



**2017/18**

**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 members. This is the second such report for 2017/18.

1.2 The report summarises overall financial performance for 2017/18 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 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 to Members on progress against the Council's General Fund capital plans.
- **HRA Capital Programme (Section 8)** – provides an update to Members 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	2017/18 Budget	Projected Outturn 2017/18	Variance
	£	£	£
Alliance Management Team	67,020	62,000	(5,020)
Audit	10,240	10,240	-
ICT	609,790	609,790	-
Human Resources	91,980	76,980	(15,000)
Member Services	201,830	187,630	(14,200)
Property Services	1,197,310	1,328,570	131,260
Benefits	(169,590)	(190,590)	(21,000)
Planning Applications	(377,890)	(396,040)	(18,150)
Building Control	(85,730)	(112,720)	(26,990)
Customer Services	148,890	123,890	(25,000)
Legal Services	30,510	26,510	(4,000)
Electoral Services	96,470	36,470	(60,000)
Licensing and Land Charges	(336,520)	(337,320)	(800)
Regeneration	197,530	234,830	37,300
Communities and Cultural	263,640	250,890	(12,750)
Housing Strategy	212,530	204,530	(8,000)
Transformation	21,750	23,580	1,830
Community Safety and Enforcement	137,360	127,360	(10,000)
Finance, Income and Procurement	(146,800)	(148,800)	(2,000)
Corporate Finance*	6,356,750	6,082,050	(274,700)
Waste Collection	1,780,050	1,786,000	5,950
Street Scene	(9,170)	9,040	18,210
Leisure Services	498,000	445,320	(52,680)
Horticulture	(519,780)	(516,950)	2,830
Visitor Services	(1,147,730)	(1,095,030)	52,700
Environmental Health	(3,080)	(7,270)	(4,190)
Housing **	-	-	-
<b>Net Total of Services</b>	<b>9,125,360</b>	<b>8,820,960</b>	<b>(304,400)</b>
Net Interest	1,360,510	1,352,250	(8,260)
	<b>10,485,870</b>	<b>10,173,210</b>	<b>(312,660)</b>
Funding : external	(9,932,300)	(10,656,800)	(724,500)
: reserves - contribution/(use)	(553,570)	(596,120)	(42,550)
<b>Projected (Surplus)/Deficit</b>	<b>-</b>	<b>(1,079,710)</b>	<b>(1,079,710)</b>

\* Staff budgets are currently budgeted within Corporate Finance (except for Pavilion Gardens staff which for operational reasons is included within Visitor Services). Staff budgets/actuals are to be redistributed to Services by the end of the year

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

2.2 A revenue budget of £10,485,870 was set for 2017/18. The table above shows how this budget has been allocated to services and also reflects:

- The combination of the former Chief Executive and Executive Director services under the Alliance Management Team heading.
- The creation of a Corporate Finance service to record those budgets formerly included within Finance, Income and Procurement but not under the direct control of that service – for example the efficiency programme targets.
- That Corporate Finance currently includes budgeted staff costs, though the intention is that they will be allocated to services during the course of the year.

2.3 The Quarter Two projected outturn on the General Fund Revenue Account for 2017/18 is £9,406,160. This represents a projected surplus for the year of £1,079,710.

2.4 There are two services with a projected significant overspend:

- Property (£131,260 overspend); The national revaluation of Non-Domestic Rateable Values saw the Authority's Business Rates bill increase by £30,000. A review of the rent paid by the Authority for the Waterswallows depot has resulted in an in-year increase of £10,000 plus a backdated charge of the same amount. Income from Industrial Units is depressed by £15,000 owing to tenant vacancies. The most significant pressure on the service budgets is a projected £60,000 overspend on repairs. However owing to the nature of the repairs it is proposed that the Authority's earmarked Health and Safety reserve is used to meet the additional repairs costs.
- Visitor (£52,700 overspend); Stall vacancies at Glossop Market Arcade are expected to result in a £9,000 overspend. As reported at Section 3 below, closure of the Octagon is adversely affecting room hire income at Pavilion Gardens resulting in a projected £44,000 overspend.

2.5 There are three services with a projected significant underspend;

- Electoral Services (£60,000 underspend): The service budgets to make an annual contribution in to an earmarked reserve in order to smooth the costs of the council's elections over the term of the administration. The budgeted underspend to fund this contribution for 2017/18 is £40,000. A further £20,000 underspend is anticipated as a result of the costs relating to individual elector registration currently being below the level of funding received from central government in the form of Section 31 grant.
- Corporate Finance (£274,700 underspend): Expenditure against the staffing budget is likely to give rise to an underspend in the region of £250,000. While in part this arises from decisions taken during the evolving service review process, there is also an element arising out of vacancies and turnover within the current establishment. Eventually it is likely that some of this saving will be taken to the benefit of the authority's efficiency programme. There is also a £27,000 underspend expected against the vehicle leasing budget.

- Leisure Services (£52,680 underspend): Owing to lower than expected costs on repairs and a pension reimbursement against the contract fee, a £34,000 underspend is anticipated against the leisure centre budgets. Delay in finalising the leisure development strategy has caused slippage in certain projects resulting in a £8,700 underspend for the year against the leisure and games budget. The Council's leisure development function co-ordinates a number of projects that are part funded by third party contributions. It is anticipated that these contributions will outweigh spend in 17/18 by £10,000 which will be transferred to an earmarked reserve at the year end.

2.6 There is a predicted £8,260 underspend on net interest costs which is detailed in section 9.

2.7 The level of funding anticipated for the year is above that budgeted due to the following:

***External Funding:***

Funding from local taxpayers and government grants was budgeted at £9,932,300 for 2017/18. The amount now anticipated to be credited to the year is £724,500 greater:

**Business Rates Retention (£724,500):**

- An increase of £130,520 in the level of retained business rates is anticipated owing to increases in business rates income. This was not assumed in the budget because of uncertainties surrounding the 2017 revaluation and appeals provision.
- In addition to this, an increase of £250,420 is anticipated resulting from S31 grants to fund the new reliefs for Local Discretionary Relief, Supporting Small Businesses and Pub Relief. These grants are credited to the General Fund in the year but the associated reliefs have the opposite effect of increasing the Collection Fund deficit to be distributed in the following year.
- The levy payable, on business rates retention, to the pool is expected to be reduced by £343,560. The level of business rates income collectable has fallen following the resolution of appeals relating to purpose built doctors surgeries (which is partially offset by the unwinding of the existing appeals provision); and an increase in the level of provision required overall for both the existing appeals and the assumed reduction in RV on current year liabilities which will result from appeals in future years.
- This variance continues to be subject to change over the coming periods with fluctuations in business rates appeals as the 2010 outstanding appeals are heard and the level of 2017 appeals becomes apparent.
- It should be further noted that this forecast outturn assumes that the budgeted £200,000 of business rates income retained as a result of being part of the Derbyshire Business Rates Pool will be achieved. The forecasts for the Pool continue to be monitored by the Pool Lead; Derby City Council. The actual outturn will depend upon the performance of every member of the Pool. Therefore this element of the business rates retention income is subject to change.

**In line with the Medium Term Financial Plan requirements, any surplus against budget will need to be earmarked in order to support the increased deficit in 2018/19 as a result of accounting for business rates appeals and reliefs.**

***Use of Earmarked Reserves:***

At the half year stage the Authority is anticipating its net use of reserves for the year to be £42,550 above the £553,570 originally budgeted;

- Property Services £60,560 use: the cost of resolving urgent health and safety works at the Council's properties is to be covered out of this reserve
- 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.
- Regeneration Services £36,450 use: an earmarked reserve that exists to support regeneration projects within the borough is being applied to support housing delivery initiatives within the year.
- Leisure Services £10,000 contribution: a number of grants and contributions received in the year will be placed into reserve for future specific sport and leisure related projects.
- Horticulture £4,460 reduced use: works on recreation grounds and open spaces are part funded each year by drawing down on Section 106 monies previously received from Developers as part of their planning obligations. Only £2,090 of the £6,550 originally budgeted is now likely to be applied in 2017/18.

### 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 The 2017/18 budget is a net cost of £293,693. At the end of the second quarter the projected outturn on the Pavilion Gardens Trading Statement is £44,450 in excess of budget. This reflects a £16,000 downturn in trading income in the year to date plus a £28,000 loss against room hire revenues.

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 2017/18						Projected Outturn	2017/18 Budget	Variance
	Pavilion Café	Coffee Area	TIC & Retail	Events	Outside	Function			
Income	(588,580)	(221,990)	(172,260)	(176,640)	(47,490)	(138,170)	(1,345,130)	(1,454,030)	108,900
Expenditure	688,710	310,570	239,120	236,200	57,140	151,540	1,683,280	1,747,730	(64,450)
<b>Net Cost / (Contribution)</b>	<b>100,130</b>	<b>88,580</b>	<b>66,860</b>	<b>59,560</b>	<b>9,650</b>	<b>13,370</b>	<b>338,150</b>	<b>293,700</b>	<b>44,450</b>

Description	Outturn 2016/17						Outturn	2016/17 Budget	Variance
	Pavilion Café	Coffee Area	TIC & Retail	Events	Outside	Function			
Income	(667,730)	(185,260)	(172,840)	(225,720)	(44,820)	(105,700)	(1,402,070)	(1,290,550)	(111,520)
Expenditure	744,280	289,620	240,460	270,710	94,770	124,310	1,764,150	1,652,500	111,650
<b>Net Cost / (Contribution)</b>	<b>76,550</b>	<b>104,360</b>	<b>67,620</b>	<b>44,990</b>	<b>49,950</b>	<b>18,610</b>	<b>362,080</b>	<b>361,950</b>	<b>130</b>

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 (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.
- 4.2 Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. The followed the end of the previous contract with Veolia Environmental Services.
- 4.3 AES has provided management accounts as at 30th September 2017 to forecast the outturn for 2017/18, which includes the period from the commencement of the company on 7th August to 31st March 2017. The company is reporting a forecast profit of £91,467 before year 1 savings payable to HPBC, which is an improved position of £53,333 against the budget. A summary of the performance and the variances against the budget is shown in the table below:

2017-18	Budget	Forecast Outturn	Variance	
Contract Fee	(£1,818,854)	(£1,818,854)	£0	Payable by HPBC
Risk Plan	(£127,000)	(£60,000)	£67,000	Reduction in anticipated Risk Items payable on contract fee: lower pension costs and reduced use of spare vehicles
Other Income	(£325,907)	(£354,708)	(£28,801)	Net £14k from improved recycling income; £10k additional workshop income; £5k additional contribution to setup costs incurred by AES, chargeable to Ansa.
<b>Turnover</b>	<b>(£2,271,761)</b>	<b>(£2,233,562)</b>	<b>£38,199</b>	
Cost of Sales	£1,940,875	£1,851,963	(£88,912)	£7k net reduction in salary/ pension costs; £82k reduction resulting from removal of Round K4 plus spare vehicle.
Charges levied by Ansa	£74,345	£76,888	£2,543	£2k reduction on Ansa charges on vehicle overheads; £4 increased costs on external support (management/ admin/ HR).
Administrative Expenses	£218,407	£213,244	(£5,163)	£8k net saving on vacant admin post covered by Ansa admin support; £2k additional payroll bureau costs – delayed migration to monthly payroll originally expected November 2017, now January 2018
<b>(Profit)/ Loss</b>	<b>(£38,134)</b>	<b>(£91,467)</b>	<b>(£53,333)</b>	
Year 1 pro-rata savings payable to HPBC	£64,930	£64,930	£0	
<b>Net (Profit)/ Loss</b>	<b>£26,796</b>	<b>(£26,537)</b>	<b>(£53,333)</b>	



- 4.4 The contract fee payable by HPBC of £1,818,854 has increased from the original estimate by £140,474 largely due to additional costs for short-term vehicle hire to deliver the Waste Service – which are offset in 2017/18 by savings developing from the wider waste service (see 4.6). There is a commitment from all parties to commence procurement of the vehicles for a more long-term cost effective solution.
- 4.5 In addition to the contract fee, 'risk items' of £127,000 were added to recognise that there were several areas of potential cost increases arising from the company set-up. These included the need to cover vacancies; the provision of spare vehicles; fuel cost; and additional pension costs. These are being monitored during the year and will only be payable if the additional costs come to fruition. The current forecast shows that at this stage on £60,000 of these risk items remain.
- 4.6 The savings plan for year one of the AES joint venture partnership contained £100,000 comprising £65,000 from waste operating efficiencies and £35,000 from waste management savings. The pro-rata amount of these savings applicable from August 2017 to March 2018 is £64,930. This is to be paid to the Council at the end of the year.
- 4.7 The net additional costs, after the reimbursement of savings as a contribution to the efficiencies programme, are largely offset by other underspends in the wider waste service not related to AES. These include improved domestic recycling income and reduced trade waste disposal costs.

## 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 2017/18.
- 5.2 The Council's Medium-Term Financial Plan (approved in February 2017) included a new four-year (2017/18 – 2020/21) Efficiency and Rationalisation Strategy targeting savings of £2.1 million. This is 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 new Efficiency and Rationalisation Strategy will have 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 programme 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 2017/18 budget provides for the achievement of £310,000 of such savings in year – with a significant focus on income generation, major procurements and management structure review.
- 5.6 At the end of Quarter 2, £194,150 has been taken against the overall Efficiency programme relating to management savings, additional income, procurement savings and postage and print savings. The Council is on course to meet the overall savings requirements for the year.
- 5.7 In addition there are a number of vacant staff posts to be reviewed (in line with the service review process and as a result of other efficiency projects) which will

potentially contribute to the overall efficiency programme (see section 2.5). This review may give rise to over-achievement of the in-year efficiency target.

- 5.8 The authority carries a reserve of £100,000 earmarked to support the strategy which can be drawn on to offset any remaining one-off and short term costs from the service review process and consequent shortfall against the 2017/18 efficient target. This requirement will be monitored throughout the year.

*HRA – Financial Improvement Plan*

- 5.9 The HRA Improvement Plan was presented alongside the MTFP in February 2017, and identified £1.2m in savings to be achieved over a four year period in order to address the budget shortfall of £770,000 by 2020/21 and ensure the HRA 30-year business plan is financial sustainable.
- 5.10 The 2017/18 savings target was set at £625,000. At the Quarter 2 stage, approximately £460,000 in ongoing savings have been realised, with other in-year underspends resulting in an overall projected surplus of £581,630 (see section 6). It is assumed that the £625,000 will be achieved by the end of 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 2017/18 Housing Revenue Account budget was originally set to produce a surplus of £57,000. The Chief Financial Officer has, in accordance with Financial Procedure Rules, authorised the roll forward of £211,200 in unused budgets from 2016/17 to facilitate delayed capital works to complete a retaining wall at Alma street and replace a commercial boiler in Hartington Gardens. This brought the 2017/18 budget to £154,200.
- 6.3 Projected expenditure on the Housing Revenue Account for 2017/18, at the second Quarter stage, is £14,699,450 with estimated income at £15,126,880. This represents a surplus for the year of £427,430 (i.e. £581,630 below budget).

Housing Revenue Account	2017-18 Revised Budget	2017-18 Expected Outturn	2017-18 Variance
	£	£	£
<b>INCOME</b>			
Dwellings Rents	(14,495,540)	(14,501,260)	(5,720)
Non - Dwelling Rents & Other Income	(617,730)	(625,620)	(7,890)
	<b>(15,113,270)</b>	<b>(15,126,880)</b>	<b>(13,610)</b>
<b>EXPENDITURE</b>			
Repairs & Maintenance	3,932,800	3,807,800	(125,000)
Supervision & Management	3,383,090	3,108,090	(275,000)
Rents, rates, taxes and other charges	119,390	105,700	(13,690)
Other Operating Expenditure	692,360	632,360	(60,000)
Depreciation & Impairment	2,099,030	2,099,030	-
Interest & Debt Management	3,381,630	3,342,300	(39,330)
Contribution to Capital	1,659,170	1,604,170	(55,000)
	<b>15,267,470</b>	<b>14,699,450</b>	<b>(568,020)</b>
<b>Surplus(-)/Deficit</b>	<b>154,200</b>	<b>(427,430)</b>	<b>(581,630)</b>

- 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 HRA, 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 is no significant overspends to be noted at this stage

6.6 There are four significant underspends to report at this stage.

- Repairs and Maintenance (£125,000) – the forecast savings relate to salary costs following service reviews – this will be reviewed during 2017/18 to ensure it is sustainable and future year budgets will be reduced accordingly as part of the MTFP.
- Supervision and Management (£275,000) – The majority of this forecast underspend relates to savings in salary costs following service reviews – this will be reviewed during 2017/18 to ensure it is sustainable and future year budgets will be reduced accordingly as part of the MTFP.
- Other Operating Expenditure (£60,000) - savings have been achieved on postage, stationery and print costs, and as a result of the review of the 'golden goodbye' scheme and moving support grant.
- Contribution to Capital (£55,000) – The capital programme includes a charge for salary / commissioning costs derived from internal management of each capital scheme. Following service reviews and changes to working practices the charge made is expected to reduce by £55,000.

## 7 General Fund Capital Programme

7.1 This section of the report provides an update on the Council's General Fund Capital Programme.

7.2 The table below shows a high level (service) summary of the General Fund Capital Programme position at 30th September 2017. Further detail on a scheme by scheme basis is contained in Annex A.

	2017/18 Approved Budget £	Q2 Changes £	2017/18 Revised Budget £	Expected Outturn 2017/18 £	Expected Variance 2017/18 £
<b>Housing</b>	142,000	-	142,000	142,000	-
<b>Housing Standards</b>	455,240	-	455,240	455,240	-
<b>Property Services</b>	5,142,810	-	5,142,810	3,632,070	(1,510,740)
<b>ICT</b>	1,350	-	1,350	104,310	102,960
<b>Regeneration</b>	302,940	-	302,940	302,940	-
<b>Horticulture</b>	78,920	-	78,920	68,900	(10,020)
	<b>6,123,260</b>	-	<b>6,123,260</b>	<b>4,705,460</b>	<b>(1,417,800)</b>
<b>Planning Obligations</b>	10,000	-	10,000	10,000	-
<b>External Contributions</b>	516,760	3,960	520,720	520,720	-
<b>Capital Receipts</b>	642,000	-	642,000	642,000	-
<b>Borrowing</b>	4,954,500	(3,960)	4,950,540	3,532,740	(1,417,800)
	<b>6,123,260</b>	-	<b>6,123,260</b>	<b>4,705,460</b>	<b>(1,417,800)</b>

7.3 The 2017/18 General Fund Capital Budget as updated and approved by the Executive on 3rd August 2017 was set at £6,123,260.

7.4 There are two significant projected capital spend variance to note at this stage:

- Property Services (£1,510,740 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
- ICT (£102,960 overspend) - The implementation of the ICT Strategy has been accelerated resulting in a forecast overspend of £102,960 in 2017-18. As previously reported the costs are being met from re-profiling the overall ICT provision within the latest approved 4 year Capital Programme. This is the final stage of the IT infrastructure upgrade; the programme objectives are to ensure the infrastructure is fit for purpose to support the Alliance's future business priorities. The proposed timeframe of works is 18 weeks with the works scheduled to be completed in this financial year to ensure ongoing PSN (Public Sector Network) compliance

## 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 2017. Further detail on a scheme by scheme basis is contained in Annex B.

Scheme	2017/18 Approved Budget per MTFP	Q2 Changes	2017-18 Revised Budget	Q2 Actual Spend	2017-18 Expected Outturn	2017/18 Expected Variance
	£	£	£	£	£	£
Asset Management Works	3,597,200	100,000	3,697,200	829,063	3,677,985	(19,215)
Repairs Team Capital Works	395,000	(100,000)	295,000	157,108	314,215	19,215
Commissioning Fees	155,000	-	155,000	-	100,000	(55,000)
<b>Total</b>	<b>4,147,200</b>	<b>-</b>	<b>4,147,200</b>	<b>986,171</b>	<b>4,092,200</b>	<b>(55,000)</b>
<b>Funding:</b>						
Major Repairs Reserve	2,099,030	-	2,099,030	986,171	2,099,030	-
Capital Receipts Applied	389,000	-	389,000	-	389,000	-
HRA Contribution	1,659,170	-	1,659,170	-	1,604,170	(55,000)
	<b>4,147,000</b>	<b>-</b>	<b>4,147,200</b>	<b>986,171</b>	<b>4,092,200</b>	<b>(55,000)</b>

- 8.3 The 2017/18 HRA Capital Budget as updated and approved by the Executive on 3rd August 2017 was set at £4,147,200.
- 8.4 During the second quarter, £986,171 has been incurred on HRA Capital Schemes principally on central heating boiler replacements, electrical works, kitchen replacements and roofing works.
- 8.5 There is just one significant projected capital variance to note at this stage
- Commissioning Fees (£55,000 underspend) – This underspend relates to a reduction in the internal recharge of staff costs associated with delivery of the annual capital programme.
- 8.6 There are no funding changes to note 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 summary as the Audit and Regulatory Committee receives detailed operational updates on treasury management.

### *Investments*

- 9.2 Cash Investments held on the 30th September 2017 totalled £18.2 million. £38,920 interest was earned on these investments up to the end of the second quarter. The average level of funds available for investment during quarter 1 and 2 totalled £17.1 million.
- 9.3 The Council has budgeted to receive £64,720 in investment income in 2017/18. The budget was set with the expectation that the low interest environment would continue, however interest receipts are performing well at the moment therefore a surplus of £5,000 is expected against the budget.

### *Borrowing*

- 9.4 Outstanding borrowing at 30th September 2017 totalled £72.2 million, including £411,000 which relates to finance lease facilities.
- 9.5 The Council's general fund and HRA has budgeted to incur £1,425,230 and £3,381,630 respectively in interest charges and other financing costs in 2017/18. This included external borrowing mid-year to support a general fund borrowing requirement of £4.7 million. This has now reduced to a forecast £3.5 million, which is not anticipated to be funded until towards the end of the year. Therefore an underspend of £42,000 is anticipated on external borrowing costs to the general fund. However this is offset under the 'one pool' approach to borrowing which the Council adopts. The share of interest attributable to the HRA has changed in line with the CFR now attributable to the HRA, meaning that the general fund borrowing costs outturn would be £3,000 underspent. The opposite effect of which occurring in the HRA.
- 9.6 There has been no new borrowing to date. The treasury team continue to monitor opportunities for new borrowing for this considering the forecast borrowing requirement and the cost of carry of any borrowings taken.



## 10 Revenue Collection

10.1 This section of the report details progress to date in collecting the Council Tax, Business Rates and Sundry Debt.

10.2 The collection rate outturn for Quarter 2 2017/18 was as follows:

- Council Tax – 57.4% of Council Tax was collected by 30th September 2017, compared to 57.5% for the same period last year.
- Business Rates – 58.6% of Business Rates was collected by 30th September 2017, compared with 58.5% for the same period last year.
  - *NB: A particularly large hereditament payer paid the 2017/18 liability in full in May 2017, but during 2016/17 payments were made in accordance with the 10 month instalment plan. This has affected the comparative collection rate by 0.9%.*
- Sundry Debts - The value of sundry debts over 60 days old at the end of Quarter 2 was £267,417 which compares with £266,876 at 30th September 2016.

10.3 There a number of balances that are recommended for write off as they are deemed to be non-recoverable. These are detailed in the schedule attached at Appendix D to this report.

10.4 The Council's Financial Regulations state that no sums of money should be written off without appropriate written authorisation:

- For amounts under £100, the authorisation of the Finance Manager is required
- For amounts between £100 and £2,000, the authorisation of the Chief Finance Officer is required
- For amounts between £2,000 and £5,000, the authorisation of the Executive Councillor for Corporate Resources is required via a Delegated Report
- For amounts greater than £5,000, Cabinet approval is required

10.5 It should be noted that the Council collects in excess of 99% of council tax, business rates and sundry debts. However not all debt is collectable. The balances detailed in the schedule attached to Appendix D have, following sustained recovery action, been deemed irrecoverable. The basis and grounds for write off are also set out in the table.

**General Fund Capital Programme Update - 30th September 2017**

Scheme	2017/18 Approved Budget	Q2 Changes	2017/18 Revised Budget	Expected Outturn 2017/18	Expected Variance 2017/18
	£	£	£	£	£
<b>Housing &amp; Housing Standards</b>					
Affordable Housing Project	142,000	-	142,000	142,000	-
Disabled Facilities Grants	427,510	-	427,510	427,510	-
Landlord Accreditation Grant Scheme	27,730	-	27,730	27,730	-
	<b>597,240</b>	<b>-</b>	<b>597,240</b>	<b>597,240</b>	<b>-</b>
<b>Property Services</b>					
Asset Management Programme	5,142,810	-	5,142,810	3,632,070	(1,510,740)
	<b>5,142,810</b>	<b>-</b>	<b>5,142,810</b>	<b>3,632,070</b>	<b>(1,510,740)</b>
<b>ICT</b>	1,350	-	1,350	104,310	102,960
	<b>1,350</b>	<b>-</b>	<b>1,350</b>	<b>104,310</b>	<b>102,960</b>
<b>Regeneration</b>					
Heritage Regeneration Grants	58,610	-	58,610	58,610	-
Buxton Crescent & Spa	244,330	-	244,330	244,330	-
	<b>302,940</b>	<b>-</b>	<b>302,940</b>	<b>302,940</b>	<b>-</b>
<b>Horticulture</b>					
Whaley Bridge Memorial Park	18,920	-	18,920	8,900	(10,020)
Play Areas	60,000	-	60,000	60,000	-
	<b>78,920</b>	<b>-</b>	<b>78,920</b>	<b>68,900</b>	<b>(10,020)</b>
<b>Total General Fund</b>	<b>6,123,260</b>	<b>-</b>	<b>6,123,260</b>	<b>4,705,460</b>	<b>(1,417,800)</b>

### Housing Revenue Account Capital Programme Update – 30th September 2017

Scheme	Original Budget 2017/18	Q2 Changes	Revised Budget 2017/18	Q2 Actual Spend	17/18 Expected Outturn	17/18 Expected Variance
<b>ASSET MANAGEMENT WORKS:</b>	£	£	£	£	£	£
Roofing & External Works	228,000	-	228,000	107,517	228,000	-
Kitchens	350,000	150,000	500,000	131,487	500,000	-
Bathrooms	100,000	-	100,000	2,900	100,000	-
Central Heating	780,000	(50,000)	730,000	-	730,000	-
Central heating - One Offs	380,000	50,000	430,000	308,051	430,000	-
Electrical Works	748,000	-	748,000	167,563	725,475	(22,525)
Health & Safety	85,000	(77,000)	8,000	-	-	(8,000)
Aids & Adaptations	350,000	-	350,000	38,689	350,000	-
Unity Walk & Quarry Close Railing	35,000	-	35,000	-	35,000	-
Cross Street Structural	55,000	-	55,000	-	55,000	-
Commercial Boiler Renewal - Eccles Fold	50,000	27,000	77,000	4,500	77,000	-
Corbar Road Roofing Works	40,000	-	40,000	339	40,000	-
Scooter Stores	75,000	-	75,000	1,645	75,000	-
Commercial Boiler Renewal – Hartington Gardens	198,000	-	198,000	35,295	203,000	5,000
ALMA Wall	33,200	-	33,200	25,003	33,410	210
Lightning Protection	40,000	-	40,000	-	40,000	-
Gladstone Street Works	40,000	-	40,000	-	40,000	-
Shop Works	10,000	-	10,000	6,074	16,100	6,100
	<b>3,597,200</b>	<b>100,000</b>	<b>3,697,200</b>	<b>829,063</b>	<b>3,677,985</b>	<b>(19,215)</b>
<b>REPAIRS TEAM CAPITAL WORKS</b>						
Major Voids	100,000	(100,000)	-	-	-	-
Void Rewires	35,000	-	35,000	24,815	49,630	14,630
Void Kitchens	200,000	-	200,000	98,945	197,889	(2,111)
Void Bathrooms	60,000	-	60,000	33,348	66,696	6,696
	<b>395,000</b>	<b>(100,000)</b>	<b>295,000</b>	<b>157,108</b>	<b>314,215</b>	<b>19,215</b>
<b>STAFFING &amp; PROFESSIONAL FEES</b>						
Staffing Recharges/ Commissioning Costs	155,000	-	155,000	-	100,000	(55,000)
	<b>155,000</b>	<b>-</b>	<b>155,000</b>	<b>-</b>	<b>100,000</b>	<b>(55,000)</b>
<b>TOTAL SPEND</b>	<b>4,147,200</b>	<b>-</b>	<b>4,147,200</b>	<b>986,171</b>	<b>4,092,200</b>	<b>(55,000)</b>