

**REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2013/14 (1 April 2013 to 30 June 2013)**

**EXECUTIVE MEMBER:** Cllr Gillian Troughton,  
**LEAD OFFICER:** Darienne Law – Head of Corporate Resources  
**REPORT AUTHOR:** Ann Treble – Financial Management and Treasury  
Accountant

**Summary:**

The Local Government Finance Act 2012 changed the way local government is financed. This means that the council has a greater reliance on income from council tax, business rates and other income sources. At the same time Government is reducing its core funding. This fundamental change in our funding regime increases the council's financial risk.

The severity of the continuing reductions in government grants has impacted severely on Copeland's current and future financial position. The wider economic environment in which we operate is also impacting on our ability to provide services to residents, many of whom, in turn, are experiencing financial difficulties themselves.

This quarterly financial report is to update Executive on:-

- the performance of our funding and income streams,
- an estimated outturn forecast against the current approved 2013/14 budget, based on the financial position for the 3 month period to 30 June 2013,

It identifies key risks to the delivery of the Council's budget and highlights performance to date.

**Recommendations:**

The Executive is asked to;

- (i) Note the risks to the budget as detailed in sections 2 and 4 and the income projections in section 3.
- (ii) Note the approved net current revenue budget of £11,097m as set out in paragraph 8.1
- (iii) Note the projected year-end overspend of £87k against the current approved revenue budget of £11,097m being £25k under spend against Earmarked reserves and £112k over spend against base budget. See Appendices C & D
- (iv) Note the decision taken by Head of Corporate Resources, on outstanding debts totalling £54k as set out in paragraphs 3.1 and 7.1 of Appendix E.
- (v) Approve the release of £4,912 from Crematorium Donations Fund earmarked Reserve and release of £1,000 from Catherine Street Car Park earmarked reserve as detailed in paragraph 8.2.
- (vi) Approve the release and use of £55k from the general fund reserve as detailed in paragraphs 8.3 and 8.4.

## 1 INTRODUCTION

- 1.1 In accordance with Council's Financial Regulations;
- The Head of Corporate Resources is required to report to the Executive on the overall budget position, and the monitoring and control of expenditure against budget allocations.
  - It is the responsibility of the Corporate Leadership Team (CLT) and individual budget managers to control income and expenditure within their service areas and to monitor performance.
- 1.2 All the figures and explanations in this report have been provided by the relevant budget managers.
- 1.3 In this report figures within brackets denote budget savings, favourable variances or income figures.
- 1.4 The Council approved its 2013/14 revenue budget in February 2013 at £10,362m, which included savings to be made of £1.76m. Subsequently at the Council meeting of 20 June 2013, amendments to the budget including carry forwards and further amounts released from ear marked reserves were approved, bringing the total revenue budget for 2013/14 to £11,192m.
- 1.5 The inclusion of earmarked reserves in the budget (£527k), their forecast usage and any subsequent underspend is detailed in Appendix A.
- 1.6 The inclusion of carry forwards in the budget (£565k), their forecast usage and any subsequent underspend is detailed in Table x in Appendix B.
- 1.7 The forecast position for year end, as at quarter 1, is an over spend of £87k and is primarily due to:

**Table 1 – Main contributors to overspend of £87k**

	£ 000's
Under achievement of fees and charges, investments and car parking income (see Table 2)	137
NCL Contract over spend	95
Business Basics savings target	73
<b>Total set off by:</b>	<b>305</b>
Material Salary savings (see paragraph 3.1 for commentary)	(123)
Savings in contractor cost (linked to under achievement of fees above)	(46)
Sea Monsters Exhibition at Beacon	(18)
Remaining net over/under spends	(31)

- 1.8 Should the trend continue any year end overspend as detailed in Table 1 above will need to be managed down or funded from the general fund reserve.
- 1.9 The breakdown of the net expenditure budget and forecast over corporate teams and its funding is shown in Appendix C. Appendix D shows the breakdown of the budget and forecast over cost centres.

## 2 ECONOMIC OUTLOOK

- 2.1 This report looks at and details the risks that exist in the financial environment in which we operate and the impact that this will have on our income and funding.
- 2.2 According to Sector Ltd, our Treasury management advisers,  
 “the economic outlook has been improving, with mortgage approvals, house price rises, employment figures and industrial and service output all showing much improved figures, in the first part of this year; the economic recovery will remain fragile for some time. The UK Government’s finances, whilst broadly on track, remain in an unhealthy position and will take many years to correct. The broader world economy has seen an improvement in the US economy, but the Euro Zone is still struggling and until the western economies see stronger growth, the UK is unlikely to see significant improvement.”
- 2.3 One of the knock on effects of 2.2 is Government policy requires low short term interest rates to stimulate lending to the personal and business sectors which in turn mean the Council’s investment returns remain low for the foreseeable future.
- 2.4 The continuing poor economy will be impacting not only on our investment returns but also on our ability to meet fees and charges income targets (as evidenced in Table 2 at 3.1), and possibly our local businesses ability to meet their NNDR obligations (Table 3) and our citizens ability to pay Council Tax (Table 4).

## 3 INCOME FORECASTS

### 3.1 Fees and Charges

**Table 2 Main Income Variations**

Income Source	13/14 Budget	Forecast to y/end	Forecast under achievement of income	Narrative
Fees & Charges	(2,322,438)	(2,248,062)	74,376	Main under achievements on Enforcement - £12k and Refuse (Commercial)- £60k
Car Parking income	(403,904)	(358,682)	45,222	
Investments	(202,822)	(185,000)	17,822	Despite a number of lump sum NNDR payments at the commencement of year the continuing low interest rates are forecast to

				result in a shortfall.
	(2,929,164)	(2,791,744)	137,420	

The most significant variances on income relate to our car parking and fees and income as detailed in table 2. As these income targets underpins our budget, under achievement of these means there may not be sufficient income by year end to fund all of our expenditure:

Sundry debts to value of circa £3k have been written off in year to date compared to circa £36k in the whole of 2012/13, at the average of 6 debts a month in each year.

### 3.2 NNDR collection rates

The authority's funding is now only guaranteed in part with the remainder dependent upon our collection of NNDR.

Figures provided by the Revs and Bens Shared Service show that we have recovered over 81% of our NNDR in the first three months of the year but this is distorted by the collection of a significant rate payer in full in April. The exclusion of this account takes our collection rates to 31.61% cumulative to end of June 2013.

The table below shows the recovery of business rates, which has been relatively consistent over recent years but this could change in the current climate. Any under collection would have to be suffered up by the authority for the first £165k in every year. There are also a number of appeals waiting to be heard which if the applicants are successful will reduce the amount to be collected initially, again this loss would have to be suffered by the authority up to the safety net level of £165k mentioned above.

**Table 3 National Non Domestic Rates Collection Data**

*Without significant  
ratepayer figures*

<b>Copeland</b>		2013/14	2012/13	2011/12	2010/11
<i>10.84%</i>	Apr	74.57%	11.93%	10.78%	11.22%
<i>21.62%</i>	May	78.37%	21.65%	21.04%	21.59%
<i>31.61%</i>	Jun	81.29%	31.26%	31.08%	31.72%
	Jul		40.97%	40.28%	41.14%
	Aug		50.38%	50.11%	50.63%
	Sep		60.19%	59.99%	60.07%
	Oct		69.84%	69.76%	69.94%
	Nov		79.34%	79.09%	79.46%
	Dec		88.81%	86.13%	89.14%
	Jan		98.43%	98.37%	98.30%
	Feb		98.81%	98.72%	98.99%
	Mar		99.03%	98.92%	99.14%

The report in Appendix E gives details of action taken on irrecoverable historic NNDR debts and provides an analysis of the age of such debt.

### 3.3 Council Tax collection rates

As detailed in the table below our current Council Tax collection rate looks comparable to previous years but the impact of the current climate and welfare reforms may not yet be apparent. This year is also the first year the system of discounts replaces the previous system of benefits and the council will be required to fund any difference arising.

A review of the CTRS scheme and Discounts will be carried out shortly. Work is ongoing to establish the impact of the changes made from April 2013 and any recommendations for further changes will be made as part of the budget process.

**Table 4 Council Tax Collection Data**

	2013/14	2012/13	2011/12	2010/11
Apr	11.41%	11.61%	#N/A	11.66%
May	20.98%	21.14%	20.57%	21.13%
Jun	29.84%	30.32%	29.90%	30.35%
Jul		39.69%	39.18%	39.75%
Aug		49.00%	48.54%	49.03%
Sep		58.45%	58.02%	58.85%
Oct		68.25%	67.88%	68.93%
Nov		77.70%	77.46%	77.80%
Dec		86.91%	86.72%	86.95%
Jan		96.12%	95.79%	96.17%
Feb		97.88%	97.84%	#N/A
Mar		98.20%	98.15%	97.99%

The report in Appendix E gives details of action taken on irrecoverable historic Council Tax debts and provides an analysis of the age of such debt.

## 4 EXPENDITURE FORECASTS

### 4.1 Achievement of Planned Savings

Council approved actions to result in savings of £1.76m in year. The budget was reduced to reflect these planned changes. There are risks involved in the delivery of any plan; accordingly the Change Board regularly monitors the RAG (Red/ Amber/Green) status of these savings.

4.2 Progress on delivering the savings is generally good with the majority of the proposals now being delivered and the projects closed. There are a few that are significant to the budget position which are not yet delivered and at Q1 are considered by the board to be at risk. These are set out in the Table 5 below.

**Table 5 Savings Targets – Forecast as not achieved at Q1**

Description	Responsible Officer	Saving to be met	Forecast saving as at Q1	Forecast shortfall in saving as at Q1	RAG Rating
INCREASE Car parking fees	Head of Neighbourhoods	59,000	13,778	45,222	Amber
REDUCE council running costs (Business Basics)	Chief Executive	80,000	7,000	73,000	Amber
REDUCE NCL costs	Head of Regeneration	287,000	192,255	94,745	Amber

- 4.3 Car parking fees - The income is currently down and forecast to remain so as at quarter 1. As income is related to usage it cannot be directly controlled, however the situation will continue to be monitored. It is anticipated when the local economy improves usage will return to historic levels.
- 4.4 Business Basics - Savings from review of Business Basics to be achieved through review of communications services, policy and transformation team, sharing of Human Resources Manager with Allerdale BC and review of Corporate leadership Team (CLT) and Personal Assistants to be completed in 2013/14, plus operational savings from CLT budget areas.
- Work has progressed on the sharing of the human resources manager and the role is currently out to advertisement
  - The communications review is being conducted by the Director of Services
- 4.5 NCL – A report is due to Executive for decision on 15<sup>th</sup> August 2013; this quarter 1 report has not considered the impact of any resulting decision will not impact until quarter 2.

## **5 Discretionary Housing Payments**

- 5.1 These provide customers with a further financial assistance when a local authority considers that help with housing costs is needed. It was anticipated that requests for this help would increase this year as residents needs change as welfare reform changes are implemented. Accordingly this area is being specifically monitored to track the impact.
- 5.2 CBC share of original grant provided by the government is £95k with our Overall Limit being set at £235k. (The Overall Limit being the maximum allowable payment as prescribed by Government).

- 5.3 An additional £16k grant was notified to the authority in July, bringing the external funding to £111k, out of the permissible Overall Limit of £235k detailed in 5.2 above
- 5.4 The original potential gap of £140k was recognised when the budget was set and Council agreed to set up an earmarked reserve and to monitor the take up of these payments. Table 6 below details the number of payments made in first quarter (88) and the amount of money spent/committed to date (10.6k), however anecdotal evidence suggests that residents are not applying until they are desperate and it is therefore anticipated that demand will increase as the year progresses.

**Table 6 Discretionary Housing Payments Data**

Externally funded budget original	94,263.00			
Externally funded budget new	16,493.00			
<b>Total externally funded budget</b>	<b>110,756.00</b>			
<b>Overall Limit</b>	<b>£235,658.00</b>			
	<b>Budget profile</b>	<b>Spend</b>	<b>% Spend</b>	<b>Claims Granted (cumulative)</b>
<i>April</i>	£7,855.25	£1,259.22	1.34%	32
<i>May</i>	£15,710.50	£5,301.63	5.62%	65
<i>June</i>	£23,565.75	£10,637.86	11.29%	88
<i>July</i>	£31,421.00	£13,876.72	14.72%	95
<i>August</i>	£39,276.25		0.00%	
<i>September</i>	£47,131.50		0.00%	
<i>October</i>	£54,986.75		0.00%	
<i>November</i>	£62,842.00		0.00%	
<i>December</i>	£70,697.25		0.00%	
<i>January</i>	£78,552.50		0.00%	
<i>February</i>	£86,407.75		0.00%	
<i>March</i>	£94,263.00		0.00%	
Not Yet Posted		£6,877.68	22.02%	95

## **6 MANAGEMENT ACTION TAKEN TO DATE**

- 6.1 Whilst there is no specific vacancy management target within this years savings targets, CLT are actively managing the vacancy management process and as a result only vacancies that are essential to the business needs of the council are being filled.
- 6.2 The net current levels of savings as detailed by budget managers, on the forecast model, to date are £123k (salaries, NI and Superann) and are reflected in the current period 3 forecast.
- 6.3 Whilst one impact of strong vacancy management is a saving in the bottom line another, perhaps more significant one is the reduction in the Authority's capacity to operate and progress the changes required to reshape its services and redefine what it can do given the reducing resources.

## **7 WRITE OFFS**

- 7.1 Debts totalling £54k have been written off by the Head of Corporate Services, Members are asked to review the attached report in Appendix E and formally approve these.

## **8 MANAGEMENT ACCOUNTING**

- 8.1 The outturn report presented to Members on 20 June stated the budget for the year to be £11,192m, following the correct treatment of the carry forwards for Copeland Community Fund deferred income reduced this was reduced to £11,141m and the substitution (rather than addition) of £44k general fund reserves with earmarked reserves for nuclear, resulted in the budget of £11,097m.
- 8.2 Members are asked to approve the release of £4,912 from the Crematorium Donations Fund earmarked reserve to allow adaptations to be made to the case holding the books of remembrance and £1,000 from The Sports Centre Car Park earmarked reserve for works on and to create disabled bays.
- 8.3 Members are asked to approve the release from general fund of £42k into the budget to enable the Council to comply with the new requirement for it to conduct and prepare for Individual Electoral Registration, (IER) and as a result of this the need for canvassing across the Christmas period as well as providing maternity cover for the Senior Elections Officer post.
- 8.4 Members are asked to approve the release from the general fund of £13k to enable post saving implementation adjustments to be made to grass cutting regimes at the gateways to towns across the borough.
- 8.5 Members are asked to note that the current budget of £11,097m does not include the amounts requested above.

## **9. CONCLUSION**

- 9.1 The spending forecast at period 3 is a year-end overspend of £87k against the current approved revenue budget of £11,097m, as detailed in Appendix D.



## **10. RESOURCE REQUIREMENTS**

- 10.1 This report details the financial and resources requirements relating to the council's current budget and policy framework and provides a commentary of current performance.
- 10.2 Whilst one impact of strong vacancy management is a saving in the bottom line another, perhaps more significant one is the reduction in the Authority's capacity to operate and progress the changes required to reshape its services and redefine what it can do given the reducing resources.

## **11 STATUTORY OFFICER COMMENTS**

11.1 The Monitoring Officer's comments are: No Further Comment

11.2 The Section 151 Officer's comments are: Contained within this report

11.3 EIA Comment:

EIA completed as part of the budget setting process in February 2013

- 11.4 Policy Framework: In February this year, the Council concluded a policy-led budget setting process. This was necessary due to the significant reductions in local government finance and some significant changes to national policy affecting the way local government will be financed in future, including the localisation of council tax and changes to business rates. This report outlines our income and expenditure profile as at period 3 including our achievement of planned savings. We will continue to monitor this and the impact of these changes as we progress throughout the year. These changes and any particular adverse impacts will be considered by the Corporate Leadership Team as part of its approach to strategic risk management.
- 11.5 Other consultee comments, if any: None

## **12 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

- 12.1 The budget monitoring process is carried out on a monthly basis. Management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole.
- 12.2 Budgets are monitored during the year with exceptions reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. At the year- end, the draft outturn prior to the external audit process must be reported formally. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.
- 12.3 Finance have commenced a programme of training for budget managers around budget monitoring as well as revising the reports for CLT and Executive with the aim of identifying risks more keenly and providing a more accurate and useful management tool.

### **13 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**

- 13.1 The measurement of revenue budget position for 2013/14 is key to determining the required use of reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.
- 13.2 Spending areas that vary significantly from the approved budget are also identified, which can then be fed into the budget planning process to enable informed decisions on changes to the Council's budget to be made.

#### **List of Appendices**

- Appendix A – Earmarked reserve usage in budget
- Appendix B – Carry forward usage in budget
- Appendix C – Budget and forecast by Corporate Team
- Appendix D - Budget and forecast by cost centre
- Appendix E- Debts action report

**REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2013/14 (1 April 2013 to 30 June 2013)**

**Appendix A – Earmarked reserve usage in budget**

**13/14 Monitoring**

Cost Centre	Cost Centre Description	Total 13/14 Earmarked Reserve	Pd 3 Forecast	Forecast Variance
<b><u>Corp Resour</u></b>				
26215	Copeland Centre	7,000	7,000	0
26101	NCL - Repairs	20,000	20,000	0
	<b>Sub total</b>	0	27,000	0
<b><u>Policy and Transformation</u></b>				
		0		
		0		
21114	Policy and Transformation	50,000	50,000	0
	<b>Sub total</b>	50,000	50,000	0
<b><u>Nuclear</u></b>				
		0		
11002	Planning Policy	10,933	9,317	-1,616
11002	Planning Policy	882	803	-79
11002	Planning Policy	2,198	0	-2,198
11002	Planning Policy	81,321	81,321	0
22201	Nuclear	44,000	44,000	0
22201	Nuclear	0	0	0
22201	Nuclear	0	0	0
	<b>Sub total</b>	139,334	135,440	-3,894
<b><u>Neighbour</u></b>				
		0		
48004	Creatorium	25,000	25,000	0
33204	Refuse - Recycling	10,000	10,000	0
33200	Refuse Collection	20,000	20,000	0
	<b>Sub total</b>	0	55,000	0
<b><u>Reg &amp; Comm</u></b>				
		0		
32201	Beacon	49,000	30,650	-18,350
11031	Seaside Success Project	68,155	68,155	0
11101	Cleator Moor Business Centre	3,286	266	-3,020
11036	LABGI - Tangier Street	1,500	1,500	0
11043	LABGI - W/haven Town Team	5,000	5,000	0
11044	LABGI - THI	17,423	17,423	0
11048	LABGI - Pondfield Garage	15,000	15,000	0
12012	Head of Regeneration - WNF	24,000	24,000	0
11065	WNF - Copeland Apprenticeship Scheme	72,000	72,000	0
	<b>Sub total</b>	337,364	233,994	-21,370
	<b>Total</b>	526,698	501,434	-25,264

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Appendix B – Carry forward usage in budget

Department	Cost Code	13/14 Carry forward of budget	13/14 Forecast	13/14 Variance	Reason for C/F
<b>Corporate Resources</b>					
	23100	2,308	2,308	0	Additional works to cope with FOI 13/14
	23100	228	228	0	
	23100	464	464	0	
	23100	13,464	13,464	0	Cover for elections staff whilst on maternity leave
	23100	1,332	1,332	0	
	23100	2,704	2,704	0	
	28100	15,000	15,000	0	Works required for Land Register data migration but no budget in 13/14 to fund
	38200	35,000	35,000	0	New Homes Bonus invest to generate income
	26000	35,000	35,000	0	FRA Improvements to CBC buildings
	26000	5,000	5,000	0	Procurement for our Building Maintenance
	26101	117,249	117,249	0	Planned maintenance programme runs over 2yrs
	<b>Sub total</b>	<b>227,749</b>	<b>227,749</b>	<b>0</b>	
<b>Policy &amp; Transformation</b>					
	25000	10,000	10,000	0	IT switches that are being replaced to stop the recent outages
	11045	7,400	7,400	0	2 year project. The money is being held by CBC on behalf of Whitehaven Partnership
	21114	20,000	20,000	0	Information management Zurich works
	<b>Sub total</b>	<b>37,400</b>	<b>37,400</b>	<b>0</b>	
<b>Neighbourhoods</b>					
	32802	21,000	21,000	0	Feb/Mar maintenance & decommissioning costs - CCTV
	32802	1,720	1,720	0	Works not fully completed
	32802	16,883	16,883	0	
	33200	10,000	10,000	0	Resilience fund to allow for additional capacity in the waste team to allow for growth in refuse collections on completion of new homes
	48014	2,694	2,694	0	St Nicholas, summer bedding order, supplied in June
	33211	7,693	7,693	0	Principal waste officer maternity leave & cover
	33211	761	761	0	
	33211	1,546	1,546	0	
	<b>Sub total</b>	<b>62,297</b>	<b>62,297</b>	<b>0</b>	
<b>Nuclear</b>					
	11002	10,933	9,317	-1,616	
	11002	882	803	-79	
	11002	2,198	0	-2,198	
	11002	81,321	81,321	0	LDf - Delays in examinations etc move costs into 13/14
	<b>Sub total</b>	<b>95,334</b>	<b>91,440</b>	<b>-3,894</b>	
<b>Regeneration &amp; Community</b>					
	32203	7,630	7,630	0	External grant funding for Beacon & partner projects which couldn't be completed in 12/13
	11031	18,155	18,155	0	Seaside Fund Slippage
	11101	3,286	266	-3,020	Cleator Moor business centre works stil to be carried out
	11036	1,500	1,500	0	LABGI funding -To renew the sign at end Tangier Street - 2yr life in line corporate plan
	11043	5,000	5,000	0	LABGI funding -Match funding against Town Team grant from DCLG
	11044	17,423	17,423	0	LABGI funding -THI Bid submission now May 2013
	11048	15,000	15,000	0	LABGI funding - HCA delayed move to Moresby (Pondfield)
	12012	74,000	74,000	0	Enabling Growth Strategy (£24k EMR £50k GFR)
	<b>Sub total</b>	<b>141,994</b>	<b>138,974</b>	<b>-3,020</b>	
	<b>Total</b>	<b>564,774</b>	<b>557,860</b>	<b>-6,914</b>	

**REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2013/14**  
**(1 April 2013 to 30 June 2013)**

**APPENDIX C**

Department	Original Budget 21 Feb 2013	Carry forwards from 2012/13 (corrected) 28 May 2013	Changes period 1- 12	Current Approved Budget	Actual spend	13/14 Forecast at Period 3	Variance to Budget at Period 3
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	559	0	17	576	119	648	72
Corporate Resources	4,206	228	160	4,594	546	4,545	(49)
Policy and Transformation	1,169	37	118	1,324	341	1,285	(39)
Neighbourhoods	2,532	63	(10)	2,585	769	2,670	85
Regeneration and Communities	1,519	141	(113)	1,547	382	1,636	89
Nuclear, Energy and Planning	377	95	(0)	472	(53)	400	(72)
<b>Total</b>	<b>10,362</b>	<b>564</b>	<b>171</b>	<b>11,097</b>	<b>2,104</b>	<b>11,184</b>	<b>87</b>
<b>Funding</b>							
RSG	3,312			3,312		3,312	0
Baseline need	2,203			2,203		2,203	0
New homes bonus	236			236		236	0
PFI Grant	837			837		837	0
Council Tax	3,590			3,590		3,590	0
Collection Fund Surplus	44			44		44	0
Additional grant 1 year only CTS scheme	17			17		17	0
Specific Grants	21			21		21	0
Earmarked Reserves	132	180	215	527		502	-25
General Fund Reserves	-30	384	-44	310		422	112
<b>Total</b>	<b>10,362</b>	<b>564</b>	<b>171</b>	<b>11,097</b>	<b>0</b>	<b>11,184</b>	<b>87</b>



Corporate Director	Corporate Team	Department	Cost Centre	Cost Centre Description	Current					Forecast Year-End Variance
					Approved Budget 13/14	Profiled Budget	Net Expenditure	Profiled Variance	Revised Projection	
Director of Services	Regeneration and Community	Arts, Beacon & Tourism Total			349,371	87,306	173,198	85,892	329,788	(19,583)
		Copeland Community Fund	11040	CCF Development Team	(17,468)	(4,364)	38,260	42,624	(17,468)	0
		Copeland Community Fund Total			(17,468)	(4,364)	38,260	42,624	(17,468)	0
		Economic Regeneration	11001	Economic Development	132,357	33,077	5,528	(27,549)	135,860	3,503
			11015	Regeneration Consultancy	0	0	3,296	3,296	0	0
			11031	Strategy for seaside success	68,155	17,032	130	(16,902)	68,155	0
			11056	Tourism	0	0	60,857	60,857	0	0
			11101	Cleator Moor Business Centre	3,286	821	9,569	8,748	7,639	4,353
			32560	Arts Development	5,774	1,443	0	(1,443)	5,774	0
		Economic Regeneration Total			209,572	52,373	79,380	27,007	217,428	7,856
		Health and Sports	11005	Joint Health Improvement	0	0	(14,400)	(14,400)	0	0
			32540	Sports Development	0	0	(13,691)	(13,691)	0	0
			32546	Youth Engagement	7,585	1,896	(9,081)	(10,977)	7,585	0
			43020	Health & Sport	27,742	6,933	528	(6,405)	27,742	0
			43030	NCL Contract	269,895	67,447	101,281	33,834	364,640	94,745
		Health and Sports Total			305,222	76,276	64,637	(11,639)	399,967	94,745
		LABGI	11036	Advertising site Tangier Building	1,500	375	132	(243)	1,500	0
			11043	Whitehaven Regeneration	5,000	1,250	0	(1,250)	5,000	0
			11044	Whitehaven THI	17,423	4,354	(2,448)	(6,802)	17,423	0
			11048	LABGI - Enterprise Development	15,000	3,749	0	(3,749)	15,000	0
		LABGI Total			38,923	9,728	(2,317)	(12,045)	38,923	0
		Regeneration and Community	12012	Head of Regeneration & Community	147,933	36,968	18,096	(18,872)	147,933	0
		Regeneration and Community Total			147,933	36,968	18,096	(18,872)	147,933	0
		Strategic Housing	33605	Housing Strategy	78,501	19,616	(38,820)	(58,436)	75,501	(3,000)
			34201	Private Sector Housing Renewal	108,839	27,200	(24,462)	(51,662)	108,839	0
			35202	Homelessness	254,597	63,623	268	(63,355)	252,997	8,400
		Strategic Housing Total			441,937	110,439	(63,013)	(173,452)	447,337	5,400
Working Neighbourhood Fund	11065	Copeland Apprentice Initiative	72,000	17,993	74,180	56,187	72,000	0		
Working Neighbourhood Fund Total			72,000	17,993	74,180	56,187	72,000	0		
Regeneration and Community Total			1,547,490	386,719	382,419	(4,300)	1,635,908	88,418		
Director of Services Total			4,604,604	1,150,683	1,098,235	(52,448)	4,705,472	100,868		
People and Places	Corporate Director	Corporate Director	12003	Director of Services	129,560	32,377	31,623	(754)	128,260	(1,300)
	Corporate Director Total	Corporate Director Total			129,560	32,377	31,623	(754)	128,260	(1,300)
People and Places Total					129,560	32,377	31,623	(754)	128,260	(1,300)
Grand Total					11,096,973	2,773,126	2,103,699	(669,427)	11,183,628	86,555

**REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2013/14 (1 April 2013 to 30 June 2013)**

**APPENDIX E -WRITE OFFS 2013/14**

**EXECUTIVE MEMBER:** Cllr Gillian Troughton  
**LEAD OFFICER:** Darienne Law – Head of Corporate Resources  
**REPORT AUTHOR:** Ann Treble – Financial Management and Treasury Accountant

WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS  
It is good practice to write off debts that are irrecoverable.

**WHY HAS THIS REPORT COME TO THE EXECUTIVE? (NB. This report will be ‘merged’ with the Budget Monitoring Report)**

**(eg Key Decision, Policy recommendation for Full Council, at request of Council,etc.)**

All write offs must be approved in accordance with the Council’s Scheme of Delegation and a summary report to Executive. This is the report from 1<sup>st</sup> April 2013 to 30<sup>th</sup> June 2013.

**RECOMMENDATION:**

The Executive formally approves the write off of the debt totaling £53,884.68 for the three months 1 April to 30 June 2013, as set out in Paragraphs 1.3 and 1.4, bringing the year to date write offs to a total of £53,884.68.

**1. INTRODUCTION**

1.1 Under the Council’s Scheme of Delegation, the following limits for write offs apply:-

- Head of Corporate Resources – authorised to write off debts due to the Council not exceeding £50,000

Once write offs are approved, a summary must be reported to Executive, this report is that summary.

- Executive must authorise all write offs above £50,000

1.2 The debts written off in this report have been authorised by the Corporate Director, Resources and Transformation as they are below £50,000 in value.

1.3 £35,191.82 is being written off in respect of debts where the debtor is bankrupt or the company dissolved. The number of accounts written off for this reason is 41 this period and a total of 41 in year (compared to 99 during the whole of the Financial Year 2012/13).

1.4 The remaining balance of £18,692.86 is being written off for a variety of reasons including where:-



- the debtor has absconded without trace or
- the debtor has died without any estate or
- the debt is uneconomical to pursue

1.5 A summary of the position in year (2013/14)

<b>Type of Charge</b>	<b>Number of Accounts 1.04.13 to 30.06.13</b>	<b>Amount Written Off 1.04.13 to 30.06.13</b>
Council Tax	90	34,511.06
National Non Domestic Rates	3	13,634.95
Housing Benefit Overpayments	32	5,184.07
Sundry Debt	3	554.60
<b>Total</b>	<b>128</b>	<b>53,884.68</b>

1.6 Summary of in year position (2013/14) as against full 2012/13 financial year

<b>Type of Charge</b>	<b>Number of Accounts 1.04.13 to 30.06.13</b>	<b>Amount Written Off 1.04.13 to 30.06.13</b>	<b>Number of Accounts for whole of 2012/13</b>	<b>Amount Written Off for whole of 2012/13</b>
Council Tax	90	34,511.06	93	62,978.34
National Non Domestic Rates	3	13,634.95	82	558,432.15
Housing Benefit Overpayments	32	5,184.07	71	27,261.13
Sundry Debt	3	554.60	61	17,959.16
<b>Total</b>	<b>128</b>	<b>53,884.68</b>	<b>307</b>	<b>666,630.16</b>

1.7 Age of Debts written off in year (2013/14)

<b>Council Tax</b>	<b>Value written off year ended 31 March 2014</b>
	<b>£</b>
Date of original debts:	
2013/14	192
2012/13	7,018
2011/12	3,621
2010/11	3,454
Older	20,226
<b>Total to 30/06/13</b>	<b>34,511</b>

<b>NNDR</b>	<b>Value written off year ended 31 March 2014</b>
	<b>£</b>
Date of original debts:	
2013/14	750
2012/13	5,050
2011/12	7,777
2010/11	58
<b>Total to 30/06/13</b>	<b>13,635</b>

## **2. DETAIL**

2.1 Of the amount approved for write off the Council bears a different proportion depending on the type of debt as set out below:-

- i. Previously Central Government bore the full cost of Non Domestic Rate write-offs, but under the new regime this year, Copeland will bear the full cost up to the value of the safety net i.e. a maximum £165k 'loss' in any year.
- ii. Debts in respect of Council Tax total fall on the Collection Fund, of which any surplus or deficit is shared by the relevant authorities in the ratio of their precepts on the Collection Fund in the previous year. This ratio for 2013/14 could mean that the amount of debt falling to Copeland Borough Council would be 11.63% or circa £4k to date.
- iii. The remaining debt in respect of housing benefit overpayments and sundry debts) falls completely on the Council.

The bad debt write-offs in respect of housing benefit overpayments are charged to the housing benefits cost centre. Write-offs in respect of sundry debts are charged back to the service cost centre which received the benefit of the debtor income when it was originally raised.

## **3 CURRENT DEBT MANAGEMENT ARRANGEMENTS**

### **3.1 Recovery**

The recovery of arrears of Council Tax, National Non Domestic Rates, Housing Benefit. Overpayments and Sundry Debts are all handled differently as Legislation dictates. However, in all cases reminders are issued within 6 weeks of the payment becoming due, and where a Liability Order is obtained from the Magistrates Court and no contact has been made with the Recovery Section to make an agreement to pay the case will be issued to a bailiff for collection a month after the Order has been granted.

### **3.2 Insolvency**

There are various forms of insolvency, depending upon the type of business concerned. For companies, there are voluntary or compulsory liquidations, administration orders and receiverships. For individual traders there is bankruptcy.

When an individual or a company becomes insolvent a liquidator or trustee is appointed to distribute any assets amongst the creditors. Assets are applied first to the expenses of the liquidation, second in meeting preferential debts, and third, in payment of general creditors or unsecured debts, examples of which are Council Tax and NNDR.

The Council is debarred from pursuing normal methods of recovery, such as distress, in cases of insolvency, and so must write-off the debt as irrecoverable. Any subsequent dividends paid in respect of outstanding Council Tax and NNDR are dealt with by re-debiting the appropriate rate account with a corresponding sum.

Some businesses also cease trading without formal insolvency procedures being undertaken. Their debts are written off if they have no assets.

### 3.3 Absconded debtors

All cases submitted for write-off have been returned by the Council's bailiffs as 'Gone Away – Unable to Trace'. In addition, where appropriate, the following checks are undertaken when attempting to trace an absconded ratepayer: -

- (a) local enquiries are made by the Council's Visiting Inspector.
- (b) checks are made with internal records, such as Council Tax, Benefits and Electoral Registration.
- (c) enquiries, although heavily restricted by Data Protection legislation, may be made with other utilities, e.g. water, electricity, gas, B.T.
- (d) estate agents, solicitors, managing agents may be contacted.
- (e) various other avenues may be followed, such as contact with ex-landlords, family, ex-employers, other local authorities etc.

Such requests for information are made on a voluntary basis only, there being no requirement for respondents to supply the Council with information.

All the cases listed are ceased accounts whose liability has been ended.

### 3.4 Deceased debtors

Bills for outstanding Council Tax or NNDR are sent to the Executors of deceased persons, but the Council Tax and NNDR regulations prevent the Council from pursuing recovery through the Magistrates Court in cases of non-payment. Cases are therefore put forward for write off and will include cases where the debtor has died leaving no assets.

### 3.5 Recommendation for write off

Approving recommendations to write-off bad debts, is an internal accounting decision based on recommended good practice by the Audit Commission. The debtor is still liable for the amount outstanding and recovery action can be resumed if circumstances change.