



2018/19

**Second Quarter
Financial
Review**

1. Background and Introduction

1.1. In accordance with the Council's Financial Procedure Rules and recommended good practice, a quarterly financial report is presented to councillors. This is the second such report for 2018/19.

1.2. The report summarises overall financial performance for 2018/19 with particular emphasis on the key sources of financial risk to the Council. Specific considerations are as follows:

- **General Fund Revenue Account (Section 2)** – considers budgetary performance on the General Account by looking at variations in income and expenditure and the funding received by the Council.
- **Pavilion Gardens (Section 3)** – highlights the financial performance of this key Council trading activity.
- **Alliance Environmental Services (Section 4)** – highlights the performance of the Council's Joint Venture Company providing Waste and Fleet services.
- **Efficiency and Rationalisation Programme (Section 5)** – considers progress in achieving the efficiency and rationalisation savings forecast.
- **Housing Revenue Account (Section 6)** – highlights the budgetary position in respect of the operation of the Council's housing stock.
- **General Fund Capital Programme (Section 7)** – provides an update on progress against the Council's General Fund capital plans.
- **HRA Capital Programme (Section 8)** – provides an update on progress against the Council's HRA capital plans.
- **Treasury Management (Section 9)** – sets out the key statistics in terms of investments and borrowings.
- **Revenue Collection (Section 10)** – considers progress-to-date in collecting the Council Tax, Business Rates and Sundry Debts.

2. General Fund Revenue Account

2.1. This section of the report considers the financial performance of the General Fund Revenue Account against budget by looking at variations in income and expenditure and funding received by the Council.

Service	2018/19 Budget	Projected Outturn 2018/19	Variance
	£	£	£
Alliance Management Team	65,800	62,000	(3,800)
Audit	10,240	9,240	(1,000)
ICT	585,740	591,740	6,000
Human Resources	72,480	71,980	(500)
Member Services	196,190	177,190	(19,000)
Property Services	1,289,770	1,391,630	101,860
Benefits	(221,910)	(225,910)	(4,000)
Planning Applications	(427,890)	(447,890)	(20,000)
Building Control	35,840	35,840	-
Customer Services	154,390	143,290	(11,100)
Legal Services	30,510	27,510	(3,000)
Electoral Services	96,470	51,470	(45,000)
Licensing and Land Charges	(336,520)	(336,520)	-
Regeneration	197,530	304,530	107,000
Communities and Cultural	266,080	259,330	(6,750)
Housing Strategy	80,040	(6,960)	(87,000)
Transformation	21,250	26,750	5,500
Community Safety and Enforcement	136,350	129,350	(7,000)
Finance, Income and Procurement	(43,930)	(5,930)	38,000
Corporate Finance*	6,086,250	6,014,600	(71,650)
Waste Collection	1,954,360	1,976,540	22,180
Street Scene	114,060	140,610	26,550
Leisure Services	433,870	435,780	1,910
Horticulture	(663,100)	(668,500)	(5,400)
Visitor Services	(1,256,650)	(1,075,650)	181,000
Environmental Health	(4,540)	(4,420)	120
Housing **	-	-	-
Net Total of Services	8,872,680	9,077,600	204,920
Net Interest	1,554,560	1,538,220	(16,340)
	10,427,240	10,615,820	188,580
Funding : external	(8,616,150)	(9,428,090)	(811,940)
: reserves - contribution/(use)	(1,811,090)	(1,806,510)	4,580
Projected (Surplus)/Deficit	-	(618,780)	(618,780)

* Staff budgets are currently budgeted within Corporate Finance (except for Pavilion Gardens and Building Control staff budgets which for operational reasons are included within the Service).

** The Council's Housing management costs are charged to the Housing Revenue Account

2.2. A revenue budget of £10,427,240 was set for 2018/19. The table above shows how this budget has been allocated to services.

2.3. The Q1 projected outturn on the General Fund Revenue Account for 2018/19 is £9,808,460. This represents a projected surplus for the year of £618,780 at this stage in the year.

2.4. There are three service areas with a projected significant overspend:

- Property (£101,860 overspend); The temporary arrangements put in place while the Alliance's property management contract was being procured have been extended. This is to allow detailed negotiations to take place that ensure the long term viability and economy of the contract. As a result the in-year maintenance budget is forecast to be exceeded by some £100,000.
- Regeneration (£107,000 overspend); Initiatives to support the development of housing and commercial activities within the Borough (to generate future income streams or capital receipts) are forecast to be pursued above and beyond the budgeted annual provision. Of the resulting £107,000 projected overspend some £65,000 is to be funded out of reserves previously earmarked by the authority to support projects of this nature.
- Visitor Services (£181,000 overspend); As set out in Section 3, income streams at Pavilion Gardens have been impacted by the delayed re-opening of the Octagon contributing to a projected £144,000 overspend against budget. Markets are heading for a £20,000 overspend primarily owing to occupancy levels at Glossop Market. Car Parks are forecast to be £16,500 over budget with lower than expected income levels.

2.5. There are two services with a projected significant underspend:

- Housing Strategy (£87,000 underspend); The Housing Needs function of this service area can benefit from third party funding of varying but sometimes substantial amounts to be targeted at homelessness initiatives in the Borough. The unpredictable nature of these grants and the extended timeframe of the various initiatives often require the use of earmarked reserves to match funding to costs. At this stage therefore some £67,000 of the projected underspend has been earmarked to move into reserves.
- Corporate Finance (£71,650 underspend); Corporate Finance records the Council's performance against its efficiency savings target (as reported at section 5 below), as well as the cost pressures against corporate budgets such as for employee costs and inflation. It is forecast that when all these elements are cashed up a small £58,000 surplus will result. The Council's bottled water franchise has benefited from the hot summer and is now anticipated to generate a £19,000 surplus.

2.6. The £16,340 underspend on net interest costs is detailed in section 8.

2.7. The level of funding anticipated for the year is £807,360 above that budgeted due to the following:

External Funding (£811,940):

- Business Rates Retention (£770,050) – increased retention income is forecast as a result of being a member of the Derbyshire 100% Business Rates pilot in 2018/19. This is made up of £396,890 owing to a greater share of S31 grants under the pilot (50% instead of 40%) where the budget prudently assumed no change. Plus £373,160 additional retention owing to the contribution payable to pilot for the strategic growth fund being lower compared to levy payable under the previous 50% pooling arrangement, upon which the budget was set.
- Following a technical consultation by the Ministry of Housing, Communities and Local Government (MHCLG) the methodology for calculating compensation due to local authorities for Small Business Rates Relief Threshold changes has been refined. Early information indicates that this will generate a windfall for the Council of £41,890 relating to 2017/18. This will also increase the compensation due for the current year which will be reported with the Business Rates Retention when more information is available.

Use of Earmarked Reserves £4,580:

At this time a £4,580 additional net movement in to earmarked reserves is predicted, the most significant elements of which are;

- Electoral Services £40,000 contribution: this is a budgeted annual contribution in to a reserve earmarked to spread the cost of the Borough's elections over the term of a council.
- Corporate Finance £5,350 use: the authority occasionally suffers a charge arising from its historical liability with Municipal Mutual Insurance. The Council's Insurance Reserve is used to fund these irregular charges.
- Property Services £35,790 use: the cost of resolving urgent health and safety works at the Council's properties is to be covered out of an earmarked reserve.
- Regeneration Services £65,130 use: An earmarked reserve that exists to support regeneration projects within the Borough is being applied to support housing delivery initiatives within the year.
- Housing Strategy £67,000 contribution: Third party funds received in-year are being set aside to support homelessness initiatives that will run into future years.
- Leisure Services £3,850 contribution: a number of grants and contributions received in year are being placed into reserve to be applied to specific sport and leisure related projects in the future.

3. Pavilion Gardens

3.1. This section of the report details the financial performance of the trading activity at Pavilion Gardens. The Pavilion Gardens trading results are included in the General Fund Revenue Account.

3.2. In the Medium Term Financial Plan, part of the 2016/17 growth item (which was included to reflect the closure of the Octagon) was reversed in the 2018/19 budget amounting to £56,000. The 2018/19 budget was also reduced by £70,000 due to removal of the marquee, making the budget a net cost of £177,560. At the end of the second quarter the projected outturn on the Pavilion Gardens Trading Statement for the year is a net cost of £299,060. The main reason for the £121,500 overspend is the delay in the reopening of the Octagon. Currently the projection assumes no Phase 2 work impact or any Concession Contract impact.

3.3. The table below summarises the financial performance of the six separate trading activities – Pavilion Café, Coffee Area, Tourist Information Centre (TIC) & Retail Area, Events, Outside Areas and Functions – in the Pavilion Garden.

Description	Projected Outturn 2018/19						Projected Outturn	2018/19 Budget	Variance
	Pavilion Café	Coffee Area	TIC & Retail	Events	Outside	Function			
Income	£	£	£	£	£	£	£	£	£
Expenditure	(518,020)	(124,400)	(156,970)	(125,350)	(68,420)	(97,290)	(1,090,450)	(1,250,220)	159,770
	617,390	249,350	220,610	137,830	47,030	117,300	1,389,510	1,427,780	(38,270)
Net Cost / (Contribution)	99,370	124,950	63,640	12,480	(21,390)	20,010	299,060	177,560	121,500

Description	Outturn 2017/18						Outturn	2017/18 Budget	Variance
	Pavilion Café	Coffee Area	TIC & Retail	Events	Outside	Function			
Income	(534,960)	(143,600)	(155,140)	(197,540)	(41,800)	(134,120)	(1,207,160)	(1,454,030)	246,870
Expenditure	627,760	261,220	218,850	227,620	46,120	143,630	1,525,200	1,747,730	(222,530)
Net Cost / (Contribution)	92,800	117,620	63,710	30,080	4,320	9,510	318,040	293,700	24,340

3.4. The following should be noted:

- Pavilion Café – Trading activity derives from the Café during the normal opening hours of the business between 9.30am and 5pm (and later during the Festival Season in July and August)
- Coffee Area – Trading Activity driven from the Coffee Bar.
- Tourist Information Centre (TIC) and Retail Area – Trading activity driven from the Retail area (including gallery Rental and artists' commission) and the Tourist Information Centre)
- Events – Trading activity driven from room hire bookings in-house events and fairs
- Outside - Trading activity driven from the miniature train and Lakeside Kiosk.
- Functions – Trading activity in respect of food and drink driven from private bookings.

4. Alliance Environmental Services

- 4.1. Alliance Environmental Services Ltd (AES) is a company created with a vision to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. The company has three shareholders: High Peak Borough Council, Staffordshire Moorlands District Council and Ansa, which is a wholly owned subsidiary of Cheshire East Council. This section of the report considers the financial performance of the company and contribution to the Council's Efficiency and Rationalisation Programme in 2018/19.
- 4.2. Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. This followed the end of the previous contract with Veolia Environmental Services. Phase 2 began on 1st July 2018 to deliver waste services to Staffordshire Moorlands District Council and fleet management services to the Alliance as a whole.
- 4.3. The AES forecast management accounts for 2018/19 include a budgeted profit of £111,830 including phase 1 and 2 services delivered to both Councils. Under accounting standards, AES's financial performance is incorporated in to the Councils' single entity statements as a 'Joint Operation' as opposed to separate group accounts being reported. The profit is therefore apportioned between the two Councils and the respective services in line with the input of original budgeted resources from each department; the forecast profit is included in the Council's revenue account outturns in section 2 of this report.
- 4.4. AES has provided management accounts at the end of quarter 2 to forecast the outturn for 2018/19 and is predicting a profit of £129,690 against the budgeted profit of £111,830. The anticipated surplus of £17,860 is related to several favourable and adverse variances which largely offset each other: the favourable variances relating to staffing costs, and some savings on transport fuel and repairs and maintenance; and the adverse variances being shortfalls on recycling contract income.

2018-19	Budget	Q2 Forecast	Variance
	£	£	£
Turnover	(6,805,840)	(6,628,230)	177,610
Cost of sales	6,099,890	5,910,270	(189,620)
Gross profit	(705,950)	(717,960)	(12,010)
Administrative Expenses	594,120	588,270	(5,850)
Forecast (Profit)/ Loss	(111,830)	(129,690)	(17,860)
Excess profit applied against risk items	-	17,860	17,860
Adjusted (Profit)/ Loss	(111,830)	(111,830)	-

- 4.5. Within the AES Business Plan a number of items are recognised initially as 'risk items' which may or may not crystallise into actual costs / payments or may be absorbed into the existing management fee paid on account. Any emerging risk items are to be offset in the first instance by any excesses of profit above the

budget. Therefore, the forecast profit is adjusted back to the budgeted profit of £111,830. Any surpluses remaining after this allocation would then go towards the efficiencies target for the year.

- 4.6. At quarter 2, the risk payments applicable to the Council are forecast at £179,190 (£159,710 General Fund, £19,480 HRA): this is net of the Council's share of the £17,860 forecast surplus profits and includes £160,000 of additional vehicle hire costs pending the procurement of waste vehicles, with the remainder relating to pension pressures and other support service overheads.

2018/19	General Fund	HRA	Total
	£	£	£
Annual management fee	2,808,490	75,950	2,884,440
Crystallised risk items net of excess profits	159,710	19,480	179,190
Total payable	2,968,200	95,430	3,063,630
Allocation of Joint Operation profit	(11,810)	(2,830)	(14,640)
Council budget	(2,768,220)	(75,950)	(2,844,170)
Variance – impact on Council	188,170	16,650	204,820
Offset by savings on contract hire	-	-	(105,000)
Offset by other waste related savings	-	-	(80,000)
Remaining impact	-	-	19,820

- 4.7. The total of the annual management fee payable and the crystallised risk items are offset by an allocation of AES's profit outturn under joint operation accounting. This net total compared to the Council's budget shows that the impact on the Council of the company is an overspend of £204,820. However, this is offset by savings in other areas: there is a saving of £105,000 on the Council's contract hire budgets as a result of the purchase of vehicles earlier in the year from SFS (the Council's former provider of contract hire vehicles), pending vehicle procurement. The majority of the remainder of the risk items is offset in the short term by savings anticipated in the wider waste service not related to AES of £80,000, which include improved domestic recycling income and reduced trade waste disposal costs.
- 4.8. The re-profiled Efficiency Plan for 2018/19 – to fall in line with the Council's financial year - requires £242,850 in savings (£169,370 AES, £73,480 Council retained budgets) in total across the Alliance. The efficiency savings achieved by AES are payable to the Councils at the end of the year and will be apportioned between High Peak Borough Council and Staffordshire Moorlands District Council as appropriate to the areas it has been achieved.
- 4.9. At quarter 2 AES are reporting that whilst the company is forecast to achieve its budgeted profit to improve the company's reserves position in line with its original business case, the achievement of the £169,370 savings target is considered limited until the new refuse collection vehicles, due to be procured this Autumn, are in operation. Any surpluses achieved above the budget, after allocation to risk

items payable, would be used to temporarily achieve the in year savings target.

- 4.10. The Councils' efficiency target of £73,480 for 2018/19 has been achieved (£46,650 relating to HPBC)

5. Efficiency and Rationalisation Programme

- 5.1. This section of the report considers the financial performance of the Council's Efficiency and Rationalisation Programme in 2018/19.
- 5.2. The Council's Medium-Term Financial Plan (approved in February 2018) included a new four-year (2017/18 – 2020/21) Efficiency and Rationalisation Strategy targeting savings of £2.1 million. This was required to balance the forecast budget deficit position of £1.7m and also the carry forward of unachieved efficiencies from 2016/17 of £0.4m.
- 5.3. The Efficiency and Rationalisation Strategy has the effect of both reducing expenditure and increasing income. The need to grow income is now more of a priority as the Council moves more towards being self-financing. The strategy has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.
- 5.4. The Efficiency and Rationalisation Strategy has five areas of focus:-
- Major Procurements - There is the opportunity to focus attention on a number of large service functions which are currently provided by an external contractor / supplier. A number of significant contracts are coming to an end. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The contract commitments have sometimes restricted the opportunity to align services across the alliance with High Peak. The individual projects will focus on Waste Collection & Environment Services, Leisure Management and Facilities Management
 - Asset Management Plan – continuation of the existing priority of rationalising the Council's asset base with a focus around priorities in order to allow for the necessary capital investment
 - Growth – development of a clear focus upon housing and economic growth based upon the established Local Plan.
 - Income Generation – focus on increasing the yield from existing sources on income and a drive towards identifying new sources of income
 - Rationalisation – a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, channel shift, non-statutory services
- 5.5. The 2018/19 budget provides for the achievement of £581,000 of such savings in year – with a significant focus on income generation and savings arising out of major procurements, particularly the waste collection Alliance Environmental Services joint arrangement.
- 5.6. At the end of Quarter Two, £313,750 has been taken against the overall efficiency programme. A further £31,900 of growth related savings were also delivered at budget-setting time, arising out of New Homes Bonus funding forecasts. Savings achieved in the second quarter primarily relate to IT savings (as part of the IT Strategy roll-out) and procurement savings (from a review of 3 year historical spend as discussed in para 5.9)

- 5.7. This leaves £235,350 of savings to be achieved over the second half year.
- 5.8. At the end of the second quarter, it is cautiously estimated that a further £134,000 of savings will be achieved by the end of the financial year. This would leave a potential shortfall of £101,000 against the in-year Efficiency Programme target.
- 5.9. A review of historically underspent budgets is currently underway to identify areas of excess budget provision. This exercise has already yielded £175,000 in savings and will continue during Quarter 3 in an effort to reduce the shortfall.
- 5.10. The efficiency shortfall is currently being offset by one-off vacancy savings in the establishment. Whilst this plugs the in-year savings gap; it does not provide for on-going budget savings. Consequently, any shortfall in efficiency savings at year-end will need to be rolled forward into 2019/20
- 5.11. The authority carries a reserve of £100,000 earmarked to support the Strategy which can be drawn on to offset one-off costs of delivering the efficiency programme, such as redundancy costs. At this stage there is no requirement to draw on this reserve during the year. This position will be monitored throughout the year

6. Housing Revenue Account (HRA)

- 6.1. This section of the report considers the financial performance of the Council's Housing Revenue Account and highlights the budgetary position in respect of the operation of the Council's housing stock.
- 6.2. The 2018/19 Housing Revenue Account budget as updated and approved by the Executive on 9th August 2018 was set at £147,140.
- 6.3. Projected expenditure on the Housing Revenue Account for 2018/19, at the Second Quarter stage, is £14,823,885 with estimated income at £14,895,800. This represents a surplus for the year of £71,915 (i.e. £219,055 below budget).

	2018-19 Estimate	Q2 Change	2018-19 Revised	2018-19 Expected Outturn	2018-19 Variance
	£	£	£	£	£
INCOME					
Dwellings Rents	(14,230,620)	-	(14,230,620)	(14,237,430)	(6,810)
Non - Dwelling Rents Etc	(617,730)	-	(617,730)	(658,370)	(40,640)
	(14,848,350)	-	(14,848,350)	(14,895,800)	(47,450)
EXPENDITURE					
Repairs & Maintenance	4,340,400	64,000	4,404,400	4,381,400	(23,000)
Supervision & Management	3,104,400	-	3,104,400	2,998,190	(106,210)
Rents, rates, taxes Etc	105,260	-	105,260	126,260	21,000
Other Operating Expenditure	712,110	-	712,110	676,580	(35,530)
Depreciation & Impairment	2,099,030	-	2,099,030	2,099,030	-
Interest & Debt Management	2,904,200	-	2,904,200	2,876,335	(27,865)
Contribution to Capital	1,730,090	(64,000)	1,666,090	1,666,090	-
	14,995,490	-	14,995,490	14,823,885	(171,605)
Surplus(-)/Deficit	147,140	-	147,140	(71,915)	(219,055)

- 6.4. The Council has a duty, in accordance with Part VI (Section 74) of the Local Government and Housing Act 1989, to maintain a "Housing Revenue Account" (HRA). By "ring -fencing" the Housing Revenue Account, the Council ensures that the management and maintenance of the Council's housing stock is funded from the income generated by rents and other related sources. The Council is required under Part VI (Section 76) to prevent a debit balance each year on the HRA by setting the appropriate budget and monitoring progress against that budget throughout the financial year. The surplus balance predicted by the Council at this second quarter stage will be transferred to reserves within the Housing Revenue Account.
- 6.5. There are no significant overspends and just one significant underspend to be noted at this stage.
- Supervision and Management (£106,210) – A large proportion of this underspend reflects savings in salary costs, transport costs and general employee related expenditure. The remainder is related to lower than expected

inflationary costs across a number of spend areas within the HRA.

- 6.6 The HRA position assumes that the 2018/19 capital programme will be delivered to budget (see section 8) – this will be reviewed at the Quarter 3 stage.

7. General Fund Capital Programme

- 7.1. This section of the report provides an update on the Council's General Fund Programme.
- 7.2. The table below shows a high level (service) summary of the General Fund Capital Programme position at 30th September 2018. Further detail on a scheme by scheme basis is contained in Annex A.

	2018/19 Approved Budget	Q2 Changes	2018/19 Revised Budget	Expected Outturn 2018/19	Expected Variance 2018/19
	£	£	£	£	£
Housing	301,050	-	301,050	178,000	(123,050)
Housing Standards	615,650	-	615,650	615,650	-
Property Services	3,480,790	-	3,480,790	2,332,990	(1,147,800)
ICT	9,640	-	9,640	9,640	-
Fleet Management	2,547,070	-	2,547,070	2,547,070	-
Regeneration	318,190	-	318,190	318,190	-
Horticulture	110,560	-	110,560	110,000	(560)
	7,382,950	-	7,382,950	6,111,540	(1,271,410)
External Contributions	615,650	-	615,650	615,650	-
Capital Receipts/Reserves	1,109,520	-	1,109,520	986,480	(123,040)
General Fund Balances	387,710	-	387,710	387,710	-
Borrowing	5,270,070	-	5,270,070	4,121,700	(1,148,370)
	7,382,950	-	7,382,950	6,111,540	(1,271,410)

- 7.3. The 2018/19 General Fund Capital Budget as updated and approved by the Executive on 9th August 2018 was set at £7,382,950. There are two significant capital programme variances to report at this stage:

- Housing (£123,050 underspend) - The level of one to one capital receipts expected to be applied in the year is lower than the original budget due to the reprofiling of spend against an affordable housing scheme at Thomas Fields Brown Edge. The Council has funded the project in return for nomination rights. The majority of the grant funding was paid out earlier than expected in 2017-18.
- Property (£1,147,800 underspend) A number of projects have been re-profiled into future years following the on-going review and prioritisation of works contained within the Asset Management Plan

7.4 In addition to the above additional budget has been recommended for the Buxton Crescent Hotel & Spa project. These changes will be included in the Quarter Three update once formally approved.

7.4. Consequently, capital funding which will be applied to the 2018/19 Capital Programme is lower than forecast, reflecting the revised timing of capital spend.

8. Housing Revenue Account Capital Programme

8.1. This section of the report provides an update on the Council's HRA capital spending.

8.2. The table below shows a high level summary of the HRA Capital Programme position at 30th September 2018. Further detail on a scheme by scheme basis is contained in Annex B.

Scheme	2018/19 Revised Budget	Q2 Changes	2018-19 Revised Budget	Q2 Actual Spend	2018-19 Expected Outturn	2018-19 Expected Variance
	£	£	£	£	£	£
Asset Management Works	3,533,000	(64,000)	3,469,000	1,168,092	3,469,000	-
Repairs Team Capital Works	295,000	-	295,000	112,547	295,000	-
Commissioning Fees	100,000	-	100,000	-	100,000	-
Vehicle Purchasing	208,480	-	208,480	-	208,480	-
Total	4,136,480	(64,000)	4,072,480	1,280,639	4,072,480	-
Funding:						
Major Repairs Reserve	2,099,030	-	2,099,030	-	2,099,030	-
Capital Receipts Applied	307,360	-	307,360	-	307,360	-
HRA Contribution	1,730,090	(64,000)	1,666,090	1,280,639	1,666,090	-
	4,136,480	(64,000)	4,072,480	1,280,639	4,072,480	-

8.3. The 2018/19 HRA Capital Budget as updated and approved by the Executive on 9th August 2018 was set at £4,136,480. Works associated with the replacement of smoke detectors in a number of council dwellings has been re-designated as revenue, thereby reducing the HRA capital programme by £64,000 and increasing the revenue repairs and maintenance budgets by the same figure. This brings the HRA Capital Budget to £4,072,480.

- 8.4. During the second quarter, £1,280,639 has been incurred on HRA Capital Schemes principally on kitchen replacements, central heating boiler replacements, electrical works and roofing schemes. The Council remains on target, at the quarter 2 stage, to spend £4,072,480 on capital works by the end of the year.
- 8.5. There are no significant capital underspends or capital overspends at this stage.

9. Treasury Management

- 9.1. This section of the report sets out the key treasury management statistics in relation to the Council's investments and borrowings. This report comprises a high level treasury management summary. The Audit and Regulatory Committee receives detailed operational updates on treasury management.

Investments

- 9.2. Cash investments held on the 30th September 2018 totalled £20.6 million. The average level of funds available for investment totalled £18.4 million and £60,150 interest was earned by the end of the second quarter.
- 9.3. The Council has budgeted to receive £139,940 in investment income in 2018/19. The budget was set with the potential for one Bank of England base rate rise of 0.25% during 2018/19. This occurred on 2nd August 2018 which was slightly earlier than the original forecast of November 2018, therefore the interest income target is expected to be overachieved by £5,000.

Borrowing

- 9.4. Outstanding borrowing at 30th September 2018 totalled £71.8 million. The Council's general fund and HRA have budgeted to incur £1,694,500 and £1,891,470 respectively in interest charges and other financing costs in 2018/19. This was based on existing external debt and new external debt to fund the borrowing requirements arising from the 2017/18 and 2018/19 general fund capital programmes plus the refinancing of a portion of maturing debt in December 2018.
- 9.5. The forecast additional mid-year borrowing costs from the revised capital programme are expected to be offset by the continuing internal funding supporting part of the capital financing requirement. No 'new' borrowing or refinancing has occurred during the year; the next maturities are in December 2018.
- 9.6. The budget is forecast to be £39,210 underspent overall: £11,340 to the general fund relating to reduced MRP from the 2017/18 borrowing requirement; and £27,870 to the HRA owing to improved investment income netted off the borrowing costs from HRA reserves available for investment and the improved average investment rate. The treasury team continue to monitor opportunities for new borrowing considering the actual borrowing requirement and the cost of carry of any borrowings taken.

10. Revenue Collection

10.1. The collection rate outturn for Quarter 2 2018/19 was as follows:

- Council Tax – 57.1% of Council Tax was collected by 30th September 2018, compared to 57.4% for the same period last year.
- Business Rates – 60.3% of Business Rates was collected by 30th September 2018, compared with 58.6% for the same period last year.
- Sundry Debts - The value of sundry debts over 60 days old at the end of Quarter 2 was £156,120 which compares with £267,420 at 30th September 2017.

General Fund Capital Programme Update 30th September 2018

Scheme	2018/19 Approved Budget	Q2 Changes	2018/19 Revised Budget	Expected Outturn 2018/19	Expected Variance 2018/19
	£	£	£	£	£
Housing & Housing Standards					
Affordable Housing Project	301,050	-	301,050	178,000	(123,050)
Disabled Facilities Grants	541,920	-	541,920	541,920	-
Landlord Accreditation Grant Scheme	73,730	-	73,730	73,730	-
	916,700	-	916,700	793,650	(123,050)
Property Services					
Asset Management Programme	3,480,790	-	3,480,790	2,332,990	(1,147,800)
	3,480,790	-	3,480,790	2,332,990	(1,147,800)
ICT	9,640	-	9,640	9,640	-
	9,640	-	9,640	9,640	-
Fleet Management					
Vehicle/Equipment Acquisition	2,547,070	-	2,547,070	2,547,070	-
	2,547,070	-	2,547,070	2,547,070	-
Regeneration					
Heritage Regeneration Grants	45,000	-	45,000	45,000	-
Buxton Crescent & Spa	273,190	-	273,190	273,190	-
	318,190	-	318,190	318,190	-
Horticulture					
Cemeteries /Parks	10,560	-	10,560	10,000	(560)
Play Areas	100,000	-	100,000	100,000	-
	110,560	-	110,560	110,000	(560)
Total General Fund	7,382,950	-	7,382,950	6,111,540	(1,271,410)

Housing Revenue Account Capital Programme Update 30th September 2018

Scheme	Revised Budget 2018/19	Q2 Changes	Revised Budget 2018/19	Q2 Actual Spend	18/19 Expected Outturn	18/19 Expected Variance
£	£	£	£	£	£	£
ASSET MANAGEMENT WORKS:						
Roofing & External Works	478,000	124,000	602,000	140,024	602,000	-
Kitchens	625,000	-	625,000	414,143	625,000	-
Bathrooms	150,000	-	150,000	2,415	150,000	-
Central Heating	403,000	(180,000)	223,000	202,945	223,000	-
Central Heating - One Offs	200,000	(124,000)	76,000	2,423	60,000	(16,000)
Electrical Works	568,000	(100,000)	468,000	109,967	468,000	-
Health & Safety Works	-	100,000	100,000	-	100,000	-
Aids & Adaptations	350,000	-	350,000	52,600	350,000	-
Unity Walk & Quarry Close Railing	30,000	-	30,000	-	45,000	15,000
Cross Street Structural	50,000	-	50,000	1,775	50,000	-
Commercial Heating Renewal (Marian)	127,000	-	127,000	66,503	113,000	(14,000)
Corbar Road Roofing Works	35,000	-	35,000	1,289	48,000	13,000
Stock Condition Survey Works	64,000	(64,000)	-	-	-	-
Communal Rewires	220,000	-	220,000	77,748	236,000	16,000
Major Voids (2)	118,000	-	118,000	7,826	118,000	-
Scooter Stores	75,000	-	75,000	65,085	65,085	(9,915)
Lightning Protection	40,000	-	40,000	23,349	35,915	(4,085)
Commercial Heating Renewal (Cromford Court)	-	80,000	80,000	-	80,000	-
Electrical Works (Marian)	-	100,000	100,000	-	100,000	-
	3,533,000	(64,000)	3,469,000	1,168,092	3,469,000	-
REPAIRS TEAM CAPITAL WORKS						
Void Rewires	35,000	-	35,000	31,184	75,984	40,984
Void Kitchens	200,000	-	200,000	58,175	162,228	(37,772)
Void Bathrooms	60,000	-	60,000	23,188	56,788	(3,212)
	295,000	-	295,000	112,547	295,000	-
STAFFING & PROFESSIONAL FEES						
Staffing Recharges/ Commissioning Costs	100,000	-	100,000	-	100,000	-
	100,000	-	100,000	-	100,000	-
VEHICLE PURCHASING						
Vehicle Purchases	208,480	-	208,480	-	208,480	-
	208,480	-	208,480	-	208,480	-
TOTAL SPEND	4,136,480	(64,000)	4,072,480	1,280,639	4,072,480	-