

Commercial and Investment**Finance and Performance Report – December 2018****1. SUMMARY****1.1 Finance**

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

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

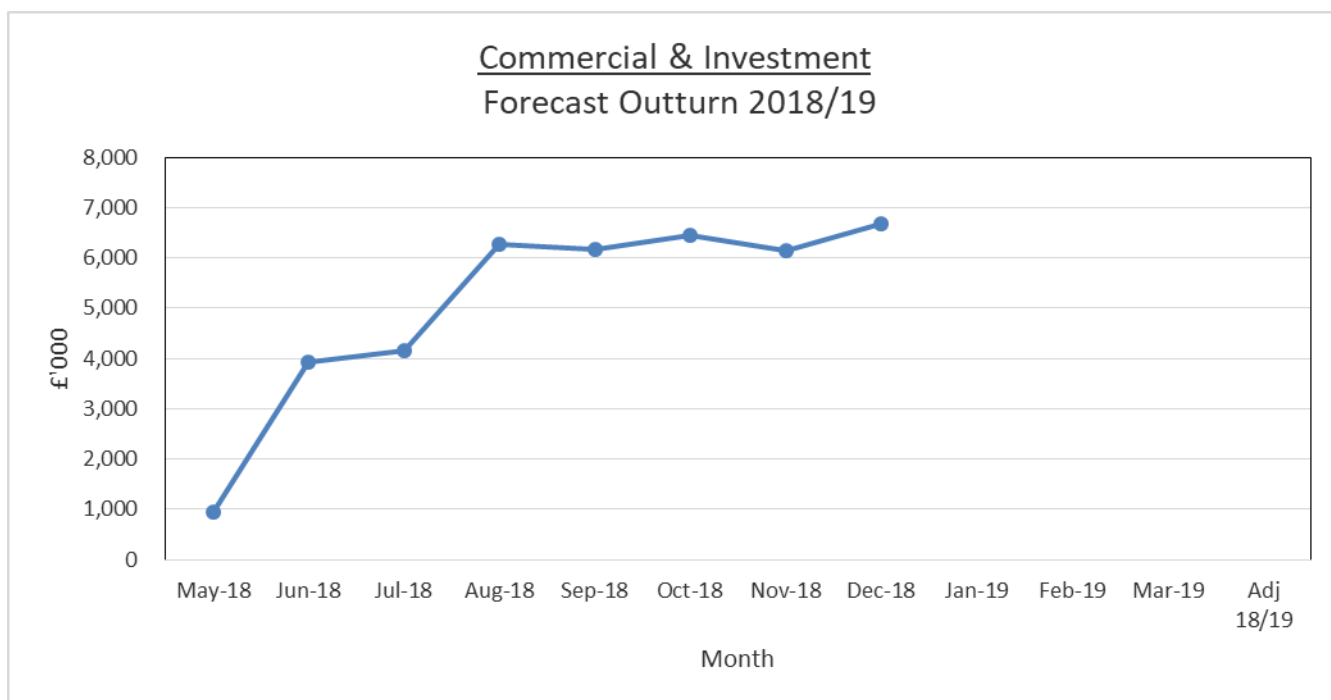
To ensure financial information is presented in a consistent way to all Committees a standardised format has now been applied to the summary tables and service level budgetary control reports included in each F&PR. The same format is also applied to the Integrated Resources and Performance Report (IRPR) presented to General Purposes Committee (GPC). The data shown provides the key information required to assess the financial position of the service and provide comparison to the previous month.

Outturn Variance (Nov) £000	Directorate	Budget £000	Actual £000	Outturn Variance (Dec) £000	Outturn Variance (Dec) %
4,421	Commercial Activity	-9,536	-393	4,762	49.9%
-89	Property Services	6,037	5,232	0	0.0%
-44	Strategic Assets	-4,098	-2,865	-41	1.0%
1,847	Traded Services	-1,200	919	2,037	169.7%
6,135	Total	-8,797	2,892	6,758	76.8%

Commercial and Investment (C&I) has a negative budget as it has an income target for 2019-20 of -£8,797k. As such, the outturn variance of £6,758k means that C&I is expecting to achieve a net income position of -£2,039k by year-end.

The service level budgetary control report for Commercial and Investment for December 2018 can be found in [C&I Annex 1](#).

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



2.2 Significant Issues – Commercial and Investment

At the end of December 2018, Commercial and Investment is forecasting an underachievement of income of £6.8m in 2018/19. This represents an increase of £539k from the previous forecast, due to increases in the forecasts for Housing Investment, Building Maintenance and Cambridgeshire Music.

Commercial Activity

At the end of December 2018 Housing Investment (This Land Company) is forecasting an underachievement of income of £2.5m, which is an increase of £430k from the previous forecast. The underachievement of income on this budget is largely due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Loan values are therefore constrained by the value of property at point of disposal, alongside ensuring the Council has sufficient collateral as lender.

However, expectations of interest receivable also continue to be remodelled and reprofiled based on loans advanced and loans still to be negotiated. A bridging loan to This Land has recently been agreed; a construction loan and a loan for Cottenham, Rampton Rd remain subject to negotiation. As such, the timescales for completing these have been revised. In addition, there was initially an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.

At the end of December 2018 Commercial Activity Financing is forecasting an underspend of £989k, which is an increase of £89k from the previous forecast. This represents the apportionment of an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan.

Building Maintenance

At the end of December 2018 Building Maintenance is forecasting an overspend of £293k, which is an increase of £125k from the previous forecast. This is mainly due to additional reactive work required in the year on repairs to buildings, particularly in the area of electrics and mechanicals (e.g. boilers). This work is required to ensure that corporate buildings are compliant with required standards.

Traded Services

At the end of December 2018 Cambridgeshire Music is forecasting an overspend of £170k, which is an increase of £170k from the previous forecast. Sales predictions for the academic year beginning September 2018 have been lower than initially anticipated. The service is continuing to analyse expenditure and income commitment to further mitigate the current deficit position. The service is also looking at the possibility to develop additional work streams within current staff capacity without increasing overheads. This will be pursued in January once schools return.

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

No new items were recorded during December 2018.

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

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

No new items were recorded during December 2018.

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

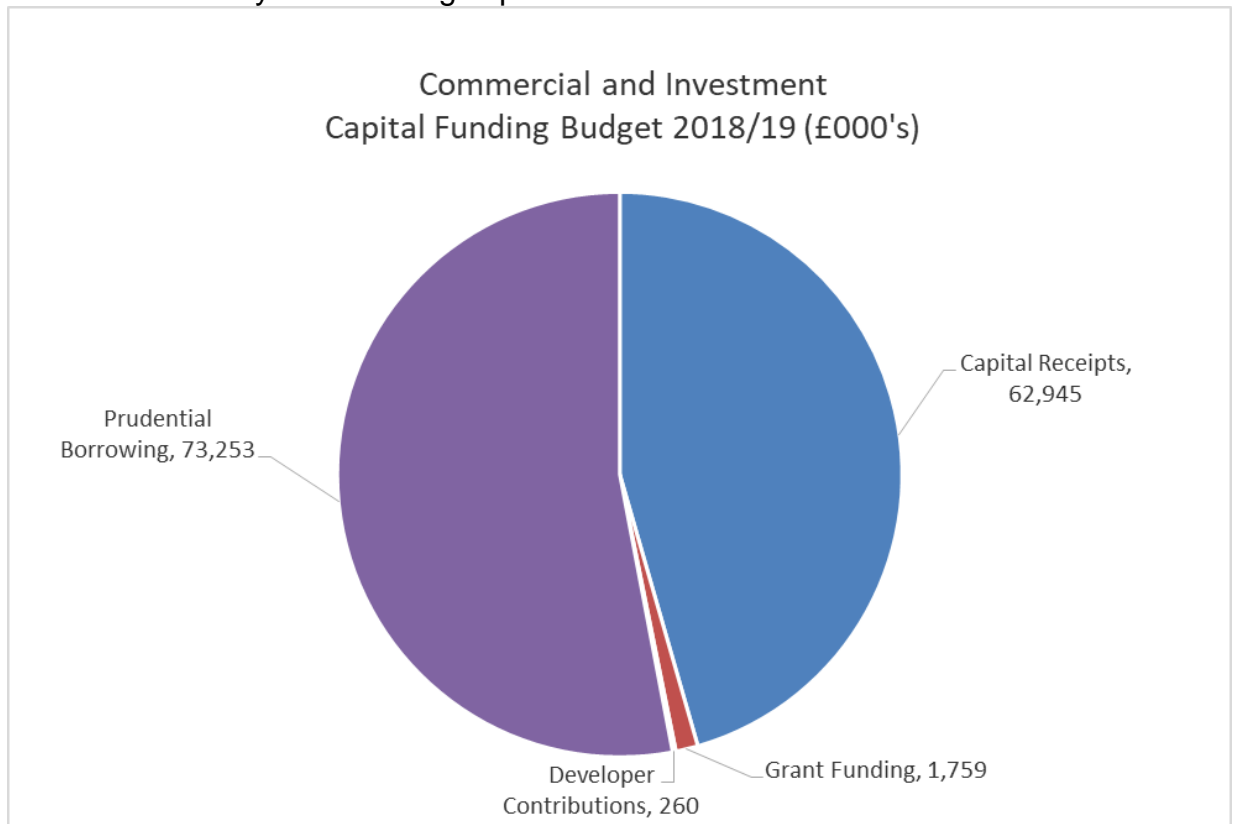
3. BALANCE SHEET

3.1 Reserves

The Commercial and Investment reserves contain various earmarked reserves and funds held for specific purposes, and capital reserves. The schedule of these reserves can be found in [C&I Annex 5](#).

3.2 Capital Expenditure and Funding

Commercial and Investment Committee has a capital budget of £138m in 2018/19, which is funded by the following capital resources:



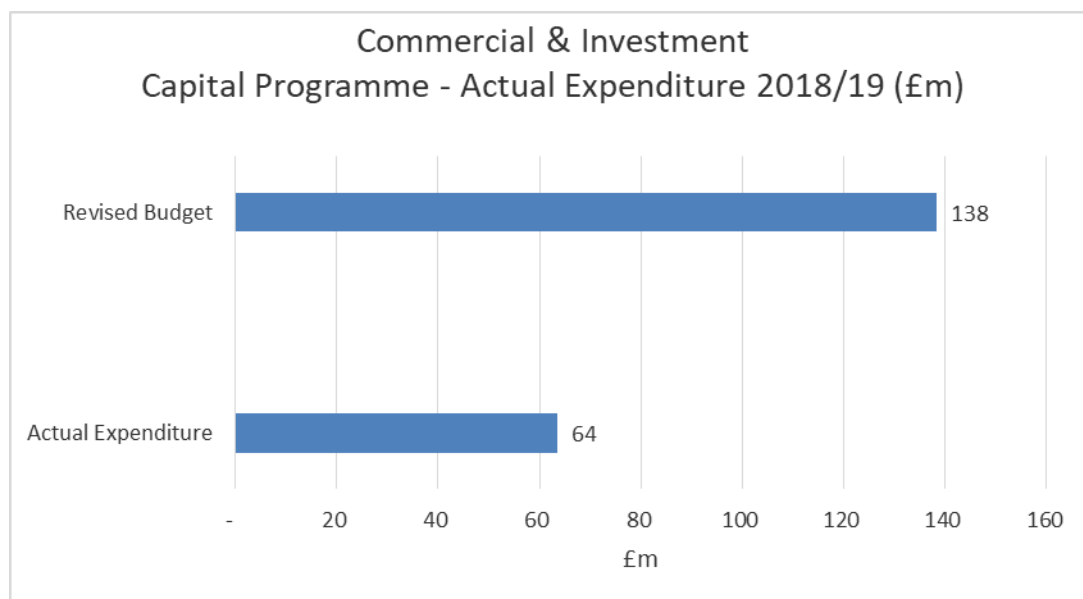
3.3 Variations Budget

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 (December) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Forecast Variance - Outturn (December) £000
C&I	-33,805	-50,734	-33,805	100%	-16,929

3.4 Expenditure

Commercial and Investment Committee has expenditure of £64m to date on the Capital Programme, against a revised budget of £138m:



An in-year variance of £50.1m is predicted, which exceeds the Capital Programme Variations budget of £33.8m. Therefore there is a forecast underspend of £16.9m on the capital programme for 2018/19. Total scheme variances of £147k underspent are expected over the lifetime of the schemes.

Commercial Activity

Housing Schemes are forecasting an underspend of £9.7m in 2018/19. As with the revenue budget, this reflects the level of progress through the planning system (and therefore the value of loans to be issued). There was an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.

3.5 Funding

Commercial and Investment Committee has capital funding of £138m in 2018/19.

The forecast for use of Capital Receipts has increased by £4.0m. This is to show the expenditure on Housing Schemes in relation to equity being funded from This Land Capital Receipts, rather than borrowing.

A revised forecast for General Capital Receipts has been produced based on both expected sales of land in 2018/19 (outside of the This Land sales) and the revised call on the use of capital receipts to fund transformational activity in both People & Communities and Corporate Services (under the Flexible Use of Capital Receipts direction). This has reduced the amount of capital receipts funding available to fund the general C&I programme by £2.5m.

It is now forecast that a total of £44.3m of Capital Receipts will be available to fund the C&I capital programme. This is a net increase of £1.5m from the previous

forecast and will therefore reduce the prudential borrowing requirement by that amount.

A detailed explanation of the position for Commercial and Investment Committee can be found in [C&I Annex 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. Relevant indicators are in the process of being established in conjunction with committee and in line with the development of the Council's Commercial Strategy; once these are in place, exceptions will be reported against these.

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

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

Forecast Outturn Variance (Nov)		Budget 2018/19	Actual Dec 2018	Forecast Outturn Variance	
£000's		£000's	£000's	£000's	%
Commercial Activity					
3,450	Commercial Property Investments	-4,900	210	3,450	70%
-169	Shareholder Company Dividends	-290	-526	-169	-58%
2,040	Housing Investment (This Land Company)	-4,346	-77	2,470	57%
-900	Commercial Activity Financing	0	0	-989	0%
4,421	Commercial Activity Total	-9,536	-393	4,762	50%
Property Services					
168	Building Maintenance	1,093	502	293	27%
-241	County Offices	4,096	4,085	-277	-7%
0	Property Services	645	554	0	0%
-16	Property Compliance	203	90	-16	-8%
-89	Property Services Total	6,037	5,232	0	0%
Strategic Assets					
10	County Farms	-4,905	-2,726	13	0%
-54	Strategic Assets	807	-139	-54	-7%
-44	Strategic Assets Total	-4,098	-2,865	-41	1%
Traded Services					
500	Traded Services - Central	-408	80	500	122%
0	ICT Service (Education)	-200	-743	0	0%
0	Professional Development Centres	-71	-85	0	0%
0	Cambridgeshire Music	5	547	170	3227%
147	Outdoor Education (includes Grafham Water)	-77	368	147	191%
1,200	Cambridgeshire Catering & Cleaning Services	-449	751	1,220	272%
1,847	Traded Services Total	-1,200	919	2,037	170%
6,135	Total	-8,797	2,892	6,758	77%

C&I ANNEX 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	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
Commercial Property Investments	-4,900	-1,450	3,450	70%
<p>Commercial Investments is forecasting an underachievement of income of £3.5m at year end. There has been a commercial acquisition of £38m, however the expected income for the remainder of the year has been recalculated on the assumption of no further acquisitions in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured.</p>				
Shareholder Company Dividends	-290	-459	-169	-58%
<p>A total rebate of £459k is due to be received from ESPO, which exceeds the £200k budgeted for income from ESPO. This is partially offset by the budget for a dividend from LGSS Law which will not be received.</p>				
Housing Investment (This Land Company)	-4,346	-1,876	2,470	57%
<p>An underachievement of income of £2.4m is reported on Housing budgets, due to the assessed value of properties at the point of transfer to This Land, which reflects progress through the planning system (and therefore market value) to date. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender. A bridging loan to This Land has recently been agreed and a construction loan remains subject to negotiation.</p>				
Commercial Activity Financing	-	-900	-989	0%
<p>As a result of the pressures reported elsewhere in this section of the Commercial and Investment domain connected to one-off delays in the mobilisation of property acquisitions and loan advances, a review is underway to identify mitigating adjustments that this area can put forward on a one-off basis to offset the position reported until further progress is made. At this stage, favourable changes are anticipated in this way as a result of:</p> <ul style="list-style-type: none"> • A review of revenue expenditure under the Committee's purview on equipment (the ICT service). This has been funded by a replacement reserve held in revenue, however a case 				

Service	Current Budget £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000 %	
<p>could be made to charge this to capital resources available in 2018-19, in substitution for the revenue reserve, which would then be available to offer up. (£400k)</p> <ul style="list-style-type: none">• Apportioning an appropriate element of the reduced costs of borrowing, as a result of the delay in opportunities to invest/loan (£589k)				
Building Maintenance	1,093	1,386	293	27%
<p>An overspend of £293k on building maintenance is forecast due to additional unplanned maintenance costs in the year. This work is required to ensure that corporate buildings are compliant with required standards. These are partially offset by underspends in County Offices.</p>				
County Offices	4,096	3,819	-277	-7%
<p>County Offices budgets are forecast to underspend by £277k at year-end 2018/19. This is mainly due to the following favourable variances which were first reported during the last financial year:</p> <ul style="list-style-type: none">• £180k surplus following a reassessment of historic business rates liabilities for children’s centres.• £350k saving due to the reduction in rates liability for Shire Hall, £114k of which has been applied to meet the £200k savings target set for Property Services in Business Planning.• £65k saving due to The Meadows, St Ives having been vacated; this is based on the annual budget of £115k less £10k running costs and an estimate of £40k for dilapidations. <p>These are partially offset by some overspends elsewhere in the service.</p>				
Traded Services – Central	-408	92	500	122%
<p>Traded services to Schools and Parents is forecasting a £500k pressure. These services were set a stretch target as part of this year’s Business Plan in the sum of £500k. This was not allocated to any specific service lines but retained as a general target across all traded services. This target has not been delivered and no plans to achieve have been brought forward either by the services or as a result of the Outcome Focussed Reviews that have taken place.</p> <p>Moving forward, £150k of this target has been removed from the 2019-20 Business Plan – the remaining £350k is being assigned appropriately between the individual traded services.</p>				
Cambridgeshire Music	5	175	170	3,227%
<p>Sales predictions for the academic year beginning September 2018 have been lower than initially anticipated. The service is continuing to analyse expenditure and income commitment to further mitigate the current £170k deficit position. The service is also</p>				

Service	Current Budget	Forecast Outturn Actual	Forecast Outturn Variance	
	£000	£000	£000	%
looking at the possibility to develop additional work streams within current staff capacity without increasing overheads. This will be pursued in January once schools return.				
Outdoor Education	-77	70	147	191%
<p>Outdoor Education is currently reporting a £147k overspend. This is mainly a combination of an anticipated £30k under-recovery of income at Stibbington and an ongoing structural pressure of £107k at Grafham Water.</p> <p>The Grafham Water budget includes an internal loan of £95k in 2018/19 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 £42k over-recovery.</p> <p>The pressures at both centres are being addressed as part of the ongoing Outdoor Centres Outcome Focussed Review, and in-year mitigations are being sought.</p>				
Cambridgeshire Catering & Cleaning Services	-449	771	1,220	272%
<p>Cambridgeshire Cleaning and Catering Services has closed, following a decision in 2017/18 based on the long term decline in prospects for the service and an increasing cost base driven by rising salaries. As the service wound down, approximately 33% of SLAs were phased to end in August 2018, with the remainder ending in October 2018. This pressure therefore represents the non-delivery of a full-year service as well as one-off costs related to closing the service.</p>				

C&I ANNEX 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		783	
One Public Estate	Cabinet Office	515	May 18
Total Grants 2018/19		1,298	

C&I ANNEX 4 – Virements and Budget Reconciliation

	£000	Reported
Budget as per Business Plan	-8,188	
Transfer of Traded Services salary and recharge budgets to C&I	-74	May 18
Transfer of P&C ICT SLA budget to Director of Education from Head of Traded Services	-134	May 18
Transfer of ESPO dividend budget from LGSS Managed to C&I	-200	May 18
Transfer balance of Cleaning Contract saving from C&I to Corporate Services.	-26	May 18
Transfer Cleaning Contract saving from C&I to Corporate Services budgets.	-36	June 18
Rent income budget for Grand Arcade Shop transferred from Libraries.	-50	August 18
Income budget for dividend from LGSS Law transferred to CCC.	-90	October 18
Current Budget 2018/19	-8,797	

C&I ANNEX 5 – Reserve Schedule

1. Commercial and Investment Reserves

Fund Description	Balance at 31 March 2018	Movements in 2018/19	Balance at 31 December 2018	Forecast Balance at 31 March 2019	Notes
	£'000	£'000	£'000	£'000	
<u>Equipment Reserves</u>					
The ICT Service (Education)	680	-654	26	0	1
subtotal	680	-654	26	0	
<u>Other Earmarked Funds</u>					
North Cambridge Academy site demolition costs	468	105	573	573	2
Cambs Music Reserve	84	0	84	0	3
subtotal	552	105	658	573	
<u>Capital Reserves</u>					
General Capital Receipts	0	36,379	36,379	52,590	4
subtotal	0	36,379	36,379	52,590	
TOTAL	1,232	35,830	37,062	53,163	

Notes

- 1 ICT Equipment Reserve will to be used to replace critical equipment in 2018-19.
- 2 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 3 The annual reserve agreed by GPC to develop and support the Cambridgeshire Music CREATE program which will look to create new purpose-built accommodation is now being used to offset overspends in year.
- 4 General Capital Receipts received during 2018/19 will be used to fund the capital programme at year-end, whereas This Land Capital Receipts will be used for Commercial Investment and any balance held over to be used in 2019/20.

C&I ANNEX 6 – Capital Expenditure

1. Capital Expenditure Summary 2018/19

Commercial & Investment Capital Programme 2018/19						TOTAL SCHEME	
Original 2018/19 Budget as per BP £000	Scheme	Revised Budget for 2018/19 £000	Actual Spend 2018/19 £000	Forecast Spend - Outturn £000	Outturn Variance 2018/19 £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
76,000	<u>Commercial Activity</u>	76,000	39,463	40,000	(36,000)	100,000	-
43,086	Commercial Investments	85,259	23,126	75,607	(9,652)	148,172	-
119,086	Housing Schemes	161,259	62,589	115,607	(45,652)	248,172	-
-	<u>Property Services</u>						
-	Office Portfolio	184	119	184	-	345	-
600	Rationalisation	1,471	367	1,471	-	6,290	-
550	Building Maintenance	100	10	100	-	4,791	-
	Shire Hall Campus						
1,150		1,755	497	1,755	-	11,426	-
	<u>Strategic Assets</u>						
100	Local Plans	100	-	100	-	618	-
300	Representations	362	287	362	-	4,820	-
-	County Farms	117	117	117	-	9,994	(87)
-	Investment						
100	Renewable Energy	100	-	100	-	5,198	-
	Soham						
1,919	MAC Joint Highways	1,919	-	100	(1,819)	1,950	-
-	Project						
-	Community Hubs - East	2,506	13	2,506	-	16,606	-
3,330	Barnwell	3,330	-	50	(3,280)	3,645	(60)
-	Shire Hall Relocation	54	-	76	22	54	-
-	St Ives Smart Energy	30	-	25	(5)	30	-
-	Grid	62	-	62	-	147	-
-	Babraham Smart	43	-	43	-	143	-
-	Energy Grid	36	-	36	-	36	-
-	Trumpington Smart	183	-	183	-	183	-
-	Energy Grid	113	-	113	-	113	-
-	Stanground Closed	-	-	-	-	-	-
-	Landfill Energy Project						
-	Woodston Closed						
-	Landfill Energy Project						
-	North Angle Solar Farm						
-	Manor Farm, Girton						
-	house extension						
-	Marwick Centre Roof						
-	Repairs						
-	Other Committed						
-	Projects						
5,749		8,955	417	3,873	(5,082)	43,537	(147)

53	Capitalisation of Interest Budget	53	(0)	53	-	-	-
(2,764)	Capital Programme	(33,805)	-	-	33,805	(36,971)	-
	Variations Budget						
123,274	TOTAL	138,217	63,503	121,288	(16,929)	266,164	(147)

2. Reported Amendments – Capital Expenditure Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing	43,086	85,259
This reflects approval in July C&I of both the roll forward of £83m underspends from 2017/18 into 2018/19 and then subsequently in August C&I -£41.1m of rephasing to future years, to reflect the timing of investment.		
Office Rationalisation	-	184
Carry forward of £184k funding from 2017/18 into 2018/19 was approved, for work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Butts Grove, Scott House/Stanton House and Meadows closure.		
Shire Hall Building Maintenance	550	100
In July C&I Committee approved carry forward of £261k funding from 2017/18 into 2018/19, being required to support the general building maintenance programme. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget, comprising the £261k roll forward, plus a further 450k of the 2018/19 budget.		
Building Maintenance	600	1,471
The budget comprises £160k carry forward from 2017/18 into 2018/19, funding a schedule of works to maintain County Office premises to compliance standards that will not interrupt delivery of Council services. In addition to the carry forward of funds, the September C&I Committee also approved a virement of £711k from the Shire Hall Building Maintenance budget to the Countywide Building Maintenance budget. This reflects where work is required as an outcome of the conditions surveys undertaken across the whole property portfolio.		
County Farms Investment	300	362

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
C&I Committee approved carry forward of £62k funding from 2017/18 into 2018/19, to fund ongoing planned works.		
Renewable Energy - Soham	-	117
The budget comprises the carry forward of £117k funding from 2017/18 into 2018/19 to fund the retention costs for the Solar Park, which are now due to be paid in 2018/19.		
Shire Hall Relocation	-	2,506
C&I Committee agreed in November committee as part of a separate report to recommend to General Purposes Committee to approve the rephrasing of the Shire Hall Relocation budget to move £2.5m budget from 2019/20 into 2018/19. This is to be funded from prudential borrowing, and will therefore increase the prudential borrowing requirement in 2018/19 by £2.5m (and reduce it for 2019/20).		
Babraham Smart Energy Grid	-	54
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £54k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Trumpington Smart Energy Grid	-	30
Outline Business Cases for Smart Energy Grids for Trumpington and Babraham Park and Ride sites were approved by Commercial and Investment Committee in May, including support for £150k to develop the proposals. Now the proposals have been developed further, C&I Committee approved additional capital expenditure of £30k in 2018/19, funded by prudential borrowing (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
Stanground Closed Landfill Energy Project	-	62
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £62k will be spent on the Stanground project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Woodston Closed Landfill Energy Project	-	43
Outline Business Cases for Closed Landfill Energy Projects in Stanground and Woodston were approved by C&I Committee in September 2018, including support for £150k to develop the proposals. Of this, £43k will be spent on the Woodston project in 2018/19 (the remainder of the budget for 2019/20 onwards will be approved as part of the business planning process).		
North Angle Solar Farm	-	36
Commercial and Investment Committee is asked in January committee to recommend to GPC the approval of £36k of additional capital funding in 2018/19 for the North Angle Solar Farm project. This project is to construct a solar farm on 200 acres of rural estate property. It will be funded from prudential borrowing and is expected to generate a substantial revenue return. Additional budget for future years will be dealt with as part of the business planning process.		
Manor Farm, Girton house extension	-	183
Commercial and Investment Committee in December recommended to GPC the approval of £183k of additional capital funding in 2018/19 for the Manor Farm, Girton House Extension project. GPC agreed the additional funding on the 18 th December. This project is to extend the house at Manor Farm, and the tenant has agreed to pay an annual 7% improvement charge on the total cost. This project will be funded from prudential borrowing.		
Marwick Centre Roof Repairs	-	113
General Purposes Committee in November approved £113k of additional capital funding for roof repairs to the Marwick Centre. The Council owns the freehold of the Marwick Centre in March which is currently occupied by Fenland Area Community Trust (FACET), a registered charity who provide training and day care to adults with learning disabilities. Roof repairs are required to the centre following storm damage but FACET are unable to pay the full cost of the work. At the October Commercial & Investment (C&I) Committee meeting, the C&I Committee approved that in consideration for CCC paying for the roof works of £113,350 plus VAT, FACET will pay back 50% of the costs over the duration of the lease, which has approximately 21 years remaining. The 50% of the costs of the works plus interest will be recovered through an increase in the lease payment by FACET. The CCC insurers recovery team will continue to seek a claim against the original roof contractor. The scheme will be funded by prudential borrowing in the first instance.		

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Capital Programme Variations Budget	-2,764	-33,805
<p>In June Capital Programme Variations budgets were recalculated following the rephasing exercise to take account of budgets carried forward from 2017/18. The C&I Capital Programme Variations budget was adjusted by £-14m to £-16.7m. This has reduced the prudential borrowing requirement by £14m.</p> <p>The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include this, resulting in a -£17.2m budget change. The revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes.</p>		

3. Reported Amendments - Total Scheme Expenditure Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid	-	54
As reported above.		
Trumpington Smart Energy Grid	-	30
As reported above.		
Stanground Closed Landfill Energy Project	-	62
As reported above.		
Woodston Closed Landfill Energy Project	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham	-	36
As reported above.		

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Manor Farm, Girton house extension	-	183
As reported above.		
Marwick Centre Roof Repairs	-	113
As reported above.		

4. Reported Exceptions – Capital Expenditure 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments	76,000	40,000	-36,000
An underspend of £36m is forecast on Commercial Investments in 2018/19. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land.			
Housing Schemes	85,259	75,607	-9,652
The forecast expenditure on Housing Schemes reflects expected loans to be made to This Land. As with the revenue budget, this reflects the level of progress through the planning system (and therefore the value of loans to be issued). There was an expectation that within the remaining loans to be issued during 2018-19, a loan would be made with respect to overage (uplift in value) for sites that have previously been sold without planning permission. Planning permission has not yet been granted for any of these sites, therefore the revised assumption is that this loan will now not need to be made until 2019-20.			
Community Hubs – East Barnwell	1,919	100	-1,819
An underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Options for the use of this site are being assessed, and an application for planning permission is			

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
currently being made, and as a result the majority of the expenditure on this project is expected to take place in future years.			
St Ives Smart Energy Grid	3,330	50	-3,280
An underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Construction is expected to start at the end of this financial year, so the majority of the expenditure on this project will take place in future years.			

C&I ANNEX 7 – Capital Funding

1. Capital Funding Summary 2018/19

Commercial and Investment Capital Programme 2018/19				
Original 2018/19 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2018/19 £000	Forecast Spend £000	Forecast Variance £000
78,833	Capital Receipts	62,945	44,285	(18,660)
1,759	Grant Funding	1,759	-	(1,759)
260	Developer Contributions	260	-	(260)
42,422	Prudential Borrowing	73,253	77,003	3,750
123,274	TOTAL	138,217	121,288	(16,929)

2. Reported Amendments – Capital Funding Budgets 2018/19

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
Housing – Prudential Borrowing	43,086	85,259
As reported above.		
Office Rationalisation – Prudential Borrowing	-	184
As reported above.		
Shire Hall Building Maintenance – Prudential Borrowing	550	100
As reported above.		
Building Maintenance – Prudential Borrowing	600	1,471
As reported above.		
County Farms Investment – Prudential Borrowing	300	362

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
As reported above.		
Renewable Energy – Soham – Prudential Borrowing	-	117
As reported above.		
Shire Hall Relocation – Prudential Borrowing	-	2,506
As reported above.		
Babraham Smart Energy Grid – Prudential Borrowing	-	54
As reported above.		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
As reported above.		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
As reported above.		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36
As reported above.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113

Capital Scheme	Original Budget 2018/19 £000	Revised Budget 2018/19 £000
As reported above.		
Capital Programme Variations – Prudential Borrowing	-2,764	-17,917
As reported above. This is the proportion of the variation budget funded by Prudential Borrowing.		
Capital Programme Variations Budget – Capital Receipts	-	-15,888
As reported above. This is the proportion of the variation budget funded by Capital Receipts.		

3. Reported Amendments - Total Scheme Funding Budgets

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
Babraham Smart Energy Grid – Prudential Borrowing	-	54
As reported above.		
Trumpington Smart Energy Grid – Prudential Borrowing	-	30
As reported above.		
Stanground Closed Landfill Energy Project – Prudential Borrowing	-	62
As reported above.		
Woodston Closed Landfill Energy Project – Prudential Borrowing	-	43
As reported above.		
Renewable Energy – Mere Farm, Soham – Prudential Borrowing	-	36

Capital Scheme	Total Scheme Original Budget £000	Total Scheme Revised Budget £000
As reported above.		
Manor Farm, Girton house extension – Prudential Borrowing	-	183
As reported above.		
Marwick Centre Roof Repairs – Prudential Borrowing	-	113
As reported above.		

4. Reported Exceptions – Capital Funding 2018/19

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Commercial Investments – Capital Receipts	76,000	40,000	-36,000
As reported above, an underspend of £36m is forecast on Commercial Investments in 2018/19. As this budget is funded by capital receipts, a -£36m variation is being reported against capital receipts.			
Housing Schemes – Prudential Borrowing	85,259	71,646	-13,613
<p>As reported above, an underspend of £9.7m is forecast on Housing Schemes. As this budget is funded by prudential borrowing, a -£9.7m variation is being reported against borrowing.</p> <p>In addition, £4.0m of the expenditure on Housing Schemes relates to expenditure on equity in This Land, which is funded from capital receipts. This increases the use of capital receipts funding by £4.0m and reduces the prudential borrowing requirement by this amount.</p>			
Housing Schemes – Capital Receipts	-	3,961	3,961
As reported above, £4.0m of the expenditure on Housing Schemes relates to expenditure on equity in This Land, which is funded from capital receipts.			

Capital Scheme	Current Budget 2018/19 £000	Forecast Outturn Actual £000	Forecast Outturn Variance £000
Community Hubs – East Barnwell – Developer Contributions and Prudential Borrowing	1,919	100	-1,819
As reported above, an underspend of £1.8m is forecast on East Barnwell Community Hub in 2018/19. Of this underspend, £260k relates to developer contributions and £1,559k relates to prudential borrowing.			
St Ives Smart Energy Grid – Grant Funding and Prudential Borrowing	3,330	50	-3,280
As reported above, an underspend of £3.3m is forecast on St Ives Smart Energy Grid in 2018/19. Of this underspend, £1,759k relates to grant funding and £1,521 relates to prudential borrowing.			
Capital Programme Variations Budget – Capital Receipts	-15,888	-	15,888
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£15,888k of the variations budget relates to capital receipts, £15,888k of the variations budget variance is being reported against capital receipts.			
Capital Programme Variations Budget – Prudential Borrowing	-17,917	-	17,917
As reported above, the revised C&I capital variations budget has also now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. As such, because -£17,917k of the variations budget relates to prudential borrowing, £17,917k of the variations budget variance is being reported against prudential borrowing.			
General Capital Receipts Funding	2,833	324	-2,509
A revised forecast for General Capital Receipts has been produced based on both expected sales of land in 2018/19 (outside of the This Land sales) and the revised call on the use of capital receipts to fund transformational activity in both People & Communities and Corporate Services (under the Flexible Use of Capital Receipts direction). This has reduced the amount of capital receipts funding available to fund the general C&I programme by £2.5m.			