

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Cabinet
Finance & Audit Committee

Date: 4 September 2017
12 September 2017

Reporting officer: Assistant Director (Corporate Services)

Subject: Budget Monitoring Report 2017/18 – Quarter One

Purpose and summary of report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2017/18, including known variances agreed or identified through budgetary control activity.

To update Members on other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan, HRA Business Plan or Financial Statements.

Recommendations:

1. This report is for information only.

1. INTRODUCTION

- 1.1. The Constitution of the Council requires Members to receive reports in respect of the Council's finances and financial performance. This report therefore provides an assessment of performance against approved budgets for the 2017/18 financial year for the first quarter year period to 30 June 2017 as well as updating Members on other key areas of financial performance.
- 1.2. The Council continues to maintain robust budgetary control actions to ensure good financial governance and respond to the pressures on the Council's finances. In addition to the reporting of financial performance through regular budget monitoring reports, these actions include:
 - Requiring all financial decisions and major acquisitions to be brought to Management Team for discussion and approval;
 - Requiring any recruitment activity (relating to both permanent and temporary appointments, and including use of overtime) to be considered and approved by Management Team.

2. EXECUTIVE SUMMARY

General Fund (Revenue)

- 2.1. At the end of Quarter One there is projected underspend for the year of £183,730. Main movements in the quarter affecting the forecast position against the original budget for the year include savings accruing against staffing budgets, the final purchase under the first tranche of the council's Property Acquisition Strategy and progression of shared service activity.
- 2.2. The level of Working Balances at year end are projected to be £6.3m, constituted of the minimum working balances of £1.25m, the General Fund reserve of £2m and usable Working Balances of £3.1m.
- 2.3. Movements in the year are projected to result in a net increase in reserves of £0.4m, with the level of reserves being £7.1m at start of year and projected to be £7.5m at year end.
- 2.4. Significant risks to the General Fund's financial position continue to come from the lack of clarity regarding the future of local government funding. The Queens Speech focused on a package of Bills intended to deliver 'Brexit' and was as notable for the Bills it did not contain as those that it did.
- 2.5. The council continues to take forward the 'Bridging the Gap' workstreams set out in its Medium Term Financial Strategy. Activity undertaken by the council so far has delivered some £1.5m of base budget reductions; £1.1m of this had been reflected in the budget set for the 2017/18 financial year.

General Fund (Capital)

- 2.6. The General Fund Capital Programme for the year is budgeted at £16.1m, with spend to the end of Q1 of £0.5m.

HRA (Revenue)

- 2.7. At the end of Quarter One, income and expenditure for the year remains balanced, albeit there is a movement in the projected transfer to reserves due to adjustment in the funding for the New Build/Acquisition programme. Main movements in the quarter affecting the forecast position against the original budget for the year include savings against staffing budgets, increases in rental income and the impact of the disposal of the PV Panel stock.
- 2.8. The level of Working Balances at year end are projected to be £3.0m, at the minimum level of Working Balances for the HRA.
- 2.9. Movements in the year are projected to result in a net increase in reserves of £1.5m, with the level of reserves being £4.6m at start of year and projected to be £6.1m at year end.
- 2.10. As with the GF, the significant risk to the HRA's financial position continues to be the lack of clarity regarding funding, in particular changes to funding for supported housing.

Housing Capital

- 2.11. The Housing Capital Programme for the year is budgeted at £14.6m, with spend to the end of Q1 of £3.6m.

3. GENERAL FUND (REVENUE)

3.1. Budget 2017/18

3.1.1. The approved Original Budget Requirement for 2017/18 is £13,204,070, funded by Central Government Grant, retained Non-Domestic Rates, Council Tax and use of £1,438,900 Usable Working Balances, in accordance with the Medium Term Financial Strategy.

3.1.2. The table below sets out the current assessment of performance against the Original Budget by Directorate, based on known variances as at 30 June 2017.

Directorate / Budget Heading	Original Budget 2017/18 (£)	Forecast 2017/18 (£)	Variation (£)
Chief Executive	21,980	21,980	0
Communities	3,972,570	3,754,500	(218,070)
Corporate Services	3,552,050	3,567,810	15,760
Environment & Operations	2,486,880	2,491,880	5,000
Housing & Regeneration	2,017,810	2,017,810	0
Items Carried Forward from 2016-17	0	83,580	83,580
Non-Directorate Specific	1,080,340	1,080,340	0
Interest and Investment Income	(461,390)	(461,390)	0
Government Grant Funding	(386,690)	(526,690)	(140,000)
Transfers to/ (from) reserves	697,740	572,180	(125,560)
Transfers to/ (from) balances	1,426,000	1,426,000	0
Transactions below the line	(1,203,220)	(1,077,660)	125,560
BUDGET REQUIREMENT	13,204,070	12,950,340	(253,730)
Business Rates Income	(2,942,880)	(2,872,880)	70,000
Council Tax Income	(6,386,320)	(6,386,320)	0
Parish Precepts	(298,560)	(298,560)	0
New Homes Bonus	(1,426,000)	(1,426,000)	0
Revenue Support Grant	(598,240)	(598,240)	0
Transfers to/(from) the Collection Fund	(113,170)	(113,170)	0
Use of Working Balances	(1,438,900)	(1,438,900)	0
BUDGET SHORTFALL/(UNDERSPEND)	0	(183,730)	(183,730)

Table 1: General Fund Revenue Assessment of Performance to date 2017/18: by Directorate

3.2. CHIEF EXECUTIVE'S DIRECTORATE – NIL VARIANCE

3.2.1. There are no significant variances to report.

3.3. COMMUNITIES DIRECTORATE – £218K FAVOURABLE VARIANCE

3.3.1. **Acquisition of St John's House, Dartford: £160k favourable variance** – during the early part of 2016, the council aside £10m of its cash balances to acquire commercial property that will deliver an ongoing revenue income stream. In February 2017, the council completed its third acquisition, St John's House in Dartford, which is anticipated to provide an annual rental income stream of £160k.

- 3.3.2. **Legal Shared Services: £87k favourable variance** - as part of “Bridging The Gap” activity identified within the Medium Term Financial Strategy (MTFS) a number of shared service options have, and are, being explored. The establishment of a shared service with Medway Council for legal services from April 2017 has produced a positive effect to the Council’s Medium Term Financial Plan (MTFP) of £87k.
- 3.3.3. **Payroll Shared Services: £10k adverse variance** – linked to the strategy described above, the Council has also entered into an arrangement with Medway Council for shared payroll services. This has initially led to a £10k adverse variance, although it should be noted that underspends resulting from staff vacancies within HR will more than offset this (staffing is reported for the council as a whole rather than within individual services). Additionally, the new service is providing non-financial benefits such as greater resilience and self-service capabilities.
- 3.3.4. **Altogether Safe Project: neutral variance** – grant funding of £76k has been secured from the Home Office by the Community Safety team. This funding will target the prevention of domestic abuse through a series of programmes delivered by external partners e.g. in schools and counsellor advice.
- 3.3.5. **Other Minor Variances: £19k adverse variance** – a number of minor variances have been reported within the Communities Directorate; the net effect of these variances is £19k.

3.4. **CORPORATE SERVICES DIRECTORATE – £16K ADVERSE VARIANCE**

- 3.4.1. **Internal Audit Shared Service Arrangements: £8k adverse variance** – as part of their professional standards, internal audit services are required to be subject to an external quality assessment every five years. The shared service run by Medway Council have entered into this process for 2017/18, leading to an overspend of £8k.
- 3.4.2. **Localised Support for Council Tax (LSCT) – Preceptor Funding: £8k adverse variance** – in recent years the Council has received £125k from the major preceptors as contributions towards administering the LSCT scheme. Since the original budget was set, the Council has received notification that the level of funding has been reduced, and therefore there is an £8k deficit in 2017/18.
- 3.4.3. **Automated Invoicing & Asset Accounting Projects: neutral variance** – funding from the Corporate Priorities Reserve of £29k has been made available to enhance the council’s financial systems. The automated invoicing project involves automatically matching supplier invoices submitted electronically, to existing authorised purchased orders without further need for manual intervention, therefore increasing efficiency, accuracy and throughput. Asset accounting is a particularly complex and technically demanding area of finance, with records traditionally held on manual spreadsheets. Utilising a specifically designed asset accounting module will provide greater robustness and resilience to this process and help standardise procedures.

3.5. ENVIRONMENT & OPERATIONS DIRECTORATE – £5K ADVERSE VARIANCE

- 3.5.1. **Annual Maintenance of closed Churchyards: £5k adverse variance** – following the Service Review Team (SRT) process analysing Direct Service Organisation (DSO) services, a requirement was identified to have a dedicated budget to fund maintenance and minor repairs in closed churchyards. The estimated annual provision **required** was £5k; this has been built into the MTFP, giving a variance to the 2017/18 original budget.
- 3.5.2. **Controlled Parking Zone & Park Map System: neutral variance** – within the SRT process for Parking, one option identified the need to carry out a review of existing Controlled Parking Zone arrangements. Funding from the Corporate Priorities and Service Review reserves of £77k has been made available to enable this - the work involves engaging an external consultant and developing a project plan, as well as setting up a Park Map system to manage traffic regulation orders.
- 3.5.3. **Hand Arm Vibration (HAV) System: neutral variance** – the Council has a legal duty under the Control of Vibration at Work Regulations 2005 to assess and identify measures to eliminate or reduce risks from exposure to hand-arm vibration, particularly caused by operating hand-held power tools. Hand-arm vibration was highlighted as a risk within the quarterly risk register presented to Management Team in March 2017, and resultantly funding from the Corporate Priorities Reserve of £20k has been released to finance the procurement of a HAV system.

3.6. HOUSING & REGENERATION – NEUTRAL VARIANCE

- 3.6.1. **Homelessness: neutral variance** – as at quarter one, almost half of the temporary accommodation budget of £50k has been spent. The first period of 2017/18 has seen a peak in temporary accommodation placements and the team have needed to procure temporary accommodation from the private rent sector. Through a combination of anticipated placement reductions in quarter two, and a favourable position on the homelessness prevention budget, no overall year-end variation is currently projected.

3.7. ITEMS CARRIED FORWARD FROM 2016/17 - £83k

3.7.1. The following carried forward items from 2016/17 to 2017/18 were approved by the authority's Section 151 Officer, the Director (Corporate Services) and the Council's Management Team:

<u>Directorate</u>	<u>Service</u>	<u>Amount</u>	<u>Reason for underspend in 2016/17</u>	<u>Reason for carry-forward request into 2017/18</u>
Communities	Community Engagement	£500	Budget has been earmarked for a project which does not take place until 2017/18.	To support the Chinese New Year event taking place in 2017/18.
Communities	Community Engagement	£2,000	Budget has been earmarked for a project which does not take place until 2017/18.	This unspent budget is needed to fund the cost of 'Our Dancing Town' project in 2017/18.
Communities	Economic Development	£5,580	Virtual Museum activity requested by members. Work has started but is not yet complete. These funds have been set aside to pay for this work.	This project will be completed in 2017/18.
Communities	Economic Development	£5,860	This budget was originally set up to provide funding for the new Market. There have been delays with the Old Fish Market which has prevented the spending of the budget in 2016/17.	Roll over to meet the cost of new equipment relating to the Market which has been delayed until 2017/18.
Communities	Community Engagement	£6,000	Budget has been earmarked for a project which does not take place until 2017/18.	Cost to cover Silk River project delivery. This project will take place in 2017/18
Communities	Gravesham Youth Council	£8,740	Grant funding received in 2016/17, this is the remaining balance of funding available and has been set aside for the Gifted Young Gravesham talent show.	The unspent grant will be used to deliver the Gifted Young Gravesham programme which is a talent show for young people organised by the youth council in October. There are no other dedicated funds to finance this activity in 2017/18.
Communities	Woodville	£10,000	Part of the Woodville underspend has been set aside to fund future projects.	Roll over to fund Woodville 50th celebrations. Which will take place in 2017/18.
Communities	Community Engagement	£11,000	A budget was set aside for Community activities, however to date, this has not been fully utilised.	To be rolled forward for use on Community Activities taking place in 2017/18.
Communities	Woodville	£15,000	An underspend has been achieved for Woodville in 2016/17 Part of this underspend has been allocated by the Governance Group for use in 2017/18.	Roll over to fund PA system delivery. This expenditure was agreed at the Governance Group.
Corporate	Procurement	£9,720	Due to the need to evaluate the alternative options available for the Fleet Leisure site, there has been a delay in commissioning the procurement support from Strategic Leisure.	This unspent budget will be used to fund the current procurement exercise being undertaken in relation to Fleet Leisure.
Housing Regeneration	Development Management	£3,000	Funds have been earmarked for the Kent Design Initiative but the work was not completed by the end of the year.	To fund the Kent Design Initiative in 2017/18.
Housing Regeneration	Planning	£5,930	Due to staff shortages the street signs identified for replacement were not replaced during 2016/17.	It is anticipated that further street signs will need to be replaced in 2017/18 and therefore this budget will be needed in addition to the 2017/18 original budget.
Housing Services	Private Housing	£250	In October 2016 there was a Black History Month display in the Blake Gallery and a contribution was received to fund this display. This contribution was not fully spent but has been earmarked for a similar display in 2017/18.	This unspent contribution will fund a Black history month display in October 2017.
Total carry-forward requests		£83,580		

Table 2: Items Carried Forward from 2016/17

3.8. **INTEREST AND INVESTMENT INCOME – NEUTRAL VARIANCE**

- 3.8.1. **Investment Income: neutral variance** – although generating returns from cash balances continues to be challenging, officers are not currently anticipating any budget variation in this area. Following on from funds set aside for the Property Acquisition Programme in early 2016, a further £10m was approved at Full Council on 27 June 2017; officers are currently exploring options available. Once funds are utilised to purchase property, there would be small reductions in income from treasury management investments as less cash would be available for placing in money markets and deposits. However, the overall benefit to the MTFP of annual rental income streams resulting from commercial acquisitions would far outweigh investment income forgone (typically, for a balance of £10m on returns of 0.25%, this would be £12.5k investment income for a six month period).

3.9. **FUNDING STREAMS – £70K FAVOURABLE VARIANCE**

- 3.9.1. **Government Grant Funding – Section 31 grants: £140k favourable variance** – see Business Rates Income section below.
- 3.9.2. **Transfers to/(from) reserves & Transactions Below the line (MTFP): net neutral variance** - under accounting arrangements, the corresponding entries relating to reserve-funded expenditure within services (the drawdown from the reserve and the transfer into the specific service) are shown here. The total of £126k relates to the reserve funded items as described within the Corporate Services and Environment & Operations Directorate sections.
- 3.9.3. **Business Rates Income: £70k adverse variance** – due to the timing constraints of the budget-setting process in relation to completion of the statutory NNDR1 form return, actual business rates income payable from the collection fund is £70k lower than budgeted. However, accompanying Section 31 grants (also subject to the same timing constraints), that are received to compensate the Council for various business rate reliefs granted, are projected to be £140k higher than the original budget, thus giving a net benefit to the MTFP of £70k.
- 3.10. **Other Variances and Risks not reflected in the Current Budget**
- 3.10.1. **Vacancy Management** – The council's staffing budget for 2017/18 incorporates a savings target of £350k for the year. It is anticipated that this is delivered through effective management of vacant posts and the staffing establishment as a whole. For the first three months to June 2017 the actual vacancy saving achieved was around £129k.
- 3.10.2. **Planning Fees** – although currently no year-end variance is projected, income received in relation to planning fees in the first quarter is around £15k lower than budgeted, and £33k lower than for the same period in 2016/17. This is considered to be due to applications that would have previously fallen under the council's remit now being considered by the Ebbsfleet Development Corporation (and the EDC receiving the associated fee), and delays in processing applications due to staff turnover and difficult conditions in the recruitment market. The proposed intention of government to increase planning fees by 20% and invest this additional income in the planning department is yet to be legislated for.

3.10.3. **Fees and Charges (General)** – Income received from fees and charges supports the annual budget. Monitoring to the end of June indicates that income streams are generally performing well against budget; monitoring will be continue during the year with any known variances reported through future budget monitoring reports.

3.11. Working Balances and Reserves

3.11.1. The variances and Carried Forward items outlined in this report have the following effect upon the General Fund working balances:

Working Balances	£
Balance Brought Forward from 2016/17	6,162,550
New Homes Bonus (Straight to working balances)	1,426,000
Budgeted use of Working Balances to support the General Fund	(1,438,900)
Variances per budget report (Incl.items Bfwd from 2016/17)	183,730
Forecast Working Balances C/Fwd (as at 30 June 2017) including Minimum GF Working Balance	6,333,380
Less: Minimum GF balance	(1,250,000)
Less: Additional General Fund Reserve	(2,000,000)
Forecast Usable Working Balances C/Fwd (as at 30 June 2017)	3,083,380

Table 3: Effect on General Fund Balances

3.11.2. The general working balance is supplemented by specific reserves, established to assist with future funding obligations or initiatives. The table below provides a summary of the forecast movements on these specific reserves during the year.

General Fund Earmarked Reserves	Opening Balance 01/04/2017 £'000	Forecast Use of Reserve (Expenditure) £'000	Forecast Contributions (Income) £'000	Forecast Balance 31/03/2018 £'000
Spend to Save Reserve (Inc.Digital Team)	349	--	16	365
Corporate Priorities Reserve	276	(54)	--	222
Repairs and Renewals Reserve	484	--	100	584
Planning Policy Reserve	327	--	100	427
Leisure Centres Reserve	656	(153)	380	883
Decriminalisation Reserve	49	(49)	--	--
Town Pier Pontoon Reserve	103	(18)	12	97
Local Authority Mortgage Scheme (LAMS) Reserve	100	(100)	--	--
Elections Reserve	89	--	17	106
IT Infrastructure Reserve	10	--	75	85
DSO Fleet Vehicle Replacement Reserve	112	(105)	107	114
Waste Freighter Replacement Reserve	338	--	222	560
NNDR Collection Fund Equalisation Reserve	500	--	--	500
NNDR Growth Fund Reserve	245	--	--	245
Woodville Repairs Reserve	--	--	45	45
GBC Match Funding CCF - Borough Market Reserve	40	--	--	40
Lower Thames Crossing Reserve	150	--	--	150
Service Review Reserve	300	(28)	--	272
Playgrounds Reserve	100	--	--	100
Revenue Grants not yet applied	2,833	(127)	--	2,706
Total	7,061	(634)	1,074	7,501

Table 4: Analysis of Specific Reserves

3.11.3. Significant or new approved use of reserves include:

3.11.4. **Corporate Priorities Reserve** – £29k to enhance financial systems – automated creditor payments & asset accounting (Corporate Services), and £20k to procure a Hand Arm Vibration system (Environment & Operations).

3.11.5. **Decriminalisation Reserve** – £49k to part-finance a Controlled Parking Zone (CPZ) review as identified within the Service Review process (Environment & Operations).

3.11.6. **Service Review Reserve** – £28k to part finance the CPZ review described above, and also a Park Map System which manages traffic regulation orders (Environment & Operations).

3.11.7. **Revenue Grants not yet applied** – As at quarter one, £127k has been released to finance revenue costs, such as promotion and distribution, associated with the new domestic waste collection scheme.

3.12. **Medium Term Financial Planning**

3.12.1. The Medium Term Financial Plan (MTFP) is reviewed on an ongoing basis in order to take into account longer-term assumptions around inflation rates, central government grants and energy prices, together with building in all known variances to the Council's budget as a result of Management Team and Cabinet decisions. The latest version of the Medium Term Financial Plan is attached to this report at Appendix Two.

3.12.2. The Queens Speech delivered on 21st June focused on a package of Bills intended to 'deliver a Brexit deal that works for all parts of the United Kingdom'. The Speech was as notable for the Bills it did not contain as those that it did. The Local Government Finance Bill which had been progressing through Parliament until the General Election has fallen; amongst other things, this provided the legislative framework for the introduction of 100% Business Rates Retention, the move from indexing increases in business rates from RPI to CPI from 2020 and enabling the government to set referendum principles for multiple years. It is understood that there is the ability to implement some measures under secondary legislation but little clarity as yet as to what this may mean for 100% business rates retention and wider local government funding reform.

3.12.3. The council continues to take forward the 'Bridging the Gap' workstreams set out in its Medium Term Financial Strategy intended to enable the council to meet the financial challenges it faces over the medium-term. An update on each individual workstream was presented to the Cabinet and Overview Scrutiny Committee in July, reflecting that activity undertaken by the council had delivered some £1.5m of base budget reductions; £1.1m of this had been reflected in the budget set for the 2017/18 financial year.

4. GENERAL FUND CAPITAL PROGRAMME

Scheme	2017/18 Original Budget inc C/Fwd £	2017/18 New Schemes & Approved Virements £	2017/18 Actual Expenditure Qtr 1 £	Variance £
Sports Pitches	300,000	0	0	300,000
Redevelopment of former Fleet Leisure Site	2,300,000	0	320	2,299,680
Customer Contact Platform	6,510	0	0	6,510
Young Persons Champion	15,820	0	0	15,820
Older Persons Champion	12,770	0	600	12,170
Essential Repairs to Buildings	50,000	213,000	98,910	164,090
Gravesend Cemetery Improvements	22,850	0	0	22,850
Local Growth Fund Projects (LEP Funded)	0	57,860	2,210	55,650
Parrock St Car Park - Toilet Block (Provision)	34,220	0	0	34,220
Purchase of Vehicles (DSO Fleet)	242,330	47,600	67,630	222,300
Decrim Account - hardware and software	15,010	0	15,100	(90)
Refuse Vehicles - Waste Collection Scheme	675,000	0	119,750	555,250
Wheeled Bins - Waste Collection Scheme	462,000	0	223,510	238,490
Ebbsfleet Development Corporation Accommodation	0	1,500,000	0	1,500,000
Replacement Playground Programme	0	100,000	0	100,000
Revs and Bens Firmstep Development Software	0	65,000	0	65,000
Property Acquisition Programme	0	10,000,000	0	10,000,000
	4,136,510	11,983,460	528,030	15,591,940

Table 5: General Fund Capital Programme 2017/18

4.1. The approved General Fund Capital Programme for 2017/18 is largely a continuation of the schemes approved in 2017/18 and previous years. The 2017/18 working budget has been adjusted to include the below projects:

- Local Enterprise Partnership (LEP) projects – Externally funded project funded by KCC. LEP funded Local Sustainable Transport Fund ‘Wayfinding’ budget continues in 17/18 by extending and enhancing the pedestrian scheme that was installed last year around the town centre. The LEP funding is likely to continue until 2020. Each year the value of the grant will be unknown until after the Capital Programme is agreed.
- Replacement Playground Programme – A replacement play equipment reserve was approved as part of the 2016/17 outturn report.
- Revenues & Benefits Firmstep Development software – This software is required in order to progress the MyAccount facility as part of the development of the shared Revenue & Benefits service with Tonbridge & Malling BC.
- Ebbsfleet Development Corporation (EDC) Accommodation – the intention to develop accommodation for the EDC using land owned by the Council at Brookvale Depot was reported to Cabinet in March 2017.
- 2017/18 Property Acquisition Programme – A further £10m has been made available for Property Acquisitions, as agreed at Full Council in June 2017.

An update on each of the General Fund capital schemes is provided below:

- 4.1.1. **Redevelopment of former Fleet Leisure Site** – Following a recent Cabinet Report, a cross-party working group has been set up to finalise the prospectus and procurement documentation for advert in order to procure a leisure developer and operator for the Fleet Leisure site attached to a long term lease arrangement.
- 4.1.2. **Local Enterprise Partnership Projects (LEP Funded)** – The snagging works for last year's Wayfinding scheme have been successfully completed by the contractor. This scheme is intended to help visitors who are unfamiliar with the town find their way around and to show the range of attractions on offer. It also provides historical and cultural information which is of interest to both new visitors and local residents. Schemes funded via this Fund contribute towards the provision and enhancement of sustainable forms of transport including trains, buses, cycling and walking.
- 4.1.3. **Customer Contact Platform** – Launched in September 2016 the Customer Contact Platform now has 6,838 customers signed up. On average these customers are now logging over 60% of their requests/enquiries directly through website via this system, with the vast majority of these being for waste management related services. The final part of the implementation is for the delivery of training that will enable the authority to gradually implement paperless notifications to customer by their online account. It is expected that this training will be delivered in early September 2017.
- 4.1.4. **Younger and Older Persons Champion** – The budget for a number of projects was carried forward from 2016/17. The project for Rosherville Play Equipment is in the planning phase and the new equipment will be installed later this year. Match funding will be made available to Age UK once they raise the funds. The work for the Riverside Walking trail is now complete and we are in the process of making the payment. A payment has been made for furniture for The Golden Girls.
- 4.1.5. **Essential Repairs to Buildings** – The window refurbishment works are nearing completion and are currently expected to be on budget, circa £100,000. Last financial year £284,000 was approved by management team to cover the concrete repairs and redecoration of the Civic Centre. To date, £209,000 has been paid to the contractor with a further £49,400 being released shortly as an interim payment bringing the total to £258,400. The final account is currently being calculated. The consultant fees for the above concrete repairs were also funded from the capital programme and to date £7,500 of the £10,500 set aside has been paid. No further payments will be transferred until the final account has been settled.
- 4.1.6. **Gravesend Cemetery Improvements** - The new cemetery software has now been ordered and installation should start in Quarter Two.
- 4.1.7. **Purchase of Vehicles (DSO Fleet)** - The vehicles required for the coming year have been identified and orders are due to be placed in Quarter Two. The working budget has been adjusted to reflect the 2017/18 need for replacement of vehicles; there are sufficient funds available to fund this increase in the DSO Fleet replacement reserve.
- 4.1.8. **Waste Collection Scheme** - During Quarter One the latest phase of the bin roll out was completed, which included the payment of the wheelie bins and refuse vehicles.
- 4.1.9. **Replacement Playground Programme** – appropriate uses for the reserve are currently being considered; it is intended that project(s) funded from the reserve will be installed over the winter period to ensure minimum disruption to users.

4.1.10. **Decriminalisation** – Hardware and software has been purchased, and officers are in the final phases of testing ready for go-live.

4.1.11. **Firmstep Development Software** – An order has been placed for the Revenue & Benefits shared service software.

4.1.12. **Property Acquisition Programme** – In June 2017 Full Council gave approval for a further £10m of investment balances to be made available for purchases under the council's existing Property Acquisition Strategy. Activity has commenced to identify suitable opportunities for consideration by the Property Acquisitions Cross Party Working Group.

4.1.13. **Ebbsfleet Development Corporation Accommodation** - Whilst both GBC and the EDC remain committed to the delivery of office accommodation at the Brookvale Depot site, the EDC is currently being subjected to a cyclical Tailored Review by the Communities and Local Government Department. As this review could adjust the strategic direction and/or make-up of the EDC, the accommodation project is progressing at a slower pace than was previously the case to ensure that any outcomes from the review can be taken into account when commissioning the construction phase of the development.

4.2. Capital Resources

4.2.1. The table below shows the resources available to fund capital projects in the future:

General Fund Capital Resources	Opening Balance 01/04/2017 £	Projected Income 2017/18 £	Use of Funding 2017/18 £	Projected Balance 31/03/2018 £
Capital Receipts	(1,109,730)	(6,670)	401,440	(714,960)
S106 Capital Contributions	(198,860)	0	0	(198,860)
Capital Grants unapplied	(1,256,830)	0	434,590	(822,240)
Total Capital Resources	(2,565,420)	(6,670)	836,030	(1,736,060)

Table 6: General Fund Capital Resources 2017/18

Capital Grants Unapplied	Opening Balance 01/04/2017 £	Projected Income 2017/18 £	Use of Funding 2017/18 £	Projected Balance 31/03/2018 £
Performance Reward Grant	(127,930)	0	15,010	(112,920)
Public Realm Improvement & Maint Funds	(89,170)	0	34,220	(54,950)
Disabled Facilities Grants	(377,500)	0	377,500	0
Transport Quarter Stage 3	(500,150)	0	0	(500,150)
Localised Council Tax Support	(89,220)	0	0	(89,220)
Coastal Communities Market Capital	(10,000)	0	0	(10,000)
Gravesend Ferry Access (LEP Funding)	(7,860)	0	7,860	0
Land at South of Hever Court Road	(55,000)	0	0	(55,000)
Total Capital Grants Unapplied	(1,256,830)	0	434,590	(822,240)

Table 7: Capital Grants Unapplied 2017/18

4.2.2. The table below lists the S106 developer contributions currently held by the council. These contributions are treated as specific grants as they have conditions attached to their use.

S106 Developer Contributions	General Fund £	HRA £	Third Party Contributions £	Total S106 Income 2017/18 £	Purpose of S106
Springhead Recreation	(16,500)	0	0	(16,500)	One off payment to enable a water main to be laid across council land to connect with Housing Association properties in the area.
Durndale Farm	(33,766)	0	0	(33,766)	This sum was received around 1990 and was originally earmarked to replace a fence adjacent to the A2 used as a noise reduction feature. Planning do not have a record of this S106 so no further information is available.
Christianfields Development	0	0	(203,811)	(203,811)	Contribution towards library, adult education and youth and community services.
Land of Landseer Avenue	(74,101)	0	0	(74,101)	Commuted Sum to be used for the maintenance of grounds and amenity areas, replacement of furniture fittings and replacement of Buffalo Fence at Landseer Avenue.
Leith Park Road Development	0	(5,680)	0	(5,680)	Originally paid by developer in lieu of providing affordable housing units at Leith Park Road. Originally received £310,000. Balance of monies need to be spent by June 2017. This has now been used and will be drawn down in 2017/18.
Infrastructure Maintenance Depot (IMD) Compensation fund	(2,594)	0	0	(2,594)	This grant fund was established by money secured from Union Rail the developers of the Channel Tunnel Rail Link. The original contribution was £242,000. Its aim is to support the delivery of landscape access, wildlife and recreation schemes in the Wards and Parishes affected by the development.
Land at the South of Hever Court Road	0	0	(80,000)	(80,000)	Highways contribution.
Springhead Quarter	0	(250,000)	0	(250,000)	Provision or major upgrade of affordable housing.
Whitehill Road Open Space	(52,000)	0	0	(52,000)	Towards qualitative improvements to the wider Whitehill amenity space. These funds might be put towards a number of potential opportunities including, for example, new seating, footpath improvements, new planting and/or the levelling of the retained amenity space to the north of the proposed development.
Land South of Dalefield Way, Dering Way	(19,900)	0	0	(19,900)	Flood Risk Management - £12,000, Bus Shelter - £5,000, Air Quality Contribution £2,900
Whitehill Road	0	0	(1,000)	(1,000)	Highways contribution
Invicta House	0	0	(4,695)	(4,695)	Strategic Access Management and Monitoring contribution.
SAMM Contribution	0	0	(16,117)	(16,117)	The EU Directive regarding Bird Disturbance on the North Kent Marshes requires us to collect these monies from developers of new dwellings. They are to be held alongside, but separate from normal s106 monies.
Total S106 Contributions	(198,861)	(255,680)	(305,623)	(760,163)	

Table 8: S106 Contributions 2017/18

5. HOUSING REVENUE ACCOUNT

5.1. Budget 2017-18

5.1.1. The table below sets out the current assessment of performance against the Original Budget for the Housing Revenue Account (HRA), based on known variances to 30 June 2017.

5.1.2. Whilst the budgeted transfer from reserves has not changed to that which was presented as part of the budget setting papers, it should be noted there has been some minor amendments to the original budget split across the various headings. This is as a result of the ongoing work undertaken by Finance to develop the HRA budget as reported to the Finance and Audit Committee on 13 June 2017

5.1.3. There is a net total positive variance is £5.4 million at the end of Quarter 1.

Description	Original Budget 2017/18 (£)	Forecast 2017/18 (£)	Variation (£)
Supervision and Management	5,437,640	5,437,640	0
Repairs and Maintenance	8,020,580	7,986,580	(34,000)
Depreciation	5,968,130	5,989,230	21,100
Supporting People Fund - Expenditure	759,770	759,770	0
Capital Finance	11,801,770	6,257,010	(5,544,760)
Sub Total Expenditure	31,987,890	26,430,230	(5,557,660)
Rents of Dwellings	(25,473,500)	(25,535,500)	(62,000)
Other Rental Income	(23,210)	(23,210)	0
Service Charges	(1,314,400)	(1,314,400)	0
Non Dwelling Income	(257,400)	(257,400)	0
Supporting People Fund -Service Charge Income	(295,300)	(295,300)	0
Supporting People Fund - Grant	(266,820)	(266,820)	0
Other Income	(457,740)	(255,740)	202,000
Sub Total Income	(28,088,370)	(27,948,370)	140,000
Contributions to/(from) reserves	(3,899,520)	1,518,140	5,417,660
Net Surplus/Deficit	0	0	0

Table 9: Housing Revenue Account Projected Outturn 2017/18

5.2. Reported Variances

5.2.1. **PV Panels: £206k net adverse variance** – following the decision by Cabinet in January 2017, officers have been progressing the sale of the PV Panels to Empower Community Management LLP. The sale is expected to complete in August and result in the Council receiving a capital receipt of some £3.8m. There are various impacts on the HRA budget including a saving of £34,000 against the PV Panel repair budget, a loss of £245,000 against the FIT income budget and an additional £5,000 for interest on HRA balances.

5.2.2. **Depreciation: £21k adverse variance** – the original budget was built on the basis that the anticipated number of properties at the start of the year would be 5,662. As at 1 April 2017 the total number of properties within the HRA was 5,672 and therefore the forecast depreciation charge is £21k higher than the original budgeted figure.

Year-end valuations could further affect this figure but these will not be available until later in the financial year.

5.2.3. **Rental income: £62k favourable variance** – as 4.2.3 the rental income budget was also built on the assumption that the starting number of properties would be 5,662 when in fact the number of properties as at 1 April was 5,672. This will result in additional projected rental income for the year along with other factors such as:

- New build properties let at local housing allowance instead of social rent
- Properties re-let at formula rent instead of actual rent
- Movement in the level of void loss from properties

5.2.4. **Other Income: £38k favourable variance** – In 2016/17 two grants were received from Kent Fire towards sprinkler work at Carl Ekman House and The Hive. Works on Carl Ekman House were completed in 2016/17 but the works at the Hive are to be completed in 2017/18. The grant was rolled forward into this financial year to cover the cost of the capital works.

5.2.5. **Capital Finance: £5.3m favourable variance** – as part of the ongoing work to review the HRA budgets, clarification has been sought on the application of RTB Debt Repayment Reserve. Part of the capital receipt generated from the sale of Council Houses has been permitted to be set aside for the repayment of debt or to be used in the funding of the new build programme.

Given it is a capital funding resources, it is preferable to use this to part fund the new build works as opposed to using a revenue contribution or a revenue reserve. In the original budget, there was a revenue contribution of £5,383,300 but given the proposed switch in funding, this is to be reduced to £63,000.

5.2.6. **Interest Paid: £262k favourable variance** – the HRA's budgeted proportion of the authority's total interest charges was based on an assumption that additional debt would be taken on during 2016/17. As this was not the case there is an anticipated saving of £262,470.

5.3. **Other Variances and Risks not reflected in the Current Budget**

5.3.1. **Vacancy Management:** – the staffing budget for 2017/18 incorporates a savings target of £100,000 for the year. It is anticipated that this is delivered through effective management of vacant posts and the staffing establishment as a whole. For the first three months to June 2017 the actual vacancy saving achieved was £91k.

5.3.2. The Queens Speech delivered on 21st June contained only one reference in relation to housing, offering 'more homes' but provided no more detail on the future funding for supported housing or the sale of high value voids council properties. A green paper on the future of supported housing was expected in the Spring. This has been delayed by the snap General Election and the focus on Brexit negotiations, with no indication of an expected publication date.

5.3.3. In light of the Grenfell Tower incident, the council has reviewed the safety of its five 'tower blocks'. Whilst assurances of the suitability of fire safety arrangements have been obtained from the survey work conducted, the council is considering any further safety provisions that should be considered.

5.4. Working Balances and Reserves

- 5.4.1. The variances against the Original Budget within Sections 4.2 have the following effect upon the Housing Revenue Account working balances:

Working Balances	£
Balance Brought Forward from 2016/17	3,000,000
Variances per budget report	1,518,140
Forecast working balances C/Fwd (as at 30 June 2017) including minimum HRA Working Balance	4,518,140
Less: Transfer to HRA General Reserve (Revenue)	(1,518,140)
Forecast Usable Working Balances C/fwd (as at 30 June 2017)	3,000,000

Table 10: Effect on Housing Revenue Account Working Balances

- 5.4.2. The working balances are supplemented by specific reserves established to assist with future funding obligations or initiatives. The table below provides a summary of the forecast movements on these specific reserves during the year.

General Fund Reserves	Opening Balance 01/04/2017 £'000	Forecast Use of Reserve (Expenditure) £'000	Forecast Contributions (Income) £'000	Forecast Balance 31/03/2018 £'000
HRA General Reserve	(4,621)	0	(1,518)	(6,139)
Total	(4,621)	0	(1,518)	(6,139)

Table 11: Analysis of Specific Reserves – HRA

5.5. HRA Business Plan

- 5.5.1. The HRA Business Plan is reviewed on an ongoing basis in order to take into account longer-term assumptions around inflation rates, central government grants and energy prices, together with building in all known variances to the budget resulting from Management Team and Cabinet decisions. The latest version of the HRA Business Plan is attached to this report at Appendix Three.

6. HOUSING CAPITAL PROGRAMME

- 6.1. The Housing Capital programme for 2017/18 totals £14,569,580 of which £13,493,020 relates to HRA capital schemes and £1,076,560 relates to non-HRA capital schemes.

These budgets include £338,470 and £377,500 respectively that has been carried forward from 2016/17. The HRA capital schemes continue to focus on the minimum Decent Homes Standard for the Council's stock, with £5,464,540 earmarked for this purpose in 2017/18. The council have continued its commitment to build new homes with £6,039,310 allocated for this purpose.

HOUSING CAPITAL PROGRAMME				
Ref No:	Project	Budget 2017-18 (£)	Expenditure (£)	Variation (£)
A	Decent Homes	5,464,540	1,887,220	(3,577,320)
B	Health & Safety	1,426,630	289,050	(1,137,580)
C	Minor / Other Works	562,540	136,680	(425,860)
D	Housing Computer System	0	0	0
E	New Build	6,039,310	1,052,370	(4,986,940)
F	PV Panels	0	0	0
	Sub Total (HRA Capital Programme)	13,493,020	3,365,320	(10,127,700)
G	Disabled Facilities Grant	1,052,560	228,070	(824,490)
H	Southfield Shaw Capital Works	24,000	25,260	1,260
I	Op Services Scheduling System	0	58,720	58,720
	Total (HRA & GF Capital Programme)	14,569,580	3,677,370	(10,892,210)

Table 12: Housing Capital Programme 2017/18

- 6.2. Several contracts ended on 31 March 2016 and were re-tendered with new contractors being appointed in accordance with the framework. This resulted in a minor delay in the development of the work programmes and agreeing the final specifications. The works undertaken in Q1 are details below:

- **Decent Homes (Ref A)** - the following works have already been completed:
 - Five kitchen replacements have been completed, with another nine in progress and an additional 56 planned
 - 33 properties are in the process of having window/door replacements
- **Health And Safety (Ref B)** - the following works have been completed:
 - Energy Efficiency - 108 central heating systems were installed and another 28 are in progress
 - Electrical works – 225 electrical tests have been completed and where applicable, remedial works have been carried out, including upgrades to consumer units and rewiring
 - Phase one of the project has been completed on the installation of fire sprinkler system at 21-62 The Hive with phase two scheduled to commence in September

- **Minor/Other Works (Ref C)** - the following works have been completed:
 - Disabled Adaptations - 10 properties had level access showers/ wet rooms installed and another 28 are planned
 - Four lifts were installed and another seven are planned/in progress
- 6.3. The authority has signed an agreement with the DCLG to retain part of the Right To Buy (RTB) receipts and use them as part-funding of new build and/or acquisition of additional social housing (**Ref E**).
- The Tooley Street scheme of two units is now complete.
 - The Farlow Close scheme comprising of five units continues to be developed.
 - Following the tender process, the successful contractor has been appointed to the construction of Packham Road (ten units). A contract has been drafted and will be signed in the coming weeks.
 - The council has purchased twelve properties from the market with offers accepted on a further four properties.
 - Planning permission has been received to refurbish the former Kings Farm Estate Office and an invitation to tender will be sent out in the coming weeks.
 - A planning application has been submitted for a scheme comprising of 17 new homes on Council owned land at St Hilda's Way.
- 6.4. The council is permitted to retain part of the RTB receipts to repay the debt incurred in 2012 as part of HRA self-financing. As at 1 April 2017, the balance on the RTB Allowable Debt reserve fund stood at £3,212,880. The proposal is to use the RTB Allowable Debt reserve to help fund the New Build projects as this can either be used to repay debt or finance the capital programme. This will ensure that the revenue surplus being generated can be moved to a general HRA reserve available for future use against either revenue or capital and that monies are only borrowed once all available resources have been utilised.
- 6.5. Table 13 below, summarises the one for receipts retained from the sale of Right To Buy properties, since 2012, along with the level of GBC's contributions required to deliver the New Build programme and a summary of when expenditure needs to be delivered to avoid having to return funds to Central Government.

	One for one receipts retained	GBC 70% contribution to new build	Value of new build expenditure expected	Cumulative value of new build expenditure expected	Date of new build expected by
2012-13	£	£	£	£	
Q1	0	0	0	0	
Q2	179,970	419,920	599,890	599,890	30-Sep-15
Q3	178,400	416,260	594,660	1,194,540	31-Dec-15
Q4	191,020	445,720	636,740	1,831,280	31-Mar-16
2013-14					
Q1	232,960	543,570	776,530	2,607,810	30-Jun-16
Q2	339,800	792,870	1,132,670	3,740,490	30-Sep-16
Q3	125,430	292,660	418,090	4,158,580	31-Dec-16
Q4	270,950	632,220	903,180	5,061,760	31-Mar-17
2014-15					
Q1	174,950	408,210	583,150	5,644,910	30-Jun-17
Q2	443,310	1,034,390	1,477,700	7,122,600	30-Sep-17
Q3	327,760	764,760	1,092,520	8,215,120	31-Dec-17
Q4	865,780	2,020,160	2,885,950	11,101,070	31-Mar-18
2015-16					
Q1	124,270	289,960	414,230	11,515,300	30-Jun-18
Q2	233,510	544,870	778,380	12,293,680	30-Sep-18
Q3	589,670	1,375,910	1,965,580	14,259,260	31-Dec-18
Q4	650,580	1,518,010	2,168,590	16,427,860	31-Mar-19
2016-17					
Q1	697,650	1,627,850	2,325,500	18,753,360	30-Jun-19
Q2	205,200	478,790	683,990	19,437,350	30-Sep-19
Q3	541,710	1,263,990	1,805,710	21,243,060	31-Dec-19
Q4	515,670	1,203,230	1,718,890	22,961,950	31-Mar-20
2017-18					
Q1	351,150	819,350	1,170,500	24,132,450	30-Jun-20
Total	7,239,740	16,892,700	24,132,450		

Table 13: New Build

6.6. **Disabled Facility Grants (Ref G)** – the secondment of an Occupational Therapist (OT) from KCC to solely work on GBC cases has continued to work well.

The council is participating in a trial arrangement with Swale Borough Council for the provision of Housing Improvement Agency (HIA) support to clients. The HIA assist clients in monitoring works carried out by contractors to ensure works are completed to a satisfactory level. This arrangement has proved very successful and the progression of DFG applications (120 applications) are being closely monitored.

In 2016/17 the rolled forward funds for the DFG was £377k. In 2017/18, the combined actual and committed funds to date have exceeded £430k which has absorbed the carry forward balance. The remaining budget for 2017/18 is approximately £620k.

6.7. Capital Resources

6.7.1. The table below shows the resources available to fund capital projects in future:

Housing Capital Resources	Opening Balance 01/04/2017 (£)	Projected Income 2017/18 (£)	Use of Funding 2017/18 (£)	Projected Balance 31/03/2018 (£)
Capital Receipts - HRA	(961,720)	(253,000)	24,000	(1,190,720)
Capital Receipts - GF Housing	(12,525)	0	0	(12,525)
Major Repairs Reserve - Dwellings	(1,476,900)	(5,779,230)	7,256,130	0
Major Repairs Reserve - Non Dwellings	(244,340)	(180,240)	424,580	0
New Build Reserve: 1-4-1 Receipts	(5,354,970)	(1,016,620)	1,811,800	(4,559,790)
Right to Buy Allowable Debt Reserve	(3,212,880)	(814,400)	3,899,510	(127,770)
Disabled Facility Grants	(377,490)	(675,070)	1,052,560	0
Christianfields Overage	(766,000)	0	0	(766,000)
Total	(12,406,825)	(8,718,560)	14,468,580	(6,656,805)

Table 14 HRA and General Fund Housing Capital Resources 2017/18

7. TREASURY MANAGEMENT

7.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, which sets out the principles and guidelines to be followed in borrowing and investment operations undertaken by Local Authorities. On 21 February Full Council approved the Treasury Management Strategy Statement for 2017/18, based on the Code. The authority's Annual Investment Strategy is incorporated in the TMSS and outlines the authority's investment priorities as being:

- Security of Capital
- Liquidity
- Yield

7.2. An update on Treasury Management performance is provided to Members through budget monitoring reports, with more detailed reporting of treasury management activity to the Finance & Audit Committee every six months.

7.3. Below is a full list of internally managed investments held by the Council at 30 June 2017.

Institution	£m		Interest Rate	Start Date	End date	%
UK External Investments						
Sumitomo Mitsui Banking Corp Ltd	2.000	CD*1	0.47%	19/01/17	19/07/17	7.75%
Lloyds	3.000	Fixed	0.47%	13/04/17	13/10/17	11.63%
Sumitomo Mitsui Banking Corp Ltd	1.000	CD*1	0.39%	18/04/17	18/10/17	3.88%
Lloyds	2.000	Fixed	0.55%	03/05/17	03/11/17	7.75%
Barclays	2.000	Fixed	0.32%	06/06/17	06/12/17	7.75%
Goldman Sachs International Bank	3.000	Fixed	0.66%	15/06/17	15/12/17	11.63%
Barclays	1.000	Fixed	0.31%	15/06/17	15/12/17	3.88%
Non UK External Investments						
DZ Bank (Germany)	1.000	CD*1	0.42%	06/01/17	06/07/17	3.88%
Co-operative Rabobank (Netherlands)	2.000	CD*1	0.42%	21/10/16	21/07/17	7.75%
UBS (Switzerland)	4.000	CD*1	0.69%	05/08/16	31/07/17	15.51%
UBS (Switzerland)	1.000	CD*1	0.39%	19/06/17	19/03/17	3.88%
Money Market Funds						
Invesco STIC Global	3.795	Call	0.29%*2			14.71%
Total	£25.795					

Table 15: Investments as at 30 June 2017

7.4. The table below shows the Net Asset Value of each of the Property Fund investments as at 30 June 2017.

Property Fund	Net Asset Value as at 30/06/2017 £'000
Hermes	2,999
Lothbury	5,005
CCLA	1,844
Total	9,888

Table 16: Property Fund Valuations as at 30 June 2017

7.5. The following summary of Key economic developments within this reporting period has been provided by Capita Asset Services, the authority's Treasury Management :

- The UK GDP annual growth rates in each calendar year 2013 – 2016 of 1.9%, 3.1%, 2.2% and 1.8%, have all been the top rate, or near top rate, of any of the G7 countries in every year. It is particularly notable that the UK performance was repeated in 2016, a year in which the Bank of England had forecast in August 2016 that growth would be near to zero in the second half of the year due to the economic shock it expected from the result of the Brexit referendum in June.

However, the position has changed and in its February and May 2017 Inflation Reports, the Bank upgraded its forecasts for growth (May Report - 2017 1.9%, 2018 and 2019 1.9%). Over these years, it also expects inflation to accelerate towards nearly 3% as increases in costs, as a result of the fall in the value of sterling since the referendum, gradually feeds through into the economy. It should fall back to 2.2% in 2019.

Provided the cost pressures do not feed through into significantly higher domestically generated inflation within the UK, the MPC is expected to 'look through' this one off blip upwards in inflation. Wage inflation, which is a key driver of domestically generated price pressures, is currently subdued. There is, however, a potential risk that the MPC may muster a majority to reverse the emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time.

- GDP growth in the US has been highly volatile in 2016 but overall mediocre, at an average of 1.6% for the year. Q1 in 2017 has also been mediocre at 1.4% but current indications are that growth could rebound strongly in Q2. The disappointment so far has been the lack of decisive action from President Trump to make progress with his promised fiscal stimulus package. The Fed has, therefore, started on the upswing in rates now that the economy is at or around "full employment" and inflationary pressures have been building to exceed its 2% target. It has therefore raised rates four times with the last three in quick succession between December 2016 and June 2017. Further increases are expected in 2017 with additional increases (four) in 2018.

- Growth in the EU improved in 2016, to 1.7%, after the ECB cut rates into negative territory and embarked on massive quantitative easing during the year. The ECB is now forecasting growth of 1.9% (2017), 1.8% (2018) and 1.7% (2019). It has committed to continuing major monthly quantitative easing purchases of debt instruments though in April 2017 and has reduced the rate from €80bn per month to €60bn. This is set to continue until the end of 2017 in order to stimulate growth and to get inflation up to the 2% target.

The background papers to this report are held within the Accountancy Section

IMPLICATIONS		APPENDIX I
Legal	There are no specific legal matters arising from this report.	
Finance and Value for Money	The financial implications are contained within the body of this report.	
Risk Assessment	The purpose of this report is to demonstrate financial performance as at 30 June against the original budget set for the 2017/18 financial year, and illustrate how this affects the Working Balances and Earmarked Reserves held by the Council.	
Equality Impact Assessment	Screening for Equality Impacts	
	Question	
	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No	
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No	
<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>		
Corporate Plan	Corporate Plan Objective Four: Sound and self-sufficient council	
Crime and Disorder	No direct implications	
Digital and website implications	No direct implications	
Safeguarding children and vulnerable adults	No direct implications	