b>Annual Budget</b>	<b>Current Outturn Variance Prediction</b>	<b>Current Outturn Variance Prediction</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>%</b>
-184	Corporate Services	7,244	-381	-5
-208	LGSS Managed	7,990	-263	-3
-2,350	Financing Costs	35,204	-2,440	-7
<b>-2,743</b>	<b>Sub Total</b>	<b>50,438</b>	<b>-3,084</b>	
-884	LGSS Cambridge Office	11,918	-999	-8
<b>-3,626</b>	<b>Total</b>	<b>62,357</b>	<b>-4,083</b>	

**1. Corporate Services**

Corporate Services is expecting an underspend of -£381k. This includes an underspend of -£350k in Business Transformation due to: in-year salary savings as a result of an inability to recruit to posts across all teams (-£140k); subsequent slippage on project delivery resulting in an underspend of -£184k against the Digital by Default investment; and a -£26k underspend on Courier Services as the result of retendering. There is an underspend of -£104k on the Corporate Director budget due to salary savings and efficiencies on the HealthWatch contract.

These underspends have been partially offset by the £199k shortfall against the Employment Review savings target for 2013/14, which is included within Corporate Services for reporting purposes.

**2. LGSS Managed**

LGSS Managed is expecting an underspend of -£263k. There is an underspend of -£173k on the Cambridgeshire Public Sector Network (CPSN) budget following repayment of the capital investment in VoIP telephony and utilisation of capital budgets to fund further CPSN developments. County Farms is expecting an additional surplus of -£307k from increased rental income and there is an underspend of -£246k on the Capital Receipts Expenses budget following a change in policy whereby the costs incurred in disposing of an asset will be offset against the generated receipt. There is an estimated underspend of -£500k on the Insurance budget as a result of on-going work to minimise the cost of internal provision and significant savings on external insurances. There is an underspend

of -£112k on the External Audit Fees budget due to a reduction in the External Audit scale fees and transferring the cost of auditing the Pension Fund to the Fund directly.

These underspends have been partially offset by an overspend of £939k on County Offices. This is due to failure to reduce the County's property portfolio in line with the £736k savings target allocated in the Business Plan and a net pressure of £203k resulting from business rates costs for the vacant Black Horse House wing of Castle Court (£79k); estimated dilapidation costs from vacating two leased properties (£65k); and an overspend of £59k on utilities across the portfolio. The difficulties being experienced in reducing the property portfolio have also resulted in a £108k overspend on the Building Maintenance budget.

### **3. Financing Costs**

The Guided Busway receipt of £33m, which was forecast to come in 2014/15, was received on 30<sup>th</sup> January 2014. In addition, the projected Capital Financing Requirement (CFR) as at 31st March 2014 has fallen since the budget was set in February 2013, which is due to slippage in the capital programme. As a result, the Council's need to borrow has reduced and the decision to undertake long term borrowing was deferred until 2014/15 and following the refresh of the Business Plan.

This, together with other small variances in the Debt Charges budget (including recalculation of the Minimum Revenue Provision) generated savings of £2.440m, an increase of £90k since February. There may be a small movement on the Debt Charges budget between now and the year-end once all technical year-end adjustments have been made. The risk is to the upside, so the forecast underspend may increase marginally.

### **4. LGSS Cambridge Office**

LGSS Cambridge Office is expecting an underspend of -£999k, after equalisation.

Central Management has an overspend of £180k. This is primarily due to the expected year-end equalisation payment of £168k from Cambridgeshire to Northamptonshire County Council.

Finance has an underspend of -£171k. This is due to salary underspends and additional income generation across the Directorate.

People, Transformation & Transactions is showing an underspend of -£502k. This includes underspends in HR Policy & Strategy (-£108k), HR Business Partners (-£199k), Transactional Services (-£127k) and LGSS Programme Team (-£96k) resulting from in-year vacancies and additional savings from ad-hoc budgets.

Law and Governance is showing an underspend of -£340k. The Legal Services team are forecasting an over-achievement of -£180k against their income target due to the team providing more operational hours support than the budgeted target, and there is a net underspend of £160k from vacancies across the Directorate.

IT Services is expecting an underspend of £166k due to in-year vacancies following the restructure of the Directorate, savings on contractor spend and income generation above budgeted levels.

Feb 14 Outturn			Budget for		Forecast	
Forecast			2013-14		Outturn Variance	
£000	%	Service	£000	£000	%	
<u>Corporate Services</u>						
-56	-5	Corporate Director	1,038	-104	-10	
-226	-7	Business Transformation	3,073	-350	-11	
-43	-9	Chief Executive's Office	465	-48	-10	
-18	-1	Communications & Community Engagement	1,442	-32	-2	
0	0	Elections	413	0	0	
-40	-4	Redundancy, Pensions & Injury	1,012	-45	-4	
199	100	Employment Review	-199	199	100	
<b>-184</b>	<b>-2</b>		<b>7,244</b>	<b>-381</b>	<b>-5</b>	
<u>LGSS Managed</u>						
147	13	Building Maintenance	1,087	108	10	
-173	-15	Cambridgeshire Public Sector Network	1,164	-173	-15	
-246	-100	Capital Receipts Expenses	246	-246	-100	
37	42	Carbon Trading	88	37	42	
-307	-12	County Farms	-2,457	-307	-13	
939	18	County Offices	5,206	939	18	
0	0	Display Energy Certificates	6	0	0	
-90	-72	Effective Property Asset Management	125	-90	-72	
-95	-40	External Audit	240	-112	-47	
-500	-26	Insurance	13	-500	-3997	
32	3	IT Managed	1,215	32	3	
-57	-6	Members' Allowances	978	-57	-6	
93	0	OWD Managed	0	93	0	
-24	0	Procurement Managed	0	-24	0	
-12	-9	Subscriptions	132	-12	-9	
0	0	Transformation Fund	0	0	0	
49	93	Authority-wide Miscellaneous	-53	49	93	
<b>-208</b>	<b>-2</b>		<b>7,990</b>	<b>-263</b>	<b>-3</b>	
<u>Financing Costs</u>						
-2,350	-7	Debt Charges and Interest	35,204	-2,440	-7	
<b>-2,743</b>	<b>-5</b>	<b>CORPORATE SERVICES TOTAL</b>	<b>50,438</b>	<b>-3,084</b>	<b>-6</b>	

Feb 14 Outturn			Budget for		Forecast	
Forecast			2013-14		Outturn Variance	
£000	%	Service	£000	£000	%	
<b><u>LGSS Cambridge Office</u></b>						
<u>Central Management</u>						
-37	-9	Service Assurance	403	-65	-16	
77	1	Trading	-7,575	77	1	
118	11	LGSS Equalisation	-1,063	168	16	
<b>158</b>	<b>-2</b>		<b>-8,236</b>	<b>180</b>	<b>-2</b>	
<u>Finance</u>						
-111	-11	Chief Finance Officer	993	-111	-11	
1	3	Strategic Finance	29	1	3	
0	0	Strategic Asset Management	651	0	0	
-12	-2	CF, ETE, CS & LGSS Finance	679	-12	-2	
-35	-2	CFA Finance	1,477	-35	-2	
-14	-40	Pensions Service	36	-14	-40	
<b>-171</b>	<b>-4</b>		<b>3,865</b>	<b>-171</b>	<b>-4</b>	
<u>People, Transformation &amp; Transactional</u>						
0	0	Director of People, Transformation & Transactional	200	0	0	
-180	-16	HR Business Partners	1,148	-199	-17	
-82	-14	HR Policy & Strategy	568	-108	-19	
-96	-4	LGSS Programme Team	2,219	-96	-4	
28	4	Organisational & Workforce Development	657	28	4	
0	0	Revenues and Benefits	2,393	0	0	
-127	-8	Transactional Services	1,566	-127	-8	
<b>-457</b>	<b>-5</b>		<b>8,750</b>	<b>-502</b>	<b>-6</b>	
<u>Law, Property &amp; Governance</u>						
-67	-8	Audit & Risk Management	890	-67	-8	
-44	-9	Democratic & Scrutiny Services	490	-47	-10	
-180	-143	Legal Services	-126	-180	-143	
-32	-8	Procurement	396	-79	-20	
60	8	Property Operations & Delivery	745	33	4	
<b>-263</b>	<b>-11</b>		<b>2,395</b>	<b>-340</b>	<b>-14</b>	
<b>-151</b>	<b>-3</b>	<u>IT Services</u>	5,145	-166	-3	
<b>-884</b>	<b>-7</b>	<b>Total LGSS Cambridge Office</b>	<b>11,918</b>	<b>-999</b>	<b>-8</b>	

**Corporate Services & LGSS Managed Capital Expenditure**

<b>Corporate Services &amp; LGSS Managed Capital Programme</b>	<b>Total Scheme Budget</b>	<b>2013/14 Capital Budget</b>	<b>Actual expenditure to end of Mar 14</b>	<b>Forecast outturn 2013/14 at Mar 14</b>	<b>Variance 2013/14 at the end of Mar 14</b>	<b>Total Scheme Variance</b>
<b>Corporate Services</b>						
Electronic Record Management	300	157	2	50	(107)	-
Other Schemes	40	30	-	-	(30)	-
	<b>340</b>	<b>187</b>	<b>2</b>	<b>50</b>	<b>(137)</b>	-
<b>LGSS Managed</b>						
EPAM - Shire Hall Campus	6,824	1,103	587	603	(500)	-
EPAM - Fenland	6,596	1,524	197	597	(927)	(927)
EPAM - Reps for Local Plans	1,129	666	85	85	(581)	-
EPAM - County Farms Viability	4,405	714	679	715	1	-
EPAM - Building Maintenance	6,322	288	889	788	500	500
EPAM - Community Hubs	2,845	1,450	31	100	(1,350)	-
EPAM - General Programme Activity	655	48	21	21	(27)	(267)
EPAM - Other Projects	28,611	2,338	214	867	(1,471)	(1,227)
Blackwell Travellers Site	894	31	22	22	(9)	-
Locality Offices	767	91	30	30	(61)	(61)
Carbon Reduction	2,000	1,215	76	131	(1,084)	-
Fire Compartment Surveys & Implementation	567	186	46	86	(100)	-
IT Infrastructure Refresh	838	252	288	252	-	-
IT Infrastructure Investment	3,300	650	213	262	(388)	-
CPSN	5,500	487	(22)	115	(372)	-
Thin Client / Rationalisation of Applications	2,000	1,000	-	-	(1,000)	-
California Road	1,405	1,405	1,405	1,405	-	-
Other Schemes	1,888	668	222	242	(426)	(102)
	<b>76,546</b>	<b>14,116</b>	<b>4,983</b>	<b>6,322</b>	<b>(7,794)</b>	<b>(2,084)</b>
	<b>76,886</b>	<b>14,303</b>	<b>4,984</b>	<b>6,372</b>	<b>(7,931)</b>	<b>(2,084)</b>

Corporate Services and LGSS Managed have a combined capital budget in 2013/14 of £14.3m; there is spend to date of £5m. It is currently expected that the programme will underspend by £7.9m at year-end, and the total scheme variances will amount to £2.1m underspend across the programme.

The Shire Hall Campus budget for 2013/14 includes £0.5m for Black Horse House remedial works. This work has been delayed and as such this funding will need to be carried forward into 2014/15.

Construction work on Awdry House has been completed and services have moved in. The final account for construction is due to be agreed shortly and it is currently expected that the scheme will underspend by £0.9m.

There is an in-year underspend of £0.6m on Representations for Local Plans. Funding will need to be carried forward into 2014/15 as some significant costs from the existing work programme are expected to fall due in the new financial year.

The Effective Property Asset Management (EPAM) Community Hubs scheme is forecasting an in-year underspend of £1.35m. The originally planned programme of works has been reviewed and the scheme has been split into three separate proposals as part of the Business Planning process to better reflect proposed activity.

The EPAM - Other Projects scheme is showing a current year underspend of £1.5m due to slippage on bringing new projects to business case stage. This scheme has been re-evaluated during Business Planning and will come to an end once existing commitments have been met. A number of new schemes have

been approved within the 2014/15 Business Plan which will supersede future years spend on this scheme.

The in-year underspend of £1.1m on the Carbon Reduction scheme reflects expenditure forecast on projects identified to date. This does not reflect a reduction in total scheme costs.

The Thin Client / Rationalisation of Applications scheme is forecasting an in-year underspend of £1m due to delays in implementation. The scheme has been reviewed as part of the Business Planning process.

These underspends are partially offset by a forecast overspend of £0.6m on EPAM Building Maintenance. The difficulties being experienced in reducing the property portfolio in line with the Business Plan have resulted in an additional pressure on the capital building maintenance budget. It is currently estimated that the original budget will be exceeded by approximately £0.6m, but that this will be managed in-year within the overall EPAM budget, as slippage on other schemes will generate an underspend. However, it is possible that this could become a greater issue in future years and officers are currently undertaking a re-forecast of future needs.

### **LGSS Cambridge Office Managed Capital Expenditure**

LGSS Cambridge Office Capital Programme	Total Scheme Budget	2013/14 Capital Budget	Actual expenditure to end of Mar 14	Forecast outturn 2013/14 at Mar 14	Variance 2013/14 at the end of Mar 14	Total Scheme Variance
R12 Convergence	600	600	-	211	(389)	-
Other Schemes	315	118	-	118	-	-
	<b>915</b>	<b>718</b>	-	<b>329</b>	<b>(389)</b>	-

LGSS Cambridge Office has a capital budget for 2013/14 of £0.7m, and no spend has been incurred to date. It is currently expected to spend £0.3m by year-end, delivering an underspend of £0.4m at year-end. This is due to a delay in progressing work to install a converged financial reporting tool across LGSS and does not represent a reduction in total scheme cost.