



Revolving Investment Fund Committee

8 March 2016

Item
7

Report of	Head of Commercial Services	Author	Fiona Duhamel
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Title	RIF – Financial Update		
Wards affected	All		

This report concerns a review of the financial position on the RIF.

1. Decisions Required

- 1.1. To note the latest financial position for the Revolving Investment Fund (RIF).

2. Reasons for Decisions

- 2.1 Cabinet agreed to create the RIF as a way to recycle capital receipts into profitable high income producing development schemes and regeneration / economic growth projects. 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

Revenue income

- 4.1. The Council's budget and Medium Term Financial Forecast (MTFF) include assumptions in respect of revenue income from activities within the RIF. The table below sets out the total income forecast that specifically relates to the RIF. Given the confidentiality of certain information this is set in more detail in the confidential **Appendix A**. It should be remembered that the figures below represent current targets and will be revised on a regular basis. It should also be noted that, subject to the nature of the lease arrangements, an element of the above figures may need to be classified as capital receipts. Furthermore, the returns for some of the investments in this report may start or increase after the period shown.

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Ongoing £'000
Forecast	(123)	(305)	(459)	(904)	(954)

Expenditure forecast

- 4.2. The financial update that was reported to this Committee in November proposed a total allocation of £16.8m to RIF schemes, to be funded from existing capital schemes, capital receipts and revenue funding. The expenditure position against RIF schemes to the end of December 2015 along with forecasts to 2018/19 (as reported to the Scrutiny Panel in February) is detailed in **Appendix B**.
- 4.3. The following table provides a summary of the RIF account, which is detailed in the confidential **Appendix C**. This shows that based on the forecast expenditure, capital receipts and revenue contributions set out in the above paragraphs, the account is broadly balanced, showing a manageable shortfall of £135k as at the end of 2018/19.

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Shortfall / (Surplus) B/Fwd	(168)	(1,443)	(1,084)	(2,347)
Total Schemes	4,298	6,076	1,955	5,500
Total Funding	(5,573)	(5,717)	(3,218)	(3,018)
Shortfall / (Surplus) C/Fwd	(1,443)	(1,084)	(2,347)	135

- 4.4. The November report showed a surplus of £780k as at the end of 2018/19. The reason for the movement in this position is due to the Committee's agreement to release £915k for the development of 5-6 St Nicholas Street and 60 Culver Street East (Jacks) in the meeting of 1 February 2016.
- 4.5. The proposals reported elsewhere on this agenda relating to Seven Saints Farm will impact on the position shown at 4.3 and in the confidential appendix in terms of the balances shown in at the of 16/17 as it is proposed to bring forward a sum allocated for 17/18. This does not impact on the overall total position.
- 4.6. Delivering capital investment and generating capital receipts requires incurring costs such as pre-development, master planning, marketing, communications / public engagement and technical studies. It should be noted that in the early stages of projects a lot of the projected costs may need to be classed as revenue expenditure, and as such will need to be funded from the revenue reserve. Providing revenue funding **into** the ring fence is therefore essential to provide some flexibility. The Council has agreed revenue contributions towards the RIF, which have been transferred into an earmarked reserve as shown in **Appendix C**. The earmarked reserve is currently planned to increase by an annual contribution of £250k from the New Homes Bonus from

2016/17. However, further contributions are dependant on the level of New Homes Bonus in later years and budget decisions on how this will be used.

- 4.7. Future monitoring reports will review progress against funding targets, level of spending, changes to existing allocations and income projections.

5. Strategic Plan References

- 5.1. 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.

6. Consultation and Publicity Considerations

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

7. Financial implications

- 7.1 These are set out within the report.

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

- 8.1 None identified at this stage.

9. Risk Management Implications

- 9.1 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.