

Service: Commercial & Investment

Subject: Finance Monitoring Report – January 2021

Date: 19th March 2021

Key Indicators

Previous Status	Category	Target	Current Status	Section Ref.
Amber	Revenue position by Directorate	Balanced year end position	Amber	1.2
Green	Capital Programme	Remain within overall resources	Green	2

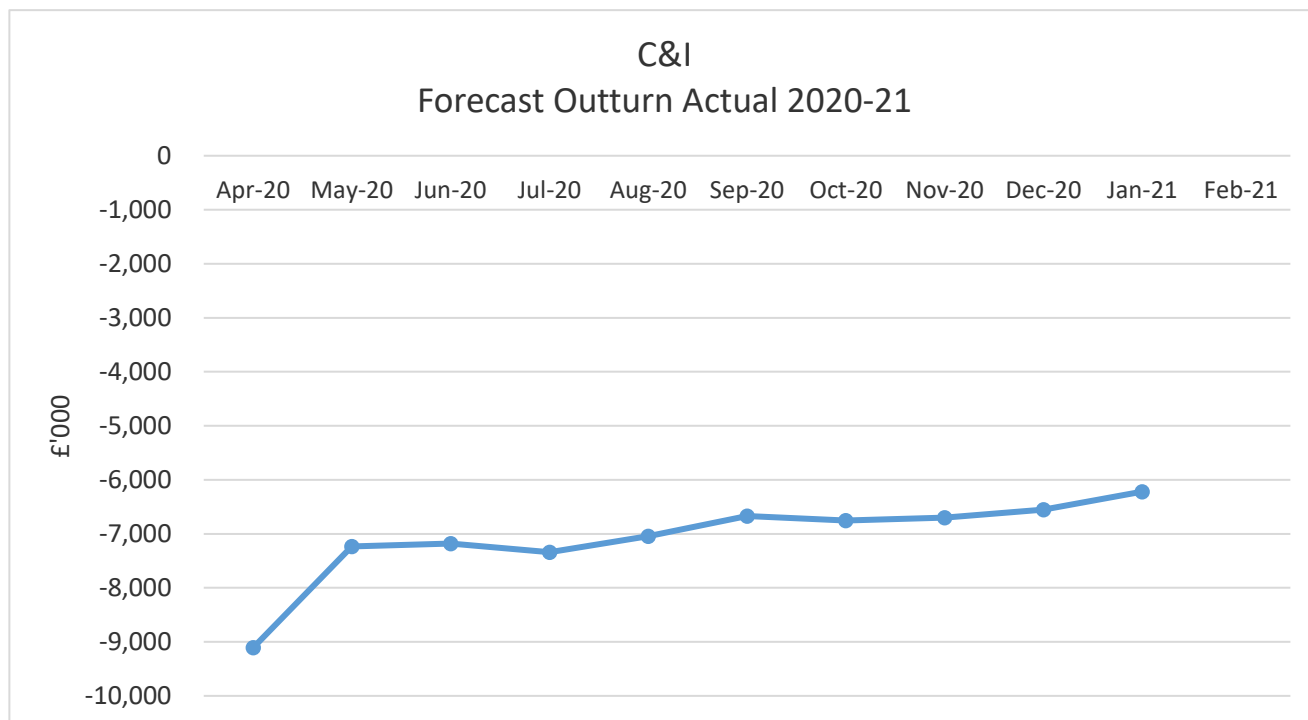
Contents

Section	Item	Description	Page
1	Revenue Executive Summary	High level summary of information by Directorate Narrative on key issues in revenue financial position	2-4
2	Capital Executive Summary	Summary of the position of the Capital programme within Commercial & Investment	4-5
3	Savings Tracker Summary	Summary of the latest position on delivery of savings	5
4	Technical Note	Explanation of technical items that are included in some reports	6
Annex 1	Service Level Financial Information	Detailed financial tables for Commercial & Investment's main budget headings	7
Annex 2	Service Commentaries	Detailed notes on financial position of services that are predicting not to achieve their budget	8-11
Annex 3	Capital Position	This will contain more detailed information about Commercial & Investment's Capital programme, including funding and variances	12-17
Annex 4	Savings Tracker	Each quarter, the Council's savings tracker is produced to give an update of the position of savings agreed in the business plan.	18-19
Annex 5	Technical Appendix	This contains technical financial information for Commercial & Investment showing: <ul style="list-style-type: none">• Grant income received• Budget virements into or out of Commercial & Investment• Service reserves	20

1. Revenue Executive Summary

1.1 Overall Position

Commercial & Investment (C&I) is forecasting an underachievement of income of £2,940k at the end of January, which is an increase of £335k from the previous forecast. Commercial & Investment (C&I) has a negative budget as it has an income target for 2020/21 of -£9,159k. As such, the forecast outturn variance of £2,940k means that C&I is expecting to achieve a net income position of -£6,219k as demonstrated in the following chart:



1.2 Summary of Revenue position by Directorate

Directorate	Budget £000	Actual £000	Outturn Variance £000	Outturn Variance %
Commercial Activity	-12,225	-8,448	2,342	19%
Property Services	6,833	5,729	288	4%
Strategic Assets	-3,495	-1,888	85	-2%
Traded Services	-271	314	224	83%
Total	-9,159	-4,292	2,940	32%

A service level budgetary control report for Commercial and Investment Committee can be found in [Annex 1](#).

1.3 Significant Issues

At the end of January 2021, the overall position for C&I is an underachievement of £2,940K.

There are five significant issue to report this month.

Property Investments

The Property Investments budget is forecast to underachieve by £1,036k, an increase of £75k since last month. The Brunswick House forecast has been updated, based on 80% occupancy levels expected for the rest of the financial year.

Contract Efficiencies & Other Income

The Contract Efficiencies & Other Income budget is forecasting to underachieve by £371k in 2020/21, this is an increase of £72k since last month.

The commercial income expected from the sale of a modular e-learning product to other local authorities is unable to be achieved. Whilst fifteen local authorities have indicated their intention to purchase the system, due to the new lockdown and impact further on budgetary positions this 2020/21 year, they are not able to complete the purchase in this financial period. However, strong communications are being maintained with a view to achieving sales in the early to mid period of the next financial year. Coupled with some emerging mechanisms to achieve sponsorship and advertising revenues, direct to the organisation and as a scheme with other LAs, we are expecting this income target to be fully achievable in 2021/22.

Collective Investment Funds

The Collective Investment Funds budget is forecast to underachieve by £1,100k, an increase of £72k since last month.

The annual return from the CCLA fund has improved reflecting performance in the 4th quarter of 2020. This is more than offset by a reduction in the return now anticipated from a £20m investment into a multi-class credit fund reflecting changes to the anticipated timing of the investment.

Property Services

The Property Compliance budget is forecasting an underspend of £22k in 2020/21. The cost of water testing is lower due to Covid-19 restrictions and there is less demand for accessibility equipment, but also an increased cost in agency staff working on Covid-19 risk assessments.

Facilities Management budget forecast overspend has increased due to pressures for building maintenance and lease vehicle contract costs, which has been partly offset by underspends on utilities & general office costs, due to building closures.

Strategic Assets

Strategic Assets budget is forecasting an overspend of £85k, a decrease since December of £41k due to an increase in external income towards staff costs.

A detailed explanation of the revenue position for Commercial and Investment Committee can be found in [Annex 2](#).

Covid-19 – Financial Impact

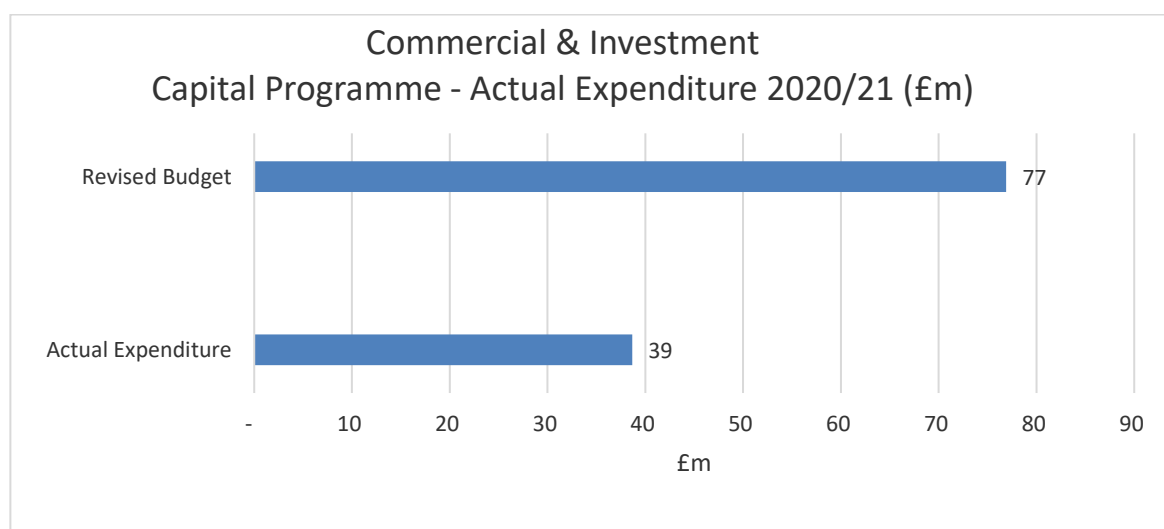
The current projected financial costs associated with managing the implications of the Coronavirus pandemic, including any loss of income:

Service Area	Details	Estimated cost 2020-21 £000	April –Jan impact £000
Property Services	Loss of income from Shire Hall & Castle Court Car park	90	74
Collective Investment Funds	Anticipate a 23% reduction on annual return from CCLA fund	98	98
Contract Efficiencies & Other Income	There is expected to be a delay in contract negotiations during this time	371	371
Property Services	Cambs 2020 programme removal costs with regards to H&S	20	5
Property Investments	Reduction in rent received from commercial properties	1,261	1,099
Traded Services	Reduction in income due to CPDC being closed	52	52
Collective Investment Funds	Anticipate reduction in the return in investment	859	859
Property Services	Cost of additional signage and H&S supplies and resource	55	34
Traded Services	Reduction in ICT Service income due to the closure of schools and change of roles	77	64

2. Capital Executive Summary

2.1 Expenditure

Commercial and Investment Committee has expenditure of £38.6m to date on the Capital Programme, against a revised budget of £76.9m:



In-year, an underspend of £24.7m is forecast; this is in addition to the Capital Variations budget of £17.6m.

There are four significant issues to report this month.

Housing Schemes

The Housing scheme is forecasting an underspend of £12,886k, an increased underspend of £3,086k compared to last month. As a result of positive cashflows into the company, lending to This Land will be lower than originally expected this year. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase.

Swaffham Prior

Delivery timescales for the commercialisation phase of the Swaffham Prior project have been accelerated in order to submit a Stage 1 application for Renewable Heat Incentive (RHI) funding for the project as early as possible. An application was submitted in November 2020, locking in current tariff values for both ground source and air source heat pumps. The project was awarded a commercialisation grant of £355,000 under the government's Heat Network Investment Project (HNIP) in July 2020 which will fund the additional expenditure in 2020/21.

North Angle

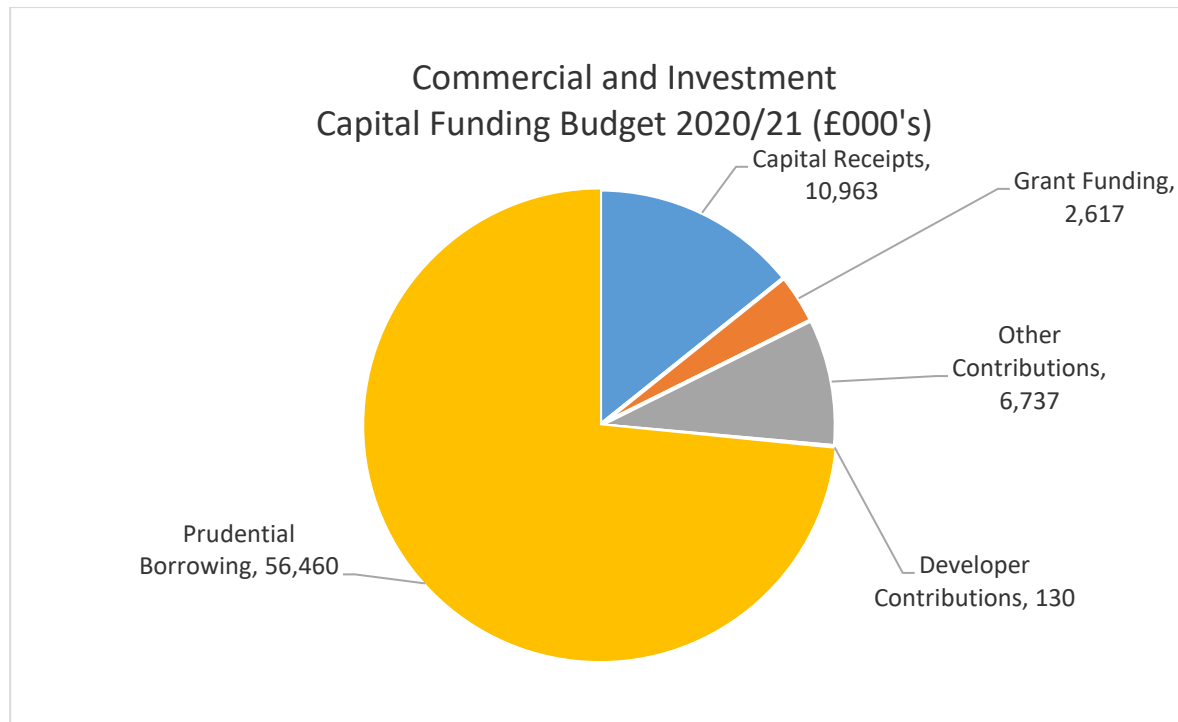
The planning timetable for the North Angle project has been revised due to additional planning requirements and the incorporation of some design changes which has resulted in a minor delay to the construction timetable. Pre-mobilisation works, including road reinforcement, were expected to take place during the current financial year but will now occur in early 2021/22.

Buildings Maintenance

The building work expected for March Community Centre, Huntingdon Youth Centre, Buttsgrove and Yaxley has been delayed. The work required will be re-assessed in 2021/22.

2.2 Funding

Commercial and Investment Committee has a revised capital funding budget of £76.9m in 2020/21.



A detailed explanation of the capital programme position for Commercial and Investment Committee can be found in [Annex 3](#).

3. Savings Tracker Summary

The savings tracker is produced three times a year – the quarter three table is included as [Annex 4](#).

4. Technical note

A technical financial appendix is included as [Annex 5](#), which covers:

- Grants that have been received by the service, and where these have been more or less than expected
- Budget movements (virements) into or out of Commercial & Investment from other services (but not within Commercial & Investment), to show why the budget might be different from that agreed by Full Council
- Service reserves – funds held for specific purposes that may be drawn down in-year or carried-forward – including use of funds and forecast draw-down

Annex 1 – Service Level Financial Information

C&I Finance & Performance Report – January 2021

Previous Forecast Outturn Variance		Budget 2020/21	Actual Jan 2021	Forecast Outturn Variance	Forecast Outturn Variance
£000's		£000's	£000's	£000's	%
Commercial Activity					
962	Property Investments	-3,665	-3,670	1,036	28%
-241	Shareholder Company Dividends & Fees	-491	-295	-241	-49%
194	Housing Investment (This Land Company)	-5,796	-3,306	225	4%
299	Contract Efficiencies & Other Income	-449	0	371	83%
1,028	Collective Investment Funds	-1,560	-93	1,100	71%
-150	Renewable Energy Investments	-265	-1,084	-150	-57%
2,092	Commercial Activity Total	-12,225	-8,448	2,342	19%
Property Services					
160	Facilities Management	5,835	5,094	320	5%
30	Property Services	792	706	30	4%
-40	Lost Sales, Fees & Charges Compensation	0	-23	-40	0%
13	Property Compliance	206	-48	-22	-11%
163	Property Services Total	6,833	5,729	288	4%
Strategic Assets					
-0	County Farms	-4,211	-2,215	0	0%
126	Strategic Assets	716	327	85	12%
126	Strategic Assets Total	-3,495	-1,888	85	-2%
Traded Services					
0	Traded Services - Central	0	0	0	0%
89	ICT Service (Education)	-200	229	89	45%
135	Professional Development Centres	-71	84	135	190%
224	Traded Services Total	-271	314	224	83%
2,605	Total	-9,159	-4,292	2,940	32%

Annex 2 – Service Commentaries on the Revenue Outturn Position

Narrative is given below where there is an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater for a service area.

Property Investments

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-3,665	-2,628	1,036	28%

The Property Investments budget is forecast to underachieve by £1,036k, an increase of £75k since last month, for the following reasons:

- The current expected loss from rental income for two of the Council's properties due to the impact of the Covid-19 pandemic is forecast to be £1,261k. The Brunswick House forecast has been updated, based on 80% occupancy expected for the rest of the financial year.
- The Kingsbridge forecast has improved by £225k because the debt charge has reduced due to application of capital receipts to fund most of the purchase.

Shareholder Company Dividends & Fees

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-491	-732	-241	-49%

The Shareholder Company Dividends & Fees budget is forecasting to overachieve by £241k in 2020/21. This is mainly due to underestimating the reserve amount for the 2019/20 ESPO Dividend by £159k and an increased amount expected in 2020/21.

Housing Investment (This Land Company)

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-5,796	-5,571	225	4%

The Housing Investment budget is forecasting an overspend of £225k on its £5.8m budget. As a result of positive cashflows into the company from a property sale, lending to This Land will be lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase. The company is noting progress with planning and construction closely, given the ongoing pandemic.

Contract Efficiencies & Other Income

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-449	-78	371	83%

The Contract Efficiencies & Other Income budget is forecasting to underachieve by £371k in 2020/21, this is an increase of £72k since last month. This is due to the targets for savings and additional income not being met.

The commercial income expected from the sale of a modular e-learning product to other local authorities is unable to be achieved. Whilst fifteen local authorities have indicated their intention to purchase the system, due to the new lockdown and impact further on budgetary positions this 2020/21 year, they are not able to complete the purchase in this financial period. However, strong communications are being maintained with a view to achieving sales in the early to mid period of the next financial year. Coupled with some emerging mechanisms to achieve sponsorship and advertising revenues, direct to the organisation and as a scheme with other LAs, we are expecting this income target to be fully achievable in 2021/22.

Covid-19 has impacted on all of the Council's suppliers across the organisation. Some of these suppliers are seeking relief under the PPN 02/20 guidance. It is likely that these businesses will be very much focused on recovering from the impacts of this pandemic and will not be open (or capable) of negotiating contracts.

Collective Investment Funds

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-1,560	-460	1,100	71%

The Collective Investment Funds budget is forecast to underachieve by £1,100k.

- A reduced return on investment of £40k on the annual return from the CCLA fund is forecast due to the pandemic. This is an improved position from last month reflecting reported performance in the final quarter of 2020.
- A £20m investment into a multi-class credit fund was scheduled to take place in April/May 2020, however due to the impact of Covid-19 on the financial markets, it was necessary to reassess the viability of this fund to ensure that it still met the Council's investment objectives. A lower overall yield has been selected than originally anticipated, taking account of environmental and sustainability governance. Furthermore, due to market volatility the investment will now be staggered as opposed to a single lump investment. As a result, the forecast return has been reduced to £80k in 2020/21, a variance of £1,060k. This is a lower return than previously reported reflecting changes to the anticipated timing of the investment.

Renewable Energy Investments

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-265	-415	-150	57%

The income received from the Solar Farm has increased due to the favourable weather conditions over the spring and summer; an overachievement of income of £150k is forecast in 2020/21.

Facilities Management

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
5,835	6,075	320	5%

Property Services are forecasting an overspend of £320k. This is mainly due to:

- The 2020/21 revenue budget for the Alconbury Weald Civic Hub is £175k. Based on the expected completion date for the building (Spring 2021), this budget is not required during 2020/21, therefore creating a -£175k underspend.
- The Shire Hall Car Park Income budget is forecasting to underachieve by £90k in 2020/21. This is based on not charging for the car park for 3 months, and less income being received now charging has recommenced.
- Buildings maintenance has continued with costly repairs needed for various properties; however, we have seen a saving on utility bills & general costs due to the temporary closure of buildings, £350k
- Lease Car Vehicle Costs of £55k, contract costs that cannot be recovered due to Covid-19 restrictions on staff travel.

Strategic Assets

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
716	829	113	16%

The Shire Hall Relocation revenue budget is forecasting an overspend of £95k. The initial costs associated with the Hawthorns building preparation work will be a revenue pressure due to the decision to no longer use the building as part of the Cambs2020 programme, £61k. There is also a cost for storing shelving & storage that will no longer be used of £34k.

ICT Service (Education)

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-200	-111	89	45%

The ICT Service are forecasting an underachievement of income of £89k in 2020/21. This is due to a combination of reduced training income over the school closure period, and reduced earning potential while staff have been working on the set up of devices provided by the Department for Education. A greater online training offer is being delivered which is helping to mitigate the position.

Professional Development Centres

Current Budget for 2020/21 £'000	Outturn Actual £'000	Outturn Forecast £'000	Outturn Forecast %
-71	64	135	190%

The Professional Development Centre budget is forecasting to underachieve by £135k. The centre at CPDC will be closing in 2020/21 as part of Cambs 2020, causing a £64k pressure due to reduced income in-year. Provision for the loss of income of this closure has been included in the Business Plan for 2021/22, and as such this will be a one-off pressure.

The service have seen a further loss of £52k income due to being unable to trade as expected in the early months of the year as a result of Covid-19.

Annex 3 – Capital Position

3.1 Capital Expenditure 2020/21

Commercial & Investment Capital Programme 2020/21						
Total Scheme Revised Budget £000	Original 2020/21 Budget as per BP £000	Scheme	Revised Budget for 2020/21 £000	Actual Spend 2020/21 £000	Forecast Spend - Outturn £000	Forecast Variance 2020/21 £000
192,416	4,101	<u>Commercial Activity</u>				
		Commercial Investments	11,323	0	-	(11,323)
158,222	32,050	Housing Schemes	42,300	26,074	29,414	(12,886)
1,000	-	Development Funding	200	-	200	-
3,645	3,306	St Ives Smart Energy Grid	1,110	18	260	(850)
6,306	563	Babraham Smart Energy Grid	322	95	136	(186)
6,969	-	Trumpington Smart Energy Grid	87	-	1	(86)
8,267	8,027	Stanground Closed Landfill	491	14	336	(155)
		Energy Project				
2,526	-	Woodston Closed Landfill	-	(11)	-	-
		Energy Project				
26,258	25,345	North Angle Solar Farm	5,014	(177)	974	(4,040)
40	20	Light Blue Fibre	20	-	20	-
643	-	Swaffham Prior Energy Project	537	224	764	227
213	-	School Ground Source Heat Pump Projects	213	12	213	-
907	-	Cambridgeshire Outdoor Centres	864	812	864	-
-	-	Marwick Centre Roof Repair	-	59	59	59
-	-	March Community Centre	400	14	400	-
-	-	Lower Portland Farm	3,750	3,509	3,750	-
475	475	LGSS Law Equity	-	-	-	-
407,887	73,887		66,630	30,645	37,391	(29,239)
		<u>Property Services</u>				
6,352	600	Building Maintenance	1,042	346	583	(459)
345	-	Office Portfolio Rationalisation	11	2	11	-
6,405	2,965	Investment in the CCC asset portfolio	4,793	870	3,130	(1,663)
90	-	Property Asset Database	90	-	-	(90)
15,000	3,000	Decarbonisation Fund	4,500	392	1,183	(3,317)
200	200	Electric Vehicle Chargers	200	-	200	-
28,392	6,765		10,636	1,609	5,107	(5,529)
		<u>Strategic Assets</u>				
1,000	100	Local Plans Representations	100	1	100	-
3,000	300	County Farms Investment	300	107	300	-
1,981	885	Community Hubs - East Barnwell	1,584	22	100	(1,484)
18,737	9,721	Shire Hall Relocation	14,076	6,042	8,000	(6,076)
295	-	Meads Farm House Replacement	272	227	272	-
330	-	Mill Rd - Former Library	330	9	330	-
25,343	11,006		16,662	6,406	9,102	(7,560)

669 (32,070)	603 (17,692)	Capitalisation of Interest Budget	603 (17,625)	-	603	-
		Capital Programme Variations Budget		-	-	17,625
430,221	74,569	TOTAL	76,906	38,660	52,203	(24,703)

3.2 Capital Variation 2020/21

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 Outturn Variance (Jan 2021) £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Revised Outturn Variance (Jan 2021) £000
C&I	-17,625	-42,328	-17,625	100%	-24,703

3.3 Capital Funding 2020/21

Original 2020/21 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2020/21 £000	Forecast Spend £000	Variance £000
3,736	Capital Receipts	10,963	1,931	(9,032)
1,373	Grant Funding	2,617	1,921	(696)
6,731	Other Contributions	6,737	8,500	1,763
130	Developer Contributions	130	-	(130)
62,599	Prudential Borrowing	56,460	39,851	(16,609)
74,359	TOTAL	76,906	52,203	(24,703)

3.4 Service Commentaries on the Capital Position

The schemes with significant variances (>£250k) either due to changes in phasing or changes in overall scheme costs can be found below:

Investment in the CCC asset portfolio

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance: Rephasing £'000
4,793	3,130	-1,663	-1,663	-	-	-1,663

The Investment in CCC asset portfolio scheme is forecast to underspend by £1.6m due to delays, mainly due to the impact of Covid on planned construction works and preparatory works. The Spokes programme is well underway, and savings have been seen on existing

projects, and efficiencies are expected in projects yet to begin from the agreed budget, which will be reported in the next full update to Commercial and Investments Committee. This will reduce the borrowing requirement in year by £1.6m.

Shire Hall Relocation

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
14,076	8,000	-6,076	-6,076	-	-	-6,076

The Shire Hall Relocation scheme is forecast to underspend in 2020/21 by £6m. This is mainly due to the initial impact of Covid 19 on planned construction works. The building is now watertight with completion of the roof and glass façade, as well as the internal walls, allowing the first fix of electrical, plumbing, and mechanical installations to get underway. Completion is now expected in late summer-early autumn. This will reduce the borrowing requirement in year by £6m.

March Community Centre

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
400	400	-	-	-	-	-

£0.4m of EU funds have been allocated to the refurbishment project for the March Community Centre. This project will expand the workshop and teaching space at the venue, enabling the service to deliver a revised and refocused learning programme in Fenland, focussing on vocational skills and employability. The funds are due to be claimed in full from the Cambridgeshire and Peterborough Combined Authority by March 2021. No additional prudential borrowing is required for the project

Commercial Investments

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
11,323	-	-11,323	-11,323	-	-11,323	-

The Commercial Investment scheme is forecast to underspend by £11.3m. There are no active plans at this stage for investment prior to the end of the financial year, given the current market conditions and general uncertainty. This will reduce the capital receipt requirement.

St Ives Smart Energy Grid

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
1,110	260	-850	-850	-	-	-850

Due to ongoing delays in securing necessary grant funding, forecast expenditure to support the construction of the Smart Energy Grid has been delayed until 2021/22.

The Community Hubs – East Barnwell

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
1,584	100	-1,484	-1,484	-	-	-1,484

The Community Hubs – East Barnwell scheme is forecasting an underspend of £1,484k; the only costs expected in 2020/21 will be related to planning, and any construction costs will be in future years. This will reduce the developer contributions applied this year by £260k and the prudential borrowing requirement in year by £1,193K.

Decarbonisation Fund

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
4,500	1,183	-3,317	-944	-2,373	-	-3,317

The Decarbonisation Fund scheme is now forecasting to underspend by £3.3m. There are 13 projects expected to complete in this phase. The revised forecast is based on the cost of the work that is due to take place this financial year. The majority of the expenditure in this year will be funded by the new grant. This will reduce the borrowing requirement in year by £3.3m.

In addition, £2.5m has been awarded by the Public Sector Decarbonisation Scheme, a £1bn fund from BEIS and administered by Salix Finance, aimed at decarbonising heat in public buildings. £1.5m will be spent this financial year and £2m in 2021/22. This reduces the 2020/21 borrowing requirement by a further £1.5m.

Housing Schemes

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
42,300	29,414	-12,886	-9,800	-3,086	-	-12,886

The Housing scheme is forecasting an underspend of £12,886k. As a result of positive cashflows into the company, lending to This Land will be lower than originally expected this year. Loans are released according to progress on works and review by the monitoring surveyor. The forecast reflects the schedule of loan funding advanced to date, as well as assumptions around timing of loans to be issued for the next phase. This will reduce the borrowing requirement in year by £12.4m and the capital receipts requirement by £0.4m.

Farm acquisition

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
3,750	3,750	-	-	-	-	-

The acquisition of a new farm was approved by GPC in November 2020. The expenditure in 2020/21 is for the acquisition, with costs related to planning expected in later years. This will be funded by prudential borrowing.

School Ground Source Heat Pump Projects

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
213	213	-	-	-	-	-

Commercial and Investment Committee approved a £213k development budget for three school ground source heat pump projects at Comberton Village College, Impington Village College and The Galfrid School in November 2020. This will be funded by prudential borrowing. The budget is expected to be fully spent by March 2021.

North Angle Solar Farm

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/ pressure £'000	Breakdown of Variance : Rephasing £'000
5,014	974	-4,040	-0	-4,040	-	-4,040

The planning timetable for the North Angle project has been revised due to additional planning requirements and the incorporation of some design changes which has resulted in a minor delay to the construction timetable. Pre-mobilisation works, including road reinforcement, were expected to take place during the current financial year but will now occur in early 2021-22. This will reduce the 2020/21 borrowing requirement by £4,040k.

Swaffham Prior Energy Project

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
537	764	227	-0	227	-	-

Delivery timescales for the commercialisation phase of the Swaffham Prior project have been accelerated in order to submit a Stage 1 application for Renewable Heat Incentive (RHI) funding for the project as early as possible. An application was submitted in November 2020, locking in current tariff values for both ground source and air source heat pumps. The project was awarded a commercialisation grant of £355,000 under the government's Heat Network Investment Project (HNIP) in July 2020 which will fund the additional expenditure in 2020-21.

Building Maintenance

Revised Budget for 2020/21 £'000	Forecast Spend - Outturn (Jan) £'000	Forecast Spend - Outturn Variance (Jan) £'000	Variance Last Month (Dec) £'000	Movement £'000	Breakdown of Variance: Underspend/pressure £'000	Breakdown of Variance : Rephasing £'000
1,042	583	-459	-0	-459	-	-459

The building work expected for March Community Centre, Huntingdon Youth Centre, Buttsgrove and Yaxley has been delayed. The work required will be re-assessed in 2021-22.

This will reduce the 2020/21 borrowing requirement by £459k.

Annex 4 – Savings Tracker Quarter 3

Reference	Title	Original Saving 20-21	Current Forecast - Q1	Current Forecast - Q2	Current Forecast - Q3	Current Forecast - Q4	Forecast Saving 20-21	Variance from Plan £000	% Variance	RAG	Forecast Commentary
F/R.6.003	Babbage House closure	-397	0	0	0	-397	-397	0	0	Green	Babbage House is now closed
F/R.6.108	Energy Efficiency Fund - Repayment of Financing Costs	-8	0	0	0	-8	-8	0	0	Green	Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs.
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	-18	-18	0	0	0	-18	0	0	Green	Increased income received to date
F/R.7.106	Utilisation/commercialisation of physical assets (One Public Estate)	-36	0	0	0	0	0	36	100	Black	Income from parking – not expected to be met in 2020/21
F/R.7.110	Return on Commercial Property Investments	-105	0	0	0	0	0	105	100	Black	This was an extension of the current target, which will not be met due to delayed investment.
F/R.7.113	Invest to Save Housing Schemes - Income Generation	54	0	0	0	54	54	0	0	Green	Net reduction in income from loans from This

Reference	Title	Original Saving 20-21	Current Forecast - Q1	Current Forecast - Q2	Current Forecast - Q3	Current Forecast - Q4	Forecast Saving 20-21	Variance from Plan £000	% Variance	RAG	Forecast Commentary
											Land expected in 20/21
F/R.7.127	County Farms – Commercial uses	-75	-38	0	-37	0	-75	0	0	Green	Rental income on target
F/R.7.130	Increase in ESPO dividend	-250	0	0	0	-250	-250	0	0	Green	
F/R.7.129	Pooled Property Fund Investment (CCLA)	-420	-95	-80	-80	-67	-322	98	23	Amber	Anticipate lose 23% of annual return from CCLA fund, due to the fund granting rental breaks

Annex 5 – Technical Note

1. Grant Income Analysis

There is no additional grant income to record in 2020/21.

2. Virements and Budget Reconciliation

Budgets and Movements	£'000	Reported
Budget as per Business Plan	-9,205	
Transfer of budget to Shire Hall Relocation, as agreed for the Babbage House move.	15	May 2020
Transfer of the Ely Archive Centre budget from P&C to Property Services	83	May 2020
Transfer of budget from Property Services to Information Management for offsite storage	-20	June 2020
Transfer of budget from Finance to Shareholder Company Dividends & Fees budget for Non-Exec Director costs	-35	September 2020
Transfer for the pay award and mileage savings for Q2.	4	October 2020
Revised Budget	-9,159	

3. Reserve Schedule

Fund Description	Balance at 01 April 2020	Movements in 2020/21	Balance at 31 Jan 2021	Forecast Balance at 31 March 2021	Notes
Other Earmarked Funds					
North Cambridge Academy site demolition costs	705	26	731	680	1
subtotal	705	26	731	680	
Capital Reserves					
General Capital Receipts	11,632	325	11,956	12,518	2
subtotal	11,632	325	11,956	12,518	
TOTAL	12,337	351	12,687	13,198	

Notes

- 1 Rental income from Bellerbys buildings on the North Cambridge Academy site is being held to offset demolition costs when the lease expires in 2021.
- 2 General Capital Receipts received during 2020/21 will be used to fund the capital programme at year-end, and This Land Capital Receipts will be used to purchase equity in This Land, or as decided by GPC/Full Council.