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Report of	Head of Commercial Services	Author	Fiona Duhamel
	Assistant Chief Executive		 282976
			Steve Heath
			 282389
			Sean Plummer
			 232347
Title	RIF – Financial Update		
Wards affected	All		

This report concerns a review of the financial position on the RIF (Revolving Investment Fund) and proposed allocation of resources.

1. Decisions Required

- 1.1. To note the financial position in the RIF.
- 1.2. To agree the transfer of revenue funds into the RIF as set out at paragraph 4.4.
- 1.3. To agree that the remaining capital programme balances set out at Appendix 4.6 be transferred into the RIF.
- 1.4. To agree the allocations of funding set out in summary at 4.7

2. Reasons for Decisions

- 2.1 The RIF was established to recycle capital receipts into profitable high income producing assets. This paper sets out the updated financial position of the RIF and proposes allocations of funding to specific projects.

3. Alternative Options

- 3.1 It would be possible to consider different allocations to projects, however, the proposals in this report represent a considered view of the cost to deliver a number of projects and income budget targets.

4. Supporting Information

- 4.1 Cabinet agreed to create the RIF as a way to deliver income producing development schemes and regeneration / economic growth projects. It has previously been agreed that there would initially be three main sources of funding into the RIF:-
 - Capital receipts
 - Revenue funding
 - Existing capital programme allocations

Capital receipts

- 4.2. Appendix A sets out the latest capital receipt position showing receipts received this year and a projection for receipts up to 2018/19. In total this shows £13.6m of anticipated receipts as summarised below:-

	14/15	15/16	16/17	17/18	18/19	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Actual	800					800
Forecast	94	4,249	2,266	3,218	3,018	12,845
Total	894	4,249	2,266	3,218	3,018	13,645

Revenue Funding

- 4.3. Delivering capital investment and generating capital receipts includes, or requires costs. These include:-
- pre development, master planning, technical studies etc.
 - marketing, communications / public engagement
- 4.4. Some of these may be treated as revenue or capital as appropriate. The issue of providing some revenue funding **into** the RIF is essential to provide some flexibility. The Council has already agreed revenue contributions towards areas that will be dealt with in the RIF. These now total over £1m as shown below. The proposal is that these funds will now be transferred into the RIF.

	2013/14 £'000	2014/15 £'000	2015/16 £'000	Total £'000
One off contribution to assist with one off transitional costs associated with commercial land or property deals and towards possible opportunity purchases.	200			200
Contribution to "infrastructure" that we have made from our New Homes Bonus (NHB) money.	250	250	250	750
Balance on regeneration reserve			71	71
<i>Total</i>	<i>450</i>	<i>250</i>	<i>321</i>	<i>1,021</i>

Existing capital programme allocations

- 4.5. There are a number of existing capital projects where remaining balances (subject to any outstanding commitments) could be brought into the RIF. The following table details schemes which fall into this category showing total remaining project budgets beyond 2014/15 of £2.2m.

	Total Programme £'000	2014/15 Forecast £'000	Remaining balance £'000
Schemes c/f into RIF:-			
Creative Business Hub	1,574.7	30.0	1,544.7
Carbon Management Plan – Phase 3 - PV Systems	561.1	332.9	228.2
Moler Works Site	41.4	10.0	31.4
Surface Water Flooding - Distillery Lane/Haven Road	81.5	10.0	71.5
			1,875.8
Balances to c/f into RIF and reallocate :-			
North Colchester transportation / infrastructure	124.4	0.0	124.4
Town Centre Improvements	141.8	20.0	121.8
East Colchester Enabling Fund	71.2	20.0	51.2
			297.4

- 4.6. A large proportion of these resources (£1.9m) are already allocated against certain projects, such as the Creative Business Hub, therefore only £0.3m of this can be regarded as money to reallocate. The figures also reflect the gross cost of projects and as such include any external contributions. Once spend figures for 2014/15 have been finalised it is proposed that these remaining funds be transferred into the RIF along with any further balances on schemes relevant to the RIF.

Budget allocations

- 4.7. Reports to this Committee and Cabinet have previously shown anticipated spend on certain projects and some allocations for general themes of work. A more detailed examination of costs for various programmes has been carried out and this is detailed at Appendix B. A summary of the position by area is shown below.

	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000
Northern Gateway - North	69	155	100	0	0
Northern Gateway - South	127	200	105	0	0
Town Centre	960	2,033	0	1,100	5,000
East Colchester	179	238	100	0	0
Other investment opportunities	0	2,728	2,300	500	500
Total RIF	1,335	5,354	2,605	1,600	5,500

Notes

- Spend figures are shown gross of contributions
- For existing capital schemes the figures shown relate to spending beyond 2014/15 only.
- The forecast for 2014/15 is indicative and it is likely that a proportion of this will be carried forward.

- 4.8. The information shown does not make a distinction between capital and revenue costs. As stated earlier there will be a number of costs which will need to be charged to and funded from revenue.

Summary RIF position

- 4.9. The following table provides a summary of the RIF account. This shows that based on the forecast capital receipts and revenue contributions the account is broadly balanced, with a manageable shortfall of £0.2m by 2018/19.

	Para ref	14/15	15/16	16/17	17/18	18/19
		£'000	£'000	£'000	£'000	£'000
Total Schemes	4.7	1,335	5,354	2,605	1,600	5,500
Funded by						
Balance b/f		648*	(1,784)	(1,000)	(661)	(2,279)
Capital receipts	4.2	(894)	(4,249)	(2,266)	(3,218)	(3,018)
Revenue contribution	4.4	(700)	(321)			
Capital Programme funding c/f	4.6	(1,876)				
Capital programme resources transferred to RIF	4.6	(297)				
Total Funding		(3,119)	(6,354)	(3,266)	(3,879)	(5,297)
Shortfall / (Surplus) C/fwd		(1,784)	(1,000)	(661)	(2,279)	203

* reflects funding of PV panels work before 2014/15

Revenue income

- 4.10. The budget and Medium Term Financial Forecast (MTFF) include assumptions in respect of revenue income from activities within the RIF. This forms part of wider income targets as shown within the commercial theme of work for which it is forecast we will deliver cost savings and additional income of over £0.5m in 2014/15.
- 4.11. The table below sets out the total income forecast that specifically relates to the RIF with more detail in Appendix C. It should be remembered that the figures below represent current targets and will be revised on a regular basis. Furthermore, it should be noted that the returns for some of the investment shown in this report may start or increase after 2018/19.

	14/15	15/16	16/17	17/18	18/19
	£'000	£'000	£'000	£'000	£'000
Forecast	48	186	448	602	728

Summary

- 4.12. In total this report highlights:-
- forecast capital receipts for the year of £0.9m and revenue income of £0.05m
 - investment plans from 2015/16 to 2018/19 of c£15m
 - resource projections during the same period that are broadly sufficient to cover this.
 - by 2018/19 the current estimate is that revenue income will be over £0.7m.
- 4.13. Future monitoring reports will review progress against funding targets, level of spending, changes to existing allocations and income projections.

5.0 The Proposal

- 5.1 It is proposed that:-
- i. the financial position on the RIF be noted
 - ii. the revenue funding previously identified for RIF schemes be transferred into the RIF
 - iii. the balances on capital schemes set out be transferred into the RIF
 - iv. the allocations shown against projects be approved

6. Strategic Plan References

- 6.1. The proposal contributes to the Council's aim to be more financially sustainable and also delivers against the following areas in the Strategic Plan of regenerating our borough through buildings, employment, leisure and infrastructure and bringing investment to the borough.

7. Consultation and Publicity Considerations

- 7.1 No specific issues in respect of this report, however, publicity and consultation will be considered for specific projects as appropriate.

8. Financial implications

- 8.1. These are set out within the report

9. Equality, Diversity and Human Rights, Community Safety and Health and Safety implications

9.1 None identified at this stage.

10. Risk Management Implications

10.1 The main area of risk identified concerns the financial risk attached to delivery of income targets (capital and revenue) and management of costs within allocations. This will be managed through regular monitoring and reporting on the RIF position.

Appendices on Part B agenda

A - Capital receipts forecast

B - Budget allocations

C - Revenue income projections