

REVOLVING INVESTMENT FUND COMMITTEE

6 December 2017

Present:- Councillors Cory (Chairman), Smith

Substitutes:- Councillor Lilley for Councillor T. Young
Councillor J. Scott-Boutell for Councillor Feltham

Councillor Scott attended as an observer in her capacity as Chairman of the Trading Board

70. Minutes

RESOLVED that the minutes of the meeting held on 28 June 2017 be confirmed as a correct record.

Councillor Smith (in respect of his membership of the District Council Network) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

71. Revolving Investment Fund Financial Update

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Steve Heath, Finance Manager, introduced the report to the Committee. The report set out the latest financial position on the Revolving Investment Fund (RIF) and invited the Committee to reallocate £1.15 m of existing resources to meeting proposed detailed funding allocations. The report highlighted the projected revenue income for the RIF would be £911,000 by 2021/22. It also highlighted the expenditure forecast and the status of the performance of the projects against capital schemes. The following schemes were currently shown as amber:-

Northern Gateway – Sports Hub
Northern Gateway – South
Surface Water Flooding - Distillery Lane/Haven Road
Creative Business Centre

The Medium Term Financial Forecast for the RIF showed a deficit of £495k by the end of 2021/22, which was considered to be a manageable figure. A number of new detailed

areas of spend had been identified, totalling £1.15 million, which were listed in Appendix D. It was proposed that these be funded from existing funding allocations and underspends within the RIF.

Members of the Committee explored the reasons for the schemes currently shown as amber. It was reported that in respect of the Creative Business Centre, this was a consequence of the overspend. This would be resolved by the proposed reallocation of resources. Costs had risen for the Northern Gateway Sports Hub and in respect of Northern Gateway South, delays in the planning process meant that income would come in later than expected. The Surface Water Flooding Scheme, for which Essex County Council was the lead authority, was currently making slow progress. It was also stressed that a number of projects had come in under budget, and that overall overspends had been more than matched by underspends. It was also confirmed that the new funding allocations would be met solely by reallocations within the fund and no additional resources would be directed to the fund.

Members were pleased to note the increase in revenue income within the RIF which was timely given the pressures on the budget going forward. It was confirmed that overall the Council was achieving a healthy return on the funds in the RIF.

In respect of the Minimum Revenue Provision, it was also suggested that the Council explore whether some building assets could be classified with a 50 year life, and that the MRP should be based only on building value and not the land value, in order to minimise the impact. It was also suggested that the Council explore cheaper sources of borrowing. In response, it was explained that the MRP regulations specified a maximum of 40 years. However, revised regulations were currently out for consultation and the issue would also be raised with the Council's external auditors.

RESOLVED that:-

- (a) The latest financial position on the Revolving Investment Fund be noted.
- (b) £1.15m of existing resources be relocated to meet the proposed detailed funding allocations in Appendix D of the Assistant Chief Executive's report.

REASONS

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 report set out the updated financial position of the RIF and proposes allocations of funding to specific projects.

ALTERNATIVE OPTIONS

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.

The Committee resolved under Section 100A(4) of the Local Government Act 1972 and in accordance with the Local Authorities (Executive Arrangements)(Meetings

and Access to Information)(England) Regulations 2012 to exclude the public from the meeting for the following item as they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

72 Revolving Investment Fund Financial Update

This minute is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of a particular person, including the authority holding the information).