

**FINANCE MONITORING REPORT – JULY 2019**

*To:* **Commercial and Investment Committee**

*Meeting Date:* **13<sup>th</sup> September 2019**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **2019/064** *Key decision:* **Yes**

*Purpose:* **To present to Commercial and Investment (C&I) Committee the July 2019 Finance Monitoring Report for C&I Committee.**

**The report is presented to provide C&I Committee with an opportunity to comment on the projected financial and performance outturn position, as at the end of July 2019.**

**The Council's existing Mechanical & Electrical and Building Fabric Maintenance contracts are due to expire on 31<sup>st</sup> October 2019.**

*Recommendation:* **The Committee is asked to:**

- **review, note and comment upon the report**
- **recommend to General Purposes Committee to approve 295k of prudential borrowing for the demolition and rebuilding of the house at Meads Farm**
- **approve the re-procurement of the Mechanical & Electrical and Building Fabric Maintenance contracts in order to maintain the Authority's statutory obligations.**

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## 1. BACKGROUND

- 1.1 Commercial and Investment Committee will receive the Commercial and Investment Finance Monitoring Report at all of its meetings (except June, as there is no April report), where it will be asked to review, note and comment on the report and to consider and approve recommendations as necessary, to ensure that the budgets for which the Committee has responsibility remain on target.

## 2. MAIN ISSUES

- 2.1 Attached as **Appendix A**, is the July 2019 Finance and Performance report.
- 2.2 As agreed by General Purposes Committee in July 2019, the Finance Monitoring Reports for all committees have been re-ordered and the technical sections streamlined, removing repetition, so that content is focused on concise accounts of the forecast position on an exception/recent change basis. Greater standardisation and summary has also been brought to the capital monitoring sections, in order to distinguish between changes in costs and slippage/accelerated spend. In addition, specifically for this Committee, the chart in section 2.1 of Appendix A has been amended in order to provide a more intuitive representation of the Committee's financial position.
- 2.3 As well as the above changes, some budgets have been relocated to align with the Business Plan and ensure that the commercial activity of the committee is reported together. As such, the net return from the Council's solar farm and all of the energy investment capital projects have been moved to sit under the Commercial Activity heading. In addition, the return on investment in the CCLA Property Fund is also now being reported under Commercial Activity (having previously not been reported, as it is a new income stream).
- 2.4 Currently, Housing Investment is the only area where the estimated debt charges (revenue costs of financing capital) related to the scheme are recharged from the overall debt charges budget (this sits within Corporate Services under General Purposes Committee) in order to provide a true net return figure within C&I. It is not possible to split out the debt charges budget fully across all capital schemes, however it is felt that it would be beneficial to do this for all commercial schemes in order to aid transparency and report a net return within Commercial Activity. This will be implemented for the August Finance Monitoring Report.
- 2.5 General Purposes Committee also agreed in July to separate out performance reporting from financial reporting. As such, the performance indicators for Commercial and Investment Committee will be reported separately at the end of each quarter (with the first report being presented to the September 2019 Committee).
- 2.6 **Revenue:** At the end of July, Commercial and Investment Committee is forecasting an overspend of £136k on revenue budgets. There is one new significant forecast outturn variance by value (over £100k) to report since the last report that Committee received for May 2019.
- 2.7 **Capital:** At the end of July, Commercial and Investment Committee is

forecasting a balanced position on the capital programme budget. There are four new significant forecast outturn variances by value (over £250k) to report since the last report that Committee received for May 2019. **Commercial and Investment Committee is asked to recommend to General Purposes Committee for approval 295k capital funding for the demolition and rebuilding of the house at Meads Farm.**

- 2.8 Attached as **Appendix B** is a report on the re-tendering of the Mechanical & Electrical and Building Fabric Maintenance contracts. These contracts are due to expire on 31<sup>st</sup> October 2019. **Commercial & Investment Committee is asked to approve the re-procurement of these contracts in order to maintain the authority's statutory obligations.**

### **3. ALIGNMENT WITH CORPORATE PRIORITIES**

#### **3.1 A good quality of life for everyone**

There are no significant implications for this priority.

#### **3.2 Thriving places for people to live**

There are no significant implications for this priority.

#### **3.3 The best start for Cambridgeshire's children**

There are no significant implications for this priority.

### **4. SIGNIFICANT IMPLICATIONS**

#### **4.1 Resource Implications**

This report sets out details of the overall financial position for Commercial and Investment for this Committee.

#### **4.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

Relevant procurement and contract procedure rules will need to be complied with for the re-procurement of the Mechanical & Electrical and Building Fabric Maintenance contracts. Colleagues in LGSS Contracts & Procurement and LGSS Law have been fully involved in the procurement process to ensure compliance.

#### **4.3 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

#### **4.4 Equality and Diversity Implications**

There are no significant implications within this category.

#### **4.5 Engagement and Consultation Implications**

There are no significant implications within this category.

#### **4.6 Localism and Local Member Involvement**

There are no significant implications within this category.

#### **4.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Eleanor Tod
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	N/A
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	N/A
<b>Are there any Equality and Diversity implications?</b>	N/A
<b>Have any engagement and communication implications been cleared by Communications?</b>	N/A
<b>Are there any Localism and Local Member involvement issues?</b>	N/A
<b>Have any Public Health implications been cleared by Public Health</b>	N/A

<b>Source Documents</b>	<b>Location</b>
C&I Finance Monitoring Report (July 19)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge