

OUTTURN REPORTS 2012/13

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

SUMMARY:

The revenue out turn, capital outturn and Treasury management outturn report were all considered by the Executive at their meeting on 28th May 2013 and this report summarises the Executive's recommendations to Council, with respect to:

- (i) Revenue Out turn 2012/13 (Appendix 1)
- (ii) Capital Out turn 2012/13 (Appendix 2)
- (iii) Treasury Management Out turn 2012/13 (Appendix 3)

RECOMMENDATION:

It is recommended that Council approve the following recommendations:

1. Revenue Out Turn 2012/13:

- (i) Approve the transfer of the underspend in the mainstream budget of £640k to the General Fund unallocated balance in accordance with Table in paragraph 2.3
- (ii) Approve the transfer of £148k of the underspend in the budget funded by earmarked reserves to the General Fund unallocated balance in accordance with paragraph 2.9
- (iii) Approve the carry forwards from mainstream budget underspends of £435k and the carry forwards from the budget funded by Earmarked Reserves of £180k, both as detailed in paragraph 2.8, to increase the 2013/14 budget by £615k.
- (iv) Approve the transfer of £323k of the underspend in the mainstream budget to Earmarked Reserves as detailed in paragraphs 2.11, 2.12 and 2.13.
- (v) Approve the use of £35k from reserves in 2012/13 in accordance with paragraph 2.10.
- (vi) Approve the use of the MMI earmarked reserve in the sum of £68k in accordance with paragraph 2.10.
- (vii) Increase the balance on the budget for 2013/14 to £11.192m as set out in paragraph 2.12

2. Capital Out Turn 2012/13:

- (i) Approve the total revised Capital Programme budget of £2,159,351 as detailed in the table at paragraph 3.1
- (ii) Approve the provisional outturn (subject to audit) of £1,435,618 as detailed in paragraph 3.2, resulting in a favourable variance of £723,733, which is to be split as detailed in the table in 3.2 and below:-

- a) Approve £639,845 as carry forward requests (summarised in paragraph 3 & 4 and detailed in paragraph 5 of the report in Appendix 2) to enable the completion of the outstanding projects in 2013/14.
 - b) Approve the remaining £83,888 underspend to be returned to the Useable Capital Receipts Reserve for use on new projects (of this, a saving of £46,068 relates to underspends on completed projects and £37,820 are underspends returned from on-going projects which are no longer required)
 - (iii) Approve the financing of the capital programme for 2012/13 as set out paragraph 3.3
3. Treasury Management Out Turn 2012/13:
- (i) Approve the actual 2012/13 prudential and treasury indicators in paragraph 4.3
 - (ii) As detailed in our Treasury Management Strategy and as required under The Code, this report has to be considered by the Audit & Governance Committee before being recommended to Full Council. This report will be considered by Audit & Governance Committee on 26th June 2013 and Council are asked to approve that the portfolio holder in conjunction with the section 151 Officer be delegated authority to fully approve the out-turn subject to the outcome of scrutiny, as per paragraph 4.1.

1. INTRODUCTION

1.1. The Revenue Out Turn, Capital Out Turn and Treasury Management Out Turn reports were considered in detail by the Executive on 28 May 2013 following which they have made recommendations to Council. This report summarises the main issues with full detailed reports attached as follows:

- **Appendix 1** – Revenue Out Turn 2012/13
- **Appendix 2** – Capital Out Turn 2012/13
- **Appendix 3** – Treasury Management Out Turn 2012/13

2 REVENUE OUT TURN 2012/13 (APPENDIX 1)

2.1 This year has seen the authority develop and deliver significant service changes as well as new budget proposals for 2013/14 and future financial strategy for the council against the backdrop of reducing and uncertain settlements. This work will need to be continued in the current financial year as the Council will need to operate with reducing budgets.

2.2 A *savings target* of £1.8m was set as part of 2012/13 budget. The amounts were reduced from individual budget lines as and when identified in the savings review with a residual amount of £438k hosted in Choosing to Change budget. The Change Programme Board has been responsible for monitoring and managing the delivery of the savings programme. In addition a series of management actions has meant that savings in excess of those required have been achieved,

- Strong vacancy management has achieved in year savings on salaries of £628k netted of against agency fees of £89k to give a saving of £539k against a target of £108k. There has been some capacity issues arising from this approach which has meant that some projects could not be supported, reducing other spend.
- Extra Income – from rent review, planning applications, PPAs, profit share from NCL contract
- Pursuing PFI provider for insurance rebate, value to authority of £80k
- Managers have started to decommission services in anticipation of service changes as a result of the policy review work during the year
- Deliberate strategy to transfer financial responsibility to other partners e.g. CADS

2.3 Table 1 over page summarises the out-turn position by department, and the funding requirement for the out turn. A more detailed breakdown of the out turn by cost centre is attached in an appendix to the revenue report (appendix 1)

Department	Original Budget 23 Feb 2012	Carry forwards from 2012/13 29 May 2012	Re phasing of reserves 29 May12	Changes period 1- 12	Current Approved Budget	Actual spend	Net contributions to reserves	Carry forwards	Out turn 2012/13	Variance from General Fund Reserve	Variance from Ear- Marked Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	401	66	571	36	1,074	832	0	0	832	-66	308
Corporate Resources	3,981	86		-6	4,061	3,410	139	36	3,585	437	39
Policy and Transformation	1,257	0		76	1,333	1,145		37	1,182	151	0
Neighbourhoods	3,306	22		-686	2,642	2,303	57	62	2,422	186	34
Regeneration and Communities	2,105	42	599	-97	2,649	1,957	66	262	2,285	199	165
Nuclear , Energy and Planning				690	690	399	95	95	589	71	30
							215	135	350	-350	
Total	11,050	216	1,170	13	12,449	10,046	572	615	11,233	640	576
Funding											
Revenue Support Grant	5,000				5,000	5,000			5,000		
Council Tax Freeze Grant (4 years)	100				100	100			100		
Council Tax Freeze Grant (1 year)	100				100	100			100		
Council Tax	4,014				4,014	4,014			4,014		
Council Tax Surplus	15				15	15			15		
PFI Grant	837				837	837			837		
Transitional Grant	327				327	327			327		
Earmarked Reserves	436		1,170	-7	1,599	843		180	1,023		-576
General Fund	221	216		19	456	-1,190	572	435	-183	-640	
Total	11,050	216	1,170	12	12,448	10,046	572	615	11,233	-640	-576

CARRY FORWARDS FROM BUDGETS

- 2.4 We are currently experiencing the biggest changes to Local Government Finance that have been felt for many years. Significant changes to the Business Rates system and Council Tax Benefit schemes mean a transfer of risk from Central Government to Local Government.
- 2.5 This coupled with the fundamental change to the way the authority's settlement has been worked out and presented makes it difficult to make like-for-like comparisons with previous years funding but in these uncertain times it is likely that further reductions in funding will be made.
- 2.6 The council has had to refocus its aims and priorities, looking now to 'work with partners and communities to arrange services for residents in Copeland'. In order to ensure we are in the best position possible to be able to provide the statutory services required it is essential to use our policy framework so as to direct what we do and don't do and how and where we direct funding.
- 2.7 Carry forwards proposed at year end by managers were considered in terms of whether commitments currently exist. Carry forwards must be necessary either to allow the completion of previously approved programmes or provide resources for additional budget pressures that have arisen since the 2013/14 budget was approved.
- 2.8 The following carry forward requests, totalling £615k have been included within the out-turn position:-

<u>Department</u>	<u>Cost Code</u>	<u>Detail</u>	<u>Amount</u>	<u>Reason for C/F</u>	Funded - GFR/EMR
Corporate Resources					
	23100	0001	3,000	Additional works to cope with FOI 13/14	GFR
	27100/27200	0001	17,500	Cover for elections staff whilst on maternity leave	GFR
	28100	2102	15,000	Works required for Land Register data migration but no budget in 13/14 to fund	GFR
	gfr u/spend		35,000	New Homes Bonus invest to generate income	GFR
	gfr u/spend		35,000	FRA Improvements to CBC buildings	GFR
	gfr u/spend		5,000	Procurement of contracts	GFR
			110,500		
Policy & Transformation					
	25000		10,000	IT switches that are being replaced to stop the recent outages	GFR
	11045	0728	7,400	2 year project. The money is being held by CBC on behalf of Whitehaven Partnership	GFR
	21114		20,000	Invest in managing the regulatory risks associated with effective Information management e.g. data protection	GFR
			37,400		
Neighbourhoods					
	32802	0118	21,000	Connection and/or removal of street lighting following Electricity North West changes	GFR
	32802	0150	18,603	Feb/Mar maintenance & decommissioning costs - CCTV	GFR
			10,000	Resiliency fund to allow for additional capacity in the waste team to allow for growth in refuse collections on completion of new homes.	GFR
	48014	0715	2,694	St Nicholas, summer bedding order, supplied in June	GFR
	33211	0001	10,000	Principal waste officer maternity leave & cover	GFR
			62,297		
Nuclear					
	11002	0800	95,334	LDF - Delays in examinations etc move costs into 13/14	EMR
			95,334		
Regeneration & Community					
	32203		7,630	External grant funding for Beacon & partner projects which couldn't be completed in 12/13	GFR
	11040	2025	50,707	CCF income from CCC needed to fund next year	GFR
	11031	0728	18,155	Seaside Fund Slippage	EMR
	11101		3,286	Cleator Moor business centre works still to be carried out	EMR
	43030	0100	117,249	NCL Planned maintenance programme runs over 2yrs	GFR
	11036	0728	1,500	LABGI funding -To renew the sign at end Tangier Street - 2yr life in line corporate plan	EMR
	11043	0728	5,000	LABGI funding -Match funding against Town Team grant from DCLG	EMR
	11044	0728	17,423	LABGI funding -THI Bid submission now May 2013	EMR
	11048	0728	15,000	LABGI funding - HCA delayed move to Moresby (Pondfield)	EMR
			74,000	Enabling Growth Strategy (£24k EMR £50k GFR)	EMR/GFR
			309,951		
			615,481		

RESERVES

- 2.9 The total approved use of reserves in 2012/13 is £1,599,091, with the out turn position showing that only £1,023,392 will be required leaving £575,699 unspent in year, as detailed in Table 1 at paragraph 2.3 of this report. Of this £147,853 can be released into the general fund reserve with the remaining £427,846 being returned to the relevant earmarked reserve for future use.
- 2.10 During 2012/13, certain items of spending have been incurred which can justifiably be charged to earmarked reserves, which have been set aside for these purposes. These are;
- The costs of £6k on dilapidated buildings, for which no budget was set;
 - The costs in excess of budget (£4k for dangerous structures within the Building Control fee based account;
 - The costs of £22k incurred on Coastal Management as detailed in paragraph 3.10
 - Weddicar – costs incurred of £3k in year in connection with appeal against planning decision

Members are asked to approve the use of reserves to the value of £35k to provide funding for the above items, taking the total useage of earmarked reserves (including carry forwards as detailed in paragraph 2.8) is £1,058,360 in year.

Members are also asked to approve the use of reserves to the value of £68k to provide funding for the MMI provision, which will be posted in period 14 as a requirement of the financial statements. This will take the total useage of earmarked reserves (including carry forwards as detailed in paragraph 2.8, to £1,125,955.

- 2.11 Members are asked to approve a transfer of £200k from the general fund underspend to create a Corporate Plan Support earmarked reserve to assist in funding support and intervention for welfare reform changes.
- 2.12 Members are asked to approve the transfer of £108k underspend of monies to a Planning for Nuclear earmarked reserve, to assist in the future funding of nuclear activities. (see paragraphs 3.27-3.30 of Appendix 1 for full details)
- 2.15 Members are asked to approve a transfer of £15k from the general fund underspend to the dangerous buildings earmarked reserve to allow an adequate fund to be held to pay for the initial costs of this work which will eventually be recovered.

- 2.16 Members are asked to approve the release of £44k from the newly created Planning for Nuclear reserve into the 2013/14 budget, paragraph 2.14 above to fund salary costs associated with nuclear activities and therefore reduce the demand on the general fund reserve in the funding of the 2013/14 budget.
- 2.17 Members are asked to release £72k from the Working Neighborhood Fund into the 2013/14 budget to fund the Copeland Apprenticeship scheme in year. We have had 72 apprentices through the Copeland Apprenticeship activity, including the Coalfield Apprentice initiative. 35 young people have successfully completed their apprenticeships in the past year. Alongside those apprentices now working to complete their eighteen month on the job training, the scheme continues with funding for a further cohort of 36 apprentices over the next two years. The scheme will now be project managed and led by West Lakes College our partner throughout with the Council as project partner.

IMPACT ON 2013/14 BUDGET

- 2.18 As a result of the changes set out in this report, and subject to the approval of members to the carry forward amounts, the 2013/14 budget will be revised as follows:

	2012/13 Impact £
Budget approved February 2013	10,362
Carry Forwards from 2012/13 - paragraph 2.8	615
Transformational Fund (Change Board April 2013)	50
Sea monster Exhibition budget from Beacon EMR (Executive April 2013)	49
Extra release reserves:	
Release nuclear EMR – paragraph 2.16	44
Release WNF – paragraph 2.17	72
Total Revised Budget 2013/14	11,192

3 CAPITAL OUT TURN 2012/13 (APPENDIX 2)

3.1 The table below details the amendments to the 2012/13 capital programme since it was originally approved in February 2012

CAPITAL PROGRAMME BUDGET 2012/13			
	£	£	CUMULATIVE
Original Budget approved at Council 23/02/12		1,543,649	1,543,649
Approved amendments to budget:			
Addition: £80k Moor Row Play Area (Exec 27/03/12)	80,000		1,623,649
Addition: Carry Forwards Capital Outturn Report (Council 14/06/12)	303,707		1,927,356
Re-alignment: Virements from various to Howbank Shaft Q1 Capital Monitoring (Council 06/09/12) £115,452	-		1,927,356
Addition: £30k Former Kells School Site - retaining wall & drainage, Q1 Cap Mon (Executive 21/08/12)	30,000		1,957,356
Addition: £194,548 re Howbank Mine Shaft (Urgent Action 20/11/12 & Council 06/12/12) (£115,452 current budget + £194,548 = £310,000 new increased budget)	194,548		2,151,904
Addition: £7,447 re FMS Project to be funded from Revenue	7,447		2,159,351
Current Budget		2,159,351	

3.2 The capital outturn information and the action on the resulting variance is summarised below:

Total Revised Capital Programme Budget 2012/13	Provisional Outturn 2012/13	Variance	Breakdown of favourable variance:			
			Carry Forward request (to complete project in 2013/14)	Return to the Useable Capital Receipts Reserve		TOTAL
				From completed Projects	From on-going projects	
2,159,351	1,435,618	(723,733)	639,845	46,068	37,820	723,733

- 3.3 Utilisation of resources to fund the 2012/13 Capital Programme in the light of the provisional outturn is estimated as follows:

Financing of the Capital Programme 2012/13

Financing	Original Annual Gross Budget	Amended Annual Gross Budget	Provisional Outturn
	£	£	£
Useable Capital Receipts	1,233,649	1,666,131	982,146
Other External Funding	310,000	485,773	446,026
Other Reserves & contributions	0	7,447	7,447
TOTAL CAPITAL PROGRAMME	1,543,649	2,159,351	1,435,618

4 TREASURY MANAGEMENT OUT TURN (APPENDIX 3)

- 4.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual review of treasury management activities and the actual prudential and treasury indicators for 2012/13. This report meets the requirements of the CIPFA Code of Practice for Treasury Management (The Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). As detailed in our Treasury Management Strategy and as required under The Code, this report has to be considered by the Audit & Governance Committee before being recommended to Council and so will be considered for scrutiny on 26th June 2013. It is recommended that the Portfolio holder in conjunction with the section 151 Officer be delegated authority to fully approve the outturn subject to the outcome of the scrutiny of Audit & Governance Committee.
- 4.2 Investments held by the Council - Over the full financial year, the Council maintained an average balance of £25m of internally managed funds. The actual interest earned for 2012/13 was £288,585 (as reported in the Revenue Out-turn Report) against a budgeted return of £227,822, resulting in a net improvement against the budgeted return on investments for 2012/13 of £60,763. This improvement in return is a reflection of the changes in the Treasury Management Investment Strategy implemented in October 2011 which enabled the Authority to place a greater amount of investment with the part nationalised banks to maximise returns at very favourable rates. Whilst our policy remains unchanged for 2013/14 the rates achievable are much less than those achieved last year and as a consequence our investment income is anticipated to be much lower in the current year.

4.3 The authority's prudential indicators for 2012/13 are as below:

Table A

Actual prudential and treasury indicators	Ref	2011/12 Actual £m	2012/13 Original Estimate £m	2012/13 Actual £m
Capital expenditure		£2.25m	£2.16m	£1.52m
Capital Financing Requirement		£8.88m	£8.88	£8.45m
Net borrowing	(a-b)	(£6.85m)	(£3.23m)	(£6.09m)
External debt	(a)	£12.07m	£11.88m	£12.36m
Investments - Under 1 year	(b)	£18.92m	£15.11m	£18.45m

Table B

Prudential Indicator	2012/13
Authorised limit	£17.00m
Maximum gross borrowing position	£12.37m
Operational boundary	£12.00m
Average gross borrowing position	£12.11m
Financing costs as a proportion of net revenue stream	6.92%

Affordability Prudential Indicators

The previous tables cover the overall capital and control of borrowing prudential indicators, but we are also required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

The indicator detailed in Table C below, identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table C

Ratio of financing costs to net revenue stream	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
	3.34%	7.03%	6.92%

The next indicator as detailed in Table D, identifies the revenue costs associated with proposed changes to the three year capital programme recommended at Full Council on

23rd February 2012 compared to the Council's existing approved commitments and current plans.

Table D

Incremental impact of capital investment decisions	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
Increase in Council Tax (Band D) per annum	0%	0%	0%

The maturity structure of the debt portfolio was as follows:

	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
Under 12 months	100%	100%	100%
12 months and within 5 years	100%	100%	100%
5 years and within 10 years	100%	100%	100%
10 years and within 20 years	100%	100%	100%
20 years and within 30 years	100%	100%	100%
30 years and within 40 years	100%	100%	100%
40 years and above	100%	100%	100%

All investments within the Councils portfolio were placed for under one year. The authority held 100% specified investments at the year-end against a maximum limit of 75% non-specified investments.

The exposure to fixed and variable rate investments was as follows:

	31 March 2012 Actual	31 March 2013 Actual
Fixed rate (Principal)	£7.50m	£7.40m
Variable rate (Principal)	£11.42m	£11.05m
TOTAL INVESTMENT	£18.92m	£18.45m

The Treasury Management Strategy is set out in Appendix 3. This incorporates the Annual Investment Strategy and the Minimum Revenue Provision (MRP) Statement.

5. CONCLUSIONS

- 5.1 The report sets out the revenue out turn, capital out turn and treasury management out turn reports for 2012/13 (subject to audit) for approval by Council on 20 June 2013.

6. STATUTORY OFFICER COMMENTS

- 6.1 The Monitoring Officer's comments are: No further Comment
- 6.2 The Section 151 Officer's comments are: Included in the report
- 6.3 Other consultee comments:
 - Budget Managers
 - Corporate Leadership Team
 - Executive

7. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 7.1 The out-turn position for 2012/13 is the culmination of the year long budget monitoring exercise, which is designed to identify budget savings and budget pressures during the year.
- 7.2 The next stage is the finalisation of the statutory Statement of Accounts and the formal audit of the Council's accounts, which includes an analytical review of spending in the year and matches this with the out-turn for 2012/13 to assess significant changes in spending patterns on an annual basis. This in turn provides a base for assessment of identified variances which may indicate further scope for changes within the current year budget, longer term savings or better utilisation of the Council's resources, in light of the 2014/15 MTFS position.

8 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 8.1 The out-turn position for 2012/13 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.
- 8.2 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 1 – Revenue out turn report
- Appendix 2 – Capital out turn report
- Appendix 3 – Treasury Management out turn report

List of Background Documents:

- 2012/13 Management Accounts Reports periods 3 -10

Reserves Reports (EM & GF) Dec 12 and Jan 13
Financial Regulations / Constitution

REVENUE BUDGET – PROVISIONAL OUT-TURN REPORT 2012/13

EXECUTIVE MEMBER: Cllr Gillian Troughton

LEAD OFFICER: Darienne Law, Head of Corporate Services

REPORT AUTHOR: Ann Treble, Financial Management and Treasury Accountant

WHY HAS THE REPORT COME TO THE EXECUTIVE?

To inform the Executive of the provisional revenue outturn position for 2012/13.

Summary:

This report provides details of the provisional revenue out-turn position for the General Fund revenue budget for the financial year ended 31 March 2013. This report also provides details of the principal variances between the budget and the provisional outturn position. The outturn shows that the net spend for the financial year is £11.233m.

This position subject to change following completion of the audit process.

The 2012/13 budget was set under the previous financial system and prior to the Local Government Finance Act 2012. The council is working hard to control its costs and to balance its budget in the medium term in accordance with anticipated government settlements.

Alongside the whole of the local government sector the council is on a 5 year journey to reshape its services and redefine what it can do given the reducing resource base following the local government financial settlement and the estimations in the LGA "graph of doom".

The severity of the reductions in government grants will necessitate significant cuts in council budgets and front-line services. This has severely impacted on Copeland's future financial position.

The council is planning the changes it needs to make to address the continued reduction in its resource base and has spent time identifying and planning for the implementation of the changes This was set out in the council's recent public consultation which took place in 2012.

In preparation for the changes 2012/13 was a year where tight financial control was exerted on spend in order to provide some contingency. This included strong,

management of staffing vacancies to avoid compulsory redundancies whilst it restructures its management and teams, a focus on sourcing alternative income streams and encouraging others to continue work that that the council would have previously financed, and identifying one of savings through its value for money and efficiency approach.

The Executive is asked to;

- (i) Note the increase in the revenue budget from £12.284m to £12.448m following the approval of release from Earmarked Reserves by Executive in January 2013. These changes are reflected in the table in paragraph 2.1
- (ii) Note the year-end underspend of £1.216m, against the revised approved revenue budget of £12.448m, of which £576k relates to Reserve funded items, and £640k relates to core funding as detailed in paragraph 2.2.
- (iii) Note that contributions of £1.242m contained within the out turn report will be transferred to earmarked reserves at year end as shown in paragraph 5.4.
- (iv) Approve the treatment of bad debts as detailed in paragraphs 1.1, 1.3, 1.4 and 1.5 of Appendix B.

and make recommendations to Council to;

- (v) Approve the carry forwards from mainstream budget underspends of £435k and the carry forwards from the budget funded by Earmarked Reserves of £180k, both as detailed in paragraph 4.6 to increase the 2013/14 budget by £615k.
- (vi) Approve the transfer of the under spend in the mainstream budget of £640k to the General Fund unallocated balance in accordance with paragraph 2.2.
- (vii) Approve the transfer of £148k of the underspend in the budget funded by earmarked reserves to the General Fund unallocated balance in accordance with paragraph 2.2
- (viii) Approve the transfer of £323k of the underspend in the mainstream budget to Earmarked Reserves as detailed in paragraphs 3.13, 3.30 and 3.32.
- (ix) Approve the use of £35k from reserves in 2012/13 in accordance with paragraph 5.2.
- (x) Approve the use of the MMI earmarked reserve in the sum of £68k in accordance with paragraph 5.2
- (xi) Increase the balance on the budget for 2013/14 to £11.192m as set out in paragraph 6.1.

1 INTRODUCTION

- 1.1 This report contains information on the out-turn position on spending against the Council's revenue budget for 2012/13. Within the report figures in brackets indicate either an under spend or additional income received and those without brackets are either an over spend, or reduced income levels.
- 1.2 The position is subject to audit and may change following completion of the audit process.
- 1.3 The reporting of the out-turn position for 2012/13 is the culmination of the year long budget monitoring exercise, which is designed to identify budget savings and budget pressures during the year.
- 1.4 The out-turn position is then used to prepare the Statutory Statement of Accounts for 2012/13 and this will be presented to Members following the completion of the Audit (which has to be concluded by 30 September 2013).
- 1.5 The out-turn report as presented follows the budget monitoring format presented to members during the financial year, which does not include either the recharge of support services or notional capital charges. However, to comply with guidance from CIPFA in its Service Reporting Code of Practice, all support costs have to be re-allocated to services and capital charges (for depreciation and the impairment of assets) have to be made to service revenue accounts to show the total cost of service provision. These recharges are included in the income and expenditure account within the Statutory Statement of Accounts and the impact of these reallocations and additional charges can be seen in Table x in paragraph 7.1
- 1.6 The 2013/14 budget build incorporated the results of work carried out by a number of Policy Development Groups, public consultation and discussions with budget managers. The out-turn position will also be considered and further analysed in more detail over the next few months to identify whether any of the variances identified may indicate further scope for changes within the current year budget, longer term savings or better utilisation of the Council's resources, in light of the 2014/15 MTFS position.

2 SUMMARY POSITION 2012/13

- 2.1 Table 1 over page summarises the out-turn position by department, and the funding requirement for the out turn. A more detailed breakdown of the out turn by cost centre is attached in Appendix A

Department	Original Budget 23 Feb 2012	Carry forwards from 2012/13 29 May 2012	Re phasing of reserves 29 May 12	Changes period 1-12	Current Approved Budget	Actual spend	Net contributions to reserves	Carry forwards	Out turn 2012/13	Variance from General Fund Reserve	Variance from Ear-Marked Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	401	66	571	36	1,074	832	0	0	832	-66	308
Corporate Resources	3,981	86		-6	4,061	3,410	139	36	3,585	437	39
Policy and Transformation	1,257	0		76	1,333	1,145		37	1,182	151	0
Neighbourhoods	3,306	22		-686	2,642	2,303	57	62	2,422	186	34
Regeneration and Communities	2,105	42	599	-97	2,649	1,957	66	262	2,285	199	165
Nuclear, Energy and Planning				690	690	399	95	95	589	71	30
							215	135	350	-350	
Total	11,050	216	1,170	13	12,449	10,046	572	615	11,233	640	576
Funding											
Revenue Support Grant	5,000				5,000	5,000			5,000		
Council Tax Freeze Grant (4 years)	100				100	100			100		
Council Tax Freeze Grant (1 year)	100				100	100			100		
Council Tax	4,014				4,014	4,014			4,014		
Council Tax Surplus	15				15	15			15		
PFI Grant	837				837	837			837		
Transitional Grant	327				327	327			327		
Ear-marked Reserves	436		1,170	-7	1,599	843		180	1,023		-576
General Fund	221	216		19	456	-1,190	572	435	-183	-640	
Total	11,050	216	1,170	12	12,448	10,046	572	615	11,233	-640	-576

2.2 The above table shows the underspend split between General Fund and Earmarked reserves. £640k can be transferred back to General Fund unallocated balance and arises as spending was less than anticipated. This balance is available to support the revenue budget in future years. £576k is as a result of under spend on our Earmarked reserves as detailed in Table 2 below:

Cost Centre	Cost Centre	Amount funding from EMR	Out turn	Underspend at Out turn back to EMR	Underspend at Out turn back to GFR
22213	Choosing to change	500,000	194,012	305,988	
21500	Website Maintenance	28,866	26,364	0	2,503
21110	HR Holding Account	30,000	30,000	0	
32900	Catherine Street Car park	20,000	6,056	13,944	
11031	Seaside Success	50,000	50,000	0	
26101	NCL leisure (risk pot property)	20,000	1,146	18,854	
28100	Land Management	27,000	27,000	0	
26215	Copeland Centre	7,000	7,000	0	
48004	Crematorium	7,000	7,000	0	
33200	Refuse Collection	27,000	22,178	4,822	
31401	Building Control Non fee	2,225	1,950	275	
31600	Development Control	14,273	2,900	11,373	
22201	Nuclear	56,853	56,615	238	
11002	Planning Policy	219,647	201,656	17,991	
11006	LABGI	84,794	57,825		26,969
11013	WNF	298,363	179,981		118,382
11045	Localities (WNF)	76,179	76,179	0	
46202	Environmental Health	10,000	10,000	0	
38007	RBS Shared Service	20,000	0	20,000	
11101	Cleator Moor Business Centre	3,886	3,886	0	
11015	Regeneration Consultancy	81,005	61,644	19,361	
33204	Refuse - Recycling	15,000	0	15,000	
Totals		1,599,091	1,023,392	427,846	147,853

- 2.3 This report assumes all carry forwards funded by both the general fund and earmarked reserves will be approved by Council, see recommendation (v). In the event that some are not agreed then the transfer to the general fund or the balances on earmarked reserves will increase by the value of those carry forwards.
- 2.4 This year has seen the authority develop and deliver significant service changes as well as new budget proposals for 2013/14 and future financial strategy for the council against the backdrop of reducing and uncertain settlements. This work will need to be continued in the current financial year as the Council will need to operate with reducing budgets.
- 2.5 A *savings target* of £1.8m was set as part of 2012/13 budget. The amounts were reduced from individual budget lines as and when identified in the savings review with a residual amount of £438k hosted in Choosing to Change budget, see paragraph 2.7 below for full details. The Change Programme Board has been responsible for monitoring and managing the delivery of the savings programme. In addition a series of management actions has meant that savings in excess of those required have been achieved,
- Strong vacancy management has achieved in year savings on salaries of £628k netted of against agency fees of £89k to give a saving of £539k against a target of £108k. There has been some capacity issues arising from this approach which has meant that some projects could not be supported, reducing other spend.
 - Extra Income – from rent review, planning applications, PPAs, profit share from NCL contract
 - Pursuing PFI provider for insurance rebate, value to authority of £80k
 - Managers have started to decommission services in anticipation of service changes as a result of the policy review work during the year
 - Deliberate strategy to transfer financial responsibility to other partners e.g. CADS
- 2.6 The £438K service review and vacancy management target saving was hosted in the Choosing to Change budget. As and when actual savings have been agreed by Executive and Personnel Panel, the service area budgets have been reduced and the Choosing to Change budget credited.

2.7 The table below shows the activity at year end regarding the original £438k credit budget hosted in Choosing to Change, and has been reported to Executive throughout the year:

Savings to achieve currently hosted in C2C:	
Service review savings	330,000
Vacancy Management	100,000
Shortfall on Management Restructure	8,000
	438,000
Action taken to date and allocated to C2C:	
Removal of 1% pay award	-80,000
Restructure Waste and Open Spaces	-86,000
Net Saving on Directors post	-40,000
Restructure Housing services	-24,000
Restructure Refuse rounds	-30,000
Removal of Communications post	-13,000
Saving met through vacancy management	*-165,000
	-438,000

Members are asked to note that whilst the table above notes the use of vacancy management in the sum of £165k, the actual saving due to strong vacancy management across the authority during 2012/13 was a net £539k. These savings are shown under the relevant service area cost centre

3 DETAILS GIVING RISE TO THE VARIANCE IN 2012/13

3.1 The reasons for the significant variances (+/- £10k at cost centre level) between the current approved budget and the out-turn position are as follows:

3.2 There are some costs which have been incurred and reflected in the out-turn which have arisen as they are required to be included to meet approved accounting practices. These costs relate to the need to make a provision for bad debts and the costs for redundancy pay, which need to be included within service spending but which are not under the direct control of budget holders as follows;

- The Council makes a provision for bad debts based on the aged debt of its outstanding debtors invoices. This provision is reviewed annually in March and this year the level of old outstanding debt has increased, which has meant that the Council has had to increase its provision by £103K in the year. The increase is reflected in the appropriate service lines within the out-turn figures.
- The out-turn position contains the costs of redundancy pay for the members of staff who will have either left the Council by 31 March or where a formal resolution has been made before 31 March to release staff in 2013/14, a total of 15.8 FTE. Overall the cost is £94k, which will be funded by the Choosing to Change budget, however for the statutory

financial statements these costs will need to be reallocated to the individual service areas.

Chief Executive's – under spend of £230k

- 3.3 Chief Executive achieved savings in transport and travel related expenditure of £8k.
- 3.4 Corporate Management a saving of £77k was achieved through a reduction in the District Auditor fees paid by council of £48k which reflect the new arrangements in place with Grant Thornton, and an accrual made for monies owed to the authority re overpayments into the pension scheme in past periods of £30k.
- 3.5 The 'true' Choosing to Change budget (omitting the credit budget as detailed above) was £500,000 with £94k being spent on redundancy costs (15.8 FTE) and £100k on programme management and additional capacity for the consultation and policy development process. This leaves an under spend of £306k to be used in the future to underpin the Council's Transformation programme.
- 3.6 This year has seen work undertaken to introduce of a new website for the authority. The budget was originally set based on an estimation of costs involved as we have not undertaken this type of project before. A lot of the development work has been done in-house with the theming and validation being undertaken externally, resulting in less support (and costs) than initially predicted and a £10k underspend on Website maintenance cost entre.

Corporate Resources – under spend of £476k

- 3.7 Financial services total underspend of £111k, is as a result of:
- savings on vacant Financial Services Manager post offset by professional and legal fees to cover this post and a number of other small underspends totalling £20k.
 - Subscriptions and Other Misc is showing an overall under spend of £13k.
 - Achieving higher investment income than budgeted for as a result of one currently, unrepeatable, deal has meant £54k of additional income on Treasury Management.
 - Insurance budget is under spent by £16k due mainly to excesses paid being lower than estimated and small variations on premiums. The council's insurance arrangements are due to be retendered in 13/14 and this will determine whether any ongoing saving can be achieved.
- 3.8 Human Resources under spend of £20k, and Payroll savings of £24k relates to changes in staffing arrangements and unused relocation expenses. With a further saving of £22k against staff training budgets. The 2013/14 budget has been reduced to reflect this position.
- 3.9 Legal service underspends of £83k comprises of:
- Unbudgeted income in the sum of £30k in respect of previously placed CPOs that due to expired time limits have now been released back to the authority
 - Land charges fee income up by £13k

- Additional income on various licencing codes of £17k, the 2013/14 budget includes a partial increase in fees in recognition of this
- Various small underspends across all legal cost centres

3.10 Property Services underspends of £196k are made up of:

- Property H/A – a £25k underspend on the holding account is due to a vacant post of Estates Surveyor. The post was filled mid-December 2012.
- North Country Leisure – the £20K budget is identified as an NCL risk Pot, and is in place to ensure items not covered by the PMP can be financed as and when they arise. The underspend here will go back to Earmarked Reserves to continue funding existing commitments and a new condition survey has been commissioned for 2013/14 to ascertain the ongoing liabilities.
- Gillfoot Shaft – underspend of £35k as budget for works had been an approximation of costs but property services successfully negotiated reductions and savings with contractors.
- Market Hall - following on from a major refurbishment, our maintenance liabilities were reduced for 2012-2013. Property Services also recharge the tenants a service charge for reactive maintenance on the building. Alongside the monies charged to the NHS trust to carry out dilapidation works upon vacation gave Property Services to have a underspend on that cost centre.
- Cleator Moor Area Office – rates charge for 12/13 leaves an under spend within this cost centre of £11k. This is primarily due to the budget being set on the assumption of the building being vacant. The portion paid by the Council within this financial year is for the un-leased part of the building.
- Moresby Parks Depot – A £10k underspend on this code is due to the property being vacant for a portion of the year and the reduction in gas and electricity cost.
- Property Services negotiated a one off Insurance premium repayment of £120K, from our landlords under the PFI arrangement, London and Regional £80k of which is the Councils portion. The remaining monies are to be repaid proportionately to Copeland Homes and Department of Works and Pensions.
- Spend of £22k in connection with Coastal management has been funded from the earmarked reserve set up for this purpose.

3.11 The Head of Corporate Resources has realised a salary saving of £12k in year.

3.12 Revenues and Benefits had an overall underspend of £6k in year made up of:

- Revs and Bens shared services £44k underspend due to £20k reserve funding not required as the additional costs anticipated didn't happen. The under spend on the Shared Service element is £10k which relates to salaries including the 1% pay award not required and £12k under spend on printing and other misc budgets.
- Council Tax postage is over spent by £8k due to the increased cost of postage per item, and court costs income under achieved against budget by £4k.

- Council Tax Benefits additional subsidy has been received of £50k. Due to the abolition of Council Tax Benefit from 2013/14, this additional income will not recur in the current year.
- Housing benefits cost centre is showing a £74k over spend, primarily due to a provision for doubtful debts.

3.13 Members are asked to approve a transfer of £200k from the general fund underspend to create a Corporate Plan Support earmarked Reserve.

Policy & Transformation – under spend of £151k

3.14 Customer services underspent by £43k due primarily to savings on staff vacancies within Copeland direct of £15k, a reduction in the uptake of concessionary travel scheme following the public consultation on stopping the scheme saved £7k and underutilization of the Allpay scheme together with the reduction of dedicated security (Loomis) for collection within the cash office, saved a further £20k.

3.15 The £28k MIS overspend relates to licensing costs, including, the imposition of an industry wide Microsoft licensing increase. On-going telephony costs are also a contributory factor for which we are continuously looking for ways to reduce.

3.16 Localities underspend of £91k reflects a number of vacancies that existed and/or occurred in year. The new structure which comes into place to meet the council's objectives in 2013/14, led to changes in the in-year associated activity.

3.17 Performance and Transformations an £11k underspend has occurred due to a number of vacancies.

3.18 The Joint Neighborhood Forum funding of £14k has not been requested by Cumbria County Council in 2012/13.

Neighbourhoods – Under spend of £230k

3.19 **Enforcement** overspend of £25k overall from:

- CBC Car Parks have overspent by almost £50k as a result of a shortfall in parking income of £38k and unavoidable costs for rates and water charges which exceeded budgets held but this is offset by £26k of income from on Street DPE Parking. Whilst this isn't an activity undertaken by the Council this year, an outstanding invoice from 2011/12 has now been paid.

3.20 **Environmental Health** underspend of £45k.

- Flooding and Coastal Defense overspend of £23k as a result of severe intense rainfall events in June, July, August, October and November 2012 during which 4818 sandbags were delivered. The budget is based on the more usual 2 – 3 severe weather events for example in 11/12 this required only 330 sandbags. Also the intense rainfall on 29/30 Aug caused significant damage at Egremont with additional damage at Rottington Beck and St

Bees Promenade and emergency repair work was required – the potential for a Bellwin claim for this work was registered but the costs of this and other emergency flood response work did not meet the Bellwin threshold and therefore all costs incurred by the council have to be absorbed.

- Food/hygiene and Private Water Supplies – Fees and Charges we received additional unanticipated income from private water supply activities of £8k and small underspends on operational equipment and legal and professional fees totalling £2k.
- An underspend on operational equipment within environmental protection of £11k due to limited equipment replacement being necessary. As no inspections or investigations resulted in prosecution costs legal and professional costs have under spent of £8k. These underspends are offset by reduced fees and charges income of £8k as a result of some premises changing processes to non-charging or lower charging activities or have ceased trading.
- Peacetime Emergency Planning- other services – under spend of £12k as the payment made to Cumbria County Council resilience unit was reduced by £9k as a one off due to returned funds previously paid pre 2010.
- Environmental Health car allowances over spent of £6k is due to continued increase in service demands requiring a site based inspection (or investigation) and increase in enforcement action at commercial premises requiring additional compliance visits, both of which incur travel costs. This was offset by an underspend of £20k on legal and professional fees due to limited availability of suitable external resources and no time to manage the selection and performance so existing staff absorbed many high risk duties this year to minimise disruption to service delivery in year but this is not sustainable for another financial year. An in cost centre virement in the current year will address the car allowances issue.
- Corporate Safety under spends of £19k on salary costs and £9k reduced activity as a result of this vacancy.

3.21 Parks and Open Spaces underspend of £207k

- Street Scene - Street name plates - £16k underspend due to outstanding requests for street nameplates and repairs to existing signs being met by using materials in stock.
- Open Spaces Holding Account –£7.5k underspend due to small underspends on against employee costs, transport and mobile phones.

Cost centres 48001-48014:

- Employee Costs - there is an overall £72k underspend on salaries due to 2 full time vacant positions that were not filled until full impact of service review was known. There is also a underspend on Seasonal operatives due to the lateness of the growing season this year resulting in grass cutting commencing, at a reduced level, some two months later than normal and inclement weather not allowing us to continue work throughout the full term of employment.
- Transport - an overall underspend of £11k made up of many small variances on fuel usage, repair and maintenance costs and operating leases.

- Materials - £11k underspend as expenditure was reviewed following savings related policy decisions in the lead up to the 2013/14 budget. This relates particularly to stock control in areas of Sports Pitches, Trees, external contracts and Floral Maintenance
- Equipment - There is £8k underspend on equipment for the same reasons as given above for materials, with savings being made against Play Areas, Parks and Open Spaces and General Landscapes.
- Windfall Income received in excess of that budgeted by £53k across Allotments, Cemeteries, Parks & Open Spaces, General Landscapes and Parishes and Small Works. This was largely due to letting vacant allotment plots, increase in burials and additional contract works being carried out but within existing resources.

Other variances across the Parks and Open Spaces functions can be explained as follows:-

- Cemeteries - Private contractors £7k over budget for grave digging at Millom, this is more than offset by additional income.
- Trees - Private contractors underspend £2k, due to no emergency work involving being undertaken in the year. Fees and charges under achieved by £4k however this is offset by the underspend in private contractors and materials.
- Play Areas – The general repairs budget carried forward from previous year was underspent by £10k due to the fencing works originally identified for some play areas was no longer essential in light of developing policy.
- Nursery - £21k underspend on premises expenses, this budget was put into place for security of the site and making safe if the site remained unoccupied in 2013/14. In the event the nursery was leased to a third party.
- Parishes and Small works - Direct materials budget overspent by £2k which is offset from additional income for additional works carried out.
- Floral Maintenance -underspend £9k due to reduction in bedding following policy changes with bedding for St Nicholas Gardens only being ordered.

3.22 Refuse and Recycling whilst overall this service has spent to budget the following fluctuations have occurred:

- Environmental Cleansing – The main variances from budget are an underspend from staff costs of £28k (note £32k overspend in kerbside recycling below) and slightly higher than budgeted transport costs of £7.5k themselves being made up of a number of small variances against such factors as fuel use, repair and maintenance etc.
- Refuse Bulk - There has been a trend in reducing numbers of requests for bulky waste collections resulting in an income shortfall against budget of £11.5k.
- Refuse Commercial - Excluding a number of minor variances, income received is £62k lower than budget due to reduced numbers of customers, partially offset by associated waste disposal charges (private contractors) being £46k less than budget.
- Recycling - There are a number of major variances from budget including significantly reduced payments for recycling from the Waste Disposal Authority. A mid-year change in the calculation moving from Recycling Rewards to Recycling Credits (reduction capped at

£60k) led to a £60k shortfall from budget. However an overpayment from 2011-12 repaid in 2012-13 means an overall shortfall (including in other recycling cost centres) of recycling credit income of £86k. The lack of capacity in the team over the year hampered progress on enhancing the council's bring sites and led to an underspend of £27k on supplies and services, of which £15k is reserve funding that can be returned to earmarked reserves for future years. These negative variances are offset by a £6k underspend on bring site servicing and higher than budgeted income from sale of recyclable materials of £18k.

- Kerbside Recycling - Income from material sales and recycling credits is £26k higher than budget however there are notionally higher than budgeted staff costs of £32k (note offset by an underspend of £28k in Environmental Cleansing above) and transport costs of £10k themselves being made up of a number of small variances against such factors as fuel use, repair and maintenance etc.
- Since the new Neighbourhoods Structure was introduced in April 2012 there have been vacant posts leading to an under spend on staff costs of £36k contributing to the Council's vacancy management targets. Less £10k carry forward request to fund cover for maternity leave in 2013/14.

Nuclear Energy and Planning – Underspend of £101k

- 3.23 Building Control fee based account – As a business unit building control made a loss of £4k (before support services were charged), as a result of fee income being less than anticipated. To try and move the service forward and enable it to cover its costs, in the future, the current year structure has been amended to reduce staffing costs. The out turn figures shown in Appendix A attached shows an overspend against budget of £38k.
- 3.24 Building Control non fee account –An under achievement of £10k on the income budget was the result of work promised by LABC Consult but unfortunately this did not materialise in year as the national LABC Consult scheme has proved to be unsuccessful in general Nationwide.
- 3.25 Development Control received planning application with a large five figure fee immediately before year end. Income was also supplemented by a national fee increase of 10%, late in the year. This income was netted off against additional salary costs resulted from the retention of the Development Control Manager in post into the 12/13 financial year as described in 3.31 below, to result in an overall underspend of £62k. The inability to accurately forecast income is inhibited by the difficulty in predicting the receipt of applications which attract a large fee, which can represent a significant proportion budgeted income.
- 3.26 The post of Head of Nuclear and Planning was vacant until September resulting in an under spend of £31k.
- 3.27 The authority has generated unbudgeted income in relation to a number of PPAs totalling £82k.

- 3.28 The recovery of costs incurred in the participation of the MRWS process has allowed the council to recover its costs in the sum of £135k.
- 3.29 Nuclear issues is over spent by £109k with the bulk of the costs to legal and professional fees.
- 3.30 Once the additional costs in 3.29 above have been covered Members are asked to approve the transfer of this underspend of monies from 3.27, 3.28 and 3.29 above (82+135-109 = 108k) to a Planning for Nuclear earmarked reserve, to assist in the future funding of nuclear activities.

Members are then asked to approve the release of £44k from this newly created reserve into the 2013/14 budget to fund salary costs associated with nuclear activities and therefore reduce the demand on the general fund reserve in the funding of the 2013/14 budget.

- 3.31 Planning policy - the post of Planning Manager, within the new structure was vacant in year and other staff savings has resulted in a saving of £80k. These were, however offset against the costs of employing a Planning Policy Manager contained within this cost centre and a Development Control Manager (within Development Control below) for four months, under the old structure until August 2012 when the new structure was fully implemented, leaving an underspend of £69k.
The Public Examination for the LDF Core Strategy and Development Management Policies DPD slipped following a request from the Planning Inspector (due to pressures and delays with other Examinations he was involved with). This meant that the labour intensive (and costly) element around the public hearing sessions did not take place until April 2013 instead of February as originally planned. As a result the budget for this piece of work has been carried forward of £95k into 2013-14 and it is anticipated that the costs associated with the Public Examination will be paid by the end of the summer.
- 3.32 Members are asked to approve a transfer of £15k from the general fund underspend to the dangerous buildings earmarked reserve to allow an adequate fund to be held to pay for the initial costs of this work which will eventually be recovered.

Regeneration & Communities – under spend of £363k;

- 3.33 Beacon & TIC a reduction in income, netted off against the under spend primarily within salaries. For the Beacon this has resulted in an underspend of £49k, which has, in accordance with the agreed business plan been contributed to the Beacon's Earmarked Reserve.
- 3.34 Copeland Community Fund - Fee income due to the Council for hosting costs received 2011/12 and 2012/13 in year, resulting in a £10k underspend.
- 3.35 Development Strategy – saving of £9k as post was held vacant as part of the vacancy management process and a small element of the staffing budget allocated to another service area for short term administration support. This post is now deleted from the establishment as part of the budget reduction process.

- 3.36 Economic Development regeneration 47k under spend :
- £27k on Economic Development reflects a vacancy saving relating to a four month recruitment lag for the new manager and post being filled on a four day a week basis in year, and also a reduction in grants paid whilst the grant review was undertaken.
 - Regeneration works have underspent by £17k against budget. This spend is funded by an earmarked reserve and the under spend will be returned there for future funding. Members are asked to approve this money be earmarked together with that detailed in paragraph 3.39 for a Planning for Nuclear earmarked reserve.
- 3.37 Health and sports – £65k underspend. Sports Development, SPAA, sports unlimited and Olympics - in 2012/13 there has been a range of sports development activity on a number of cost codes. The activity has included completing, handing over and winding down a range of projects that the council has engaged with over the last three years. The underspend is due for a variety of reasons including,:
- activity on the Olympics was externally funded and did not need to use our sports development resource
 - the team lost capacity from the 2011/12 review and lost a further worker during the year to maternity leave and hence capacity was reduced to develop and deliver our annual sports programs and
 - the budget reduction proposals meant the team did not pursue sports activity that was proposed to stop in 2013/14.
 - Health & Sport team saving of £11k in salary costs and £12k on activity costs due to reduced capacity from maternity leave.
 - NCL contract – the planned contract saving highlighted in the annual budget was latterly changed in line with a change in negotiations on term and future proofing leaving a proposed £75k 2012/13 contract fee budget saving being renegotiated to £48k. However, the final budget saving to the contract fee resulted as a total £69k due to an in year receipt of unbudgeted income in the form of profit share of £21k. The Planned Preventative Maintenance budget was not spent fully in year but has been carried forward into 2013/14 which includes the air handling unit replacement and some tiling refurbishment at the Copeland Pool which is planned to take place with the Pool Extension
- 3.38 LABGI Funding - £27k underspend, LABGI funding has been used effectively to support a range of regeneration activities including focused economic development activity in Whitehaven and enterprise development grants and business support across Copeland. At the end of the year we have carried forward commitments against our Whitehaven Townscape Heritage Initiative and business support. We have not spent as intended against producing and publishing a Whitehaven Regeneration prospectus. This work has been deliberately delayed to enable the Albion Square development to start on site. We will release this budget line into general reserves in line with our expectation that Britain's Energy Coast Economic Blueprint will be commissioning regeneration marketing and development material as part of the implementation plans in 2013/14.
- 3.39 Sustainability - during Autumn 2012/13 we went out to consultation with the proposal to stop our sustainability officer and associated activity except for our own carbon management plan

and affordable warmth engagement. In line with this the decision was followed to offer this cost code as a saving from April 2013 and the Sustainability Officer chose to leave the Council before the end of the year.

3.40 Housing underspends of £56k is due to:

- The under achievement of £20k fees and charges income budget is due to surveyors fees on previous home loan works no longer being provided. This has been corrected in the 2013/14 budget.
- Underspend within Homelessness of £75k is due to carrying vacant posts following a mid-year restructure netted off against agency costs to £20k saving. Targeted work by the team to direct people into rented accommodation rather than bed and breakfast has resulted in a saving on B&B costs of £16k. The service also had an increase in Housing Benefit income of £45k, which is not possible to predict from year to year.

3.41 Working Neighbourhood Fund - in line with the Council change program and budget reduction consultation and decisions, some activities targeted for spend within the Copeland Working Neighborhood Fund program were not pursued in 2012/13. Funding was spent on the Coalfields Apprenticeship Initiative, Joint Health Improvement, Sports Volunteers, Locality Initiative, Copeland Apprentice Initiative and Business support. The under spend of £118k of these projects will be returned to the General Fund.

Members are asked to release £72k from the Working Neighborhood Fund into the 2013/14 budget to fund the Copeland Apprenticeship scheme in year. We have had 72 apprentices through the Copeland Apprenticeship activity, including the Coalfield Apprentice initiative. 35 young people have successfully completed their apprenticeships in the past year. Alongside those apprentices now working to complete their eighteen month on the job training, the scheme continues with funding for a further cohort of 36 apprentices over the next two years. The scheme will now be project managed and led by West Lakes College our partner throughout with the Council as project partner.

4. CARRY FORWARDS FROM BUDGETS

4.1 We are currently experiencing the biggest changes to Local Government Finance that have been felt for many years. Significant changes to the Business Rates system and Council Tax Benefit schemes mean a transfer of risk from Central Government to Local Government.

4.2 This coupled with the fundamental change to the way the authority's settlement has been worked out and presented makes it difficult to make like-for-like comparisons with previous year's funding but in these uncertain times it is likely that further reductions in funding will be made.

4.3 The council has had to refocus its aims and priorities, looking now to 'work with partners and communities to arrange services for residents in Copeland'. In order to ensure we are in the best position possible to be able to provide the statutory services required it is essential to

use our policy framework so as to direct what we do and don't do and how and where we direct funding.

- 4.4 At year end a review of unused earmarked reserve funding within the budget has been carried out and any funding not required will be released to the general fund reserve rather than back to the earmarked reserve, as detailed in Table 2 paragraph 2.2
- 4.5 Carry forwards proposed at year end by managers will be considered in terms of whether a commitment currently exists. They must be necessary either to allow the completion of previously approved programmes or provide resources for additional budget pressures that have arisen since the 2013/14 budget was approved. If no commitment exists then carry forwards will not be permitted and the unspent budget in 2012/13 will be returned to the general fund reserve.
- 4.6 The following carry forward requests, totalling £615k have been included within the out-turn position:-

<u>Department</u>	<u>Cost Code</u>	<u>Detail</u>	<u>Amount</u>	<u>Reason for C/F</u>	<u>Funded - GFR/EMR</u>
Corporate Resources					
	23100	0001	3,000	Additional works to cope with FOI 13/14	GFR
	27100/27200	0001	17,500	Cover for elections staff whilst on maternity leave	GFR
	28100	2102	15,000	Works required for Land Register data migration but no budget in 13/14 to fund	GFR
	gfr u/spend		35,000	New Homes Bonus invest to generate income	GFR
	gfr u/spend		35,000	FRA Improvements to CBC buildings	GFR
	gfr u/spend		5,000	Procurement of contracts	GFR
			110,500		
Policy & Transformation					
	25000		10,000	IT switches that are being replaced to stop the recent outages	GFR
	11045	0728	7,400	2 year project. The money is being held by CBC on behalf of Whitehaven Partnership	GFR
	21114		20,000	Invest in managing the regulatory risks associated with effective Information management e.g. data protection	GFR
			37,400		
Neighbourhoods					
	32802	0118	21,000	Connection and/or removal of street lighting following Electricity North West changes	GFR
	32802	0150	18,603	Feb/Mar maintenance & decommissioning costs - CCTV	GFR
			10,000	Resiliency fund to allow for additional capacity in the waste team to allow for growth in refuse collections on completion of new homes.	GFR
	48014	0715	2,694	St Nicholas, summer bedding order, supplied in June	GFR
	33211	0001	10,000	Principal waste officer maternity leave & cover	GFR
			62,297		
Nuclear					
	11002	0800	95,334	LDF - Delays in examinations etc move costs into 13/14	EMR
			95,334		
Regeneration & Community					
	32203		7,630	External grant funding for Beacon & partner projects which couldn't be completed in 12/13	GFR
	11040	2025	50,707	CCF income from CCC needed to fund next year	GFR
	11031	0728	18,155	Seaside Fund Slippage	EMR
	11101		3,286	Cleator Moor business centre works still to be carried out	EMR
	43030	0100	117,249	NCL Planned maintenance programme runs over 2yrs	GFR
	11036	0728	1,500	LABGI funding -To renew the sign at end Tangler Street - 2yr life in line corporate plan	EMR
	11043	0728	5,000	LABGI funding -Match funding against Town Team grant from DCLG	EMR
	11044	0728	17,423	LABGI funding -THI Bid submission now May 2013	EMR
	11048	0728	15,000	LABGI funding - HCA delayed move to Moresby (Pondfield)	EMR
			74,000	Enabling Growth Strategy (£24k EMR £50k GFR)	EMR/GFR
			309,951		
			615,481		

5. RESERVES

- 5.1 The total approved use of reserves in 2012/13 is £1,599,091, with the out turn position showing that only £1,023,392 will be required leaving £575,699 unspent in year, as detailed in Table 1 at paragraph 2.1 of this report. Of this £147,853 can be released into the general fund reserve with the remaining £427,846 being returned to the relevant earmarked reserve for future use.
- 5.2 During 2012/13, certain items of spending have been incurred which can justifiably be charged to earmarked reserves, which have been set aside for these purposes. These are;
- The costs of £6k on dilapidated buildings, for which no budget was set;
 - The costs in excess of budget (£4k for dangerous structures within the Building Control fee based account;
 - The costs of £22k incurred on Coastal Management as detailed in paragraph 3.10
 - Weddicar – costs incurred of £3k in year in connection with appeal against planning decision

Members are asked to approve the use of reserves to the value of £35k to provide funding for the above items, taking the total useage of earmarked reserves (including carry forwards as detailed in paragraph 4.6) is £1,058,360 in year.

Members are also asked to approve the use of reserves to the value of £68k to provide funding for the MMI provision, which will be posted in period 14 as a requirement of the financial statements. This will take the total useage of earmarked reserves (including carry forwards as detailed in paragraph 4.6) to £1,125,955 (and is reflected in table at paragraph 5.5)

5.3 During 2012/13 a review of the earmarked Reserves and general fund reserve was undertaken resulting in a number of reserves being created/released/changed as reported to Executive in December 2012 and January 2013. A quarterly review of reserves and their anticipated usage will be included in quarterly budget monitoring reports presented to Executive throughout 2013/14. The following amounts will be transferred into reserves at year end in 2012/13;

Reserve	£	£
Carry forwards 2012/13		615,481
Elections Fund		10,000
PFI		142,392
Phoenix Court		8,320
Catherine Street Car Park		5,150
Proceeds from CAMEO TAX		51,643
Crematorium donations		353
Crematorium		9,500
PPA reserve		82,000
Nuclear reserve		26,283
Dangerous Buildings (from gf u/spend)		15,000
Beacon Surplus		46,781
Seawalls		9,270
Housing Strategy		10,000
Asset Management (de minimus capital rec)		9,550
Corporate Plan Support (from gf u/spend)		200,000
		1,241,723

5.5 The effect of these funding proposals in 5.4, and movements previously approved in year are summarised as follows;

	Opening Balance	Added in Year	Net Useage2012/13 (spend /cfwd)	Closing Balance
	£'000	£'000	£'000	£'000
Earmarked Reserves	-5,569	-2,340	1,706	-6,203
General Fund;				
- Risk Based	-1,313	-867		-2,180
- Unallocated Balance	-2,199	867	267	-1,065
	-3,512	-	267	-3,245

Please see Appendix C & D for full details of reserve movements in year

6 IMPACT ON 2013/14 BUDGET

- 6.1 As a result of the changes set out in this report, and subject to the approval of members to the carry forward amounts, the 2013/14 budget will be revised as follows:

	2012/13 Impact £
Budget approved February 2013	10,362
Carry Forwards from 2012/13	615
Transformational Fund (Change Board April 2013)	50
Sea monster Exhibition budget from Beacon EMR (Executive April 2013)	49
Extra release reserves:	
Release nuclear EMR – paragraph 3.30	44
Release WNF – paragraph 3.41	72
Total Revised Budget 2013/14	11,192

7 MANAGEMENT OUT TURN TO STATUTORY FINANCIAL STATEMENTS

- 7.1 As detailed in paragraph 1.5 the out-turn report as presented in this report, follows the budget monitoring format presented to members during the financial year, which does not include either the recharge of support services or notional capital charges. However, to comply with guidance from CIPFA in its Service Reporting Code of Practice, all support costs have to be re-allocated to services and capital charges (for depreciation and the impairment of assets) have to be made to service revenue accounts to show the total cost of service provision. Redundancy costs which have been funded on the Choosing to Change budget line throughout the year will also need to be re-allocated to the relevant services. These recharges are included in the income and expenditure account within the Statutory Statement of Accounts. The out-turn position shown in this report at table1 will then need to be reconciled to the net cost of services in the Income and Expenditure account. This reconciliation will be shown in the Explanatory Foreword to the Statement of Accounts.

Please see appendix E for table summarising out turn and explanation of terms. (Members are asked to note that this Appendix will be made available once completed)

8 BAD DEBT WRITE OFF

- 8.1 Members are asked to formally approve the write off of debts totalling £336,837, please see the attached report in Appendix B for details.

9 CONCLUSION

- 9.1 The overall position of the revenue budget at the year-end, subject to audit, is an under spend of £1.216m against the final approved revenue budget of £12.448m.

10 STATUTORY OFFICER COMMENTS

- 10.1 The Monitoring Officer's comments are:

- 10.2 The Section 151 Officer's comments are:

All comments are contained in the report.

- 10.3 Other consultee comments, if any:

CLT and Heads of services have been consulted on the report and their comments are included within the body of the document.

11 HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 11.1 The out-turn position for 2012/13 is the culmination of the year long budget monitoring exercise, which is designed to identify budget savings and budget pressures during the year.

- 11.2 The next stage is the finalisation of the statutory Statement of Accounts and the formal audit of the Council's accounts, which includes an analytical review of spending in the year and matches this with the out-turn for 2012/13 to assess significant changes in spending patterns on an annual basis. This in turn provides a base for assessment of identified variances which may indicate further scope for changes within the current year budget, longer term savings or better utilisation of the Council's resources, in light of the 2014/15 MTFS position.

12 WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 12.1 The out-turn position for 2012/13 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.

- 12.2 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 – Breakdown of out-turn by service area.

Appendix B – Bad debt action

Appendix C – General Fund Reserve
Appendix D – Earmarked Reserves

List of Background Documents:

2012/13 Management Accounts Reports periods 3 -10
Reserves Reports (EM & GF) Dec 12 and Jan 13
Financial Regulations / Constitution

List of Consultees: Corporate Team, Cllr G Troughton.

Appendix A 2012/13 Final Out-turn position

NEW CORP TEAM	NEW DEPARTMENT Description	Cost Centre	Cost Centre Description	Sum of Budget	13	Sum of Net Full Year 1- management out turn	variance budget v 1-13
CEX	Chief Executive	12000	Chief Executive	215,273	206,791	(8,482)	
		22200	Corporate Management	209,679	132,004	(77,675)	
		22213	Choosing to Change	332,910	194,012	(138,897)	
		29200	Subscriptions	12,571	10,265	(2,306)	
		29500	National Conferences	3,362	0	(3,362)	
COMM	Chief Executive Total			773,795	543,073	(230,722)	
	Communications	21500	Website Maintenance	38,517	27,813	(10,705)	
		22000	Communications (H/A)	112,407	113,922	1,515	
	Communications Total			150,924	141,735	(9,189)	
CORPDIR Total				924,719	684,808	(239,911)	
CORPRES	Democratic Services/Governance	10001	Democratic Representation	3,000	90	(2,910)	
		23100	Committee Services	207,150	224,073	16,923	
		23300	Civic & Mayoral	318,623	307,639	(10,984)	
		23302	Mayors Hospitality Account	2,000	468	(1,532)	
		23303	Civic Hospitality Account	11,000	5,522	(5,478)	
		23304	Leaders Hospitality Account	500	378	(122)	
		27100	Elections	39,150	39,149	(1)	
		27200	Electoral Registration	39,138	37,846	(1,292)	
	Democratic Services/Governance Total			620,561	615,164	(5,397)	
	Financial Services	28601	Accountancy Team H/A	474,827	454,963	(19,864)	
		28700	Audit Team H/A	134,330	125,117	(9,213)	
		29201	Subscriptions and Other Miscellaneous	0	(13,708)	(13,708)	
		29250	Grants to Parish Councils	15,450	14,550	(900)	
		29300	Treasury Management	156,115	102,243	(53,872)	
		29400	Insurances	273,867	258,099	(15,768)	
		33701	Housing Advances	(2,266)	0	2,266	
		60010	Other Operating Expenditure	0	519	519	
	Financial Services Total			1,052,323	941,783	(110,540)	
	Human Resources/Organisation Deve	21110	Human Resources (H/A)	235,020	215,199	(19,821)	
		21200	Training	77,500	15,760	(61,740)	
		21209	Training - Finance	0	10,536	10,536	
		21210	Training - Legal	0	1,785	1,785	
		21216	Training - Regeneration	0	34	34	
		21217	Training - Members	0	606	606	
		21222	Training - Communications Dept	0	484	484	
		21223	Training - Property	0	1,625	1,625	
		21225	Training - Performance Management	0	871	871	
		21229	Training - Strategic Housing	0	357	357	
		21230	Training - Strategic Planning	0	1,542	1,542	
		21231	Training - Arts, Beacon and Tourism	0	545	545	
		21232	Training - Sport and Health	0	(300)	(300)	
		21233	Training - Development Control	0	2,655	2,655	
		21234	Training - Building Control	0	3,708	3,708	
		21235	Training - Environmental Health	0	1,079	1,079	
		21236	Training - Open Spaces	0	5,678	5,678	
		21237	Training - Refuse & Recycling	0	5,918	5,918	
		21238	Training - Human Resources	0	2,208	2,208	
		38001	Payroll Team H/A	60,436	36,372	(24,064)	
	Human Resources/Organisation Development Total			372,956	306,663	(66,293)	
	Legal Services	27001	Legal Services	188,450	139,312	(49,138)	
		27300	Land Charges	(63,757)	(79,617)	(15,860)	
		27500	Licensing General	9,420	12,792	3,372	
		27501	Public Entertainment Licensing	(125)	(24)	101	
		27502	Small Lotteries Licensing	(3,889)	(3,367)	523	
		27508	Taxi Licensing	(22,596)	(29,554)	(6,958)	
		27511	Private Hire Licensing	(15,178)	(18,075)	(2,897)	
		27512	Liquor Licensing	(57,345)	(69,250)	(11,905)	
		27513	Gambling Act 2005	(10,788)	(10,152)	636	
		27544	Gaming Machines	(2,134)	(1,692)	442	
		29000	Grants and Other Aids	48,410	47,000	(1,410)	
	Legal Services Total			70,468	(12,626)	(83,094)	
	Procurement	22210	Procurement	36,834	40,154	3,320	
	Procurement Total			36,834	40,154	3,320	
	Property Management	26000	Property H/A	196,329	171,049	(25,280)	
		26100	Copeland Centre - Maint.	0	162	162	
		26101	North Country Leisure	20,000	1,146	(18,854)	
		26102	Area Offices	0	(1,577)	(1,577)	
		26105	Cemetery	0	29	29	
		26106	Crematorium	0	20,343	20,343	
		26107	Moresby Parks / Beck Green Nursery	0	23,495	23,495	
		26108	Community Buildings	0	5,526	5,526	
		26109	Public Conveniences	0	4,539	4,539	
		26110	Beacon / Museum Store	0	21,489	21,489	
		26111	NCI Expenditure	0	570	570	
		26112	Miscellaneous Buildings	0	4,189	4,189	
		26113	Miscellaneous Land	0	7,758	7,758	
		26114	Phoenix Court	0	5,555	5,555	
		26116	Repair Backlog	0	5,952	5,952	

26117 Millom Station	0	279	279
26124 Gillfoot Shaft	62,078	26,782	(35,296)
26125 Public Buildings General	111,158	(21,124)	(132,282)
26126 Frizington Medical Group Practice	0	15,103	15,103
26127 Market hall	0	(6,327)	(6,327)
26128 Cleator Moor Council Centre	0	7,843	7,843
26129 Millom factory units	0	130	130
26204 Millom Offices	200	972	772
26210 Cleator Moor Area Office	12,079	(5,340)	(17,419)
26214 Moresby Parks Depot	90,580	80,260	(10,320)
26215 Copeland Centre	1,153,330	1,153,673	342
26216 HOMEGROUP DILAPIDATION WORKS	0	5,811	5,811
26217 INSURANCE REPAY LONDON & REGIONAL	0	(80,807)	(80,807)
26222 Tamalder Nursery Insurance	0	(1,582)	(1,582)
28100 Land Management	(29,081)	(24,826)	4,255
28200 Community Buildings	0	(762)	(762)
Property Management Total	1,616,673	1,420,310	(196,363)
Resources & Transformation	78,703	66,673	(12,030)
Resources & Transformation Total	78,703	66,673	(12,030)
Revenue's and Benefits Shared Service	1,053,516	1,009,842	(43,673)
38100 National Non-Domestic Rates	(117,299)	(118,744)	(1,445)
38200 Council Tax	(114,086)	(98,926)	15,160
38300 Council Tax Benefits	(234,063)	(283,587)	(49,524)
38301 Housing Benefits	(375,892)	(302,090)	73,802
Revenue's and Benefits Shared Service Total	212,176	206,496	(5,680)
CORPRES Total	4,060,694	3,584,618	(476,076)
PERTRANS Customer Services	316,333	300,671	(15,662)
25003 Copeland Direct	30,000	22,476	(7,524)
29100 Concessions	81,571	62,121	(19,450)
38004 Cash Collection H/A	427,904	385,268	(42,636)
Customer Services Total	371,495	399,721	28,226
ICT/MIS	371,495	399,721	28,226
ICT/MIS Total	201,949	110,045	(91,904)
LSP & Localities	201,949	110,045	(91,904)
LSP & Localities Total	166,295	154,844	(11,451)
Performance Management	166,295	154,844	(11,451)
Performance Management Total	55,948	50,351	(5,597)
Policy Development	13,905	0	(13,905)
22206 Joint Neighbourhood Forums	22,415	13,904	(8,511)
27002 Equality & Diversity AWAZ	92,268	64,255	(28,013)
Policy Development Total	73,385	68,213	(5,172)
Resources & Transformation	73,385	68,213	(5,172)
Resources & Transformation Total	1,333,296	1,182,345	(150,951)
PERTRANS Total	(26,075)	(21,389)	4,686
Enforcement	14,033	11,412	(2,621)
32701 Dogs Enforcement	80	0	(80)
32702 Licensing Enforcement	153,837	154,710	873
32703 Other Environmental Enforcement	(250,974)	(201,521)	49,454
32900 CBC Car Parks	0	(26,655)	(26,655)
32905 On Street DPE Parking	(109,100)	(83,443)	25,657
Enforcement Total	45,271	68,367	23,096
Environmental Health	3,721	344	(3,377)
26005 Flooding & Coastal Defence	5,818	(4,319)	(10,137)
31101 Health & Safety	10,603	2,811	(7,792)
31110 Food Hygiene & Private Water Supplies	20,114	8,499	(11,615)
31204 Environmental Protection	0	6,594	6,594
31801 Peace Time Emergency Planning	562,652	547,652	(15,000)
31900 Works In Default H/A	53,271	25,759	(27,512)
46202 Environmental Health	0	774	774
46203 Corporate Health & Safety	701,450	656,480	(44,970)
46204 Bellwin Scheme	72,883	71,801	(1,082)
Environmental Health Total	98,694	96,335	(2,359)
Neighbourhood Management	171,577	168,135	(3,442)
12013 Head of Neighbourhoods	223,668	205,564	(18,104)
46200 NEIGHBOURHOOD MANAGEMENT	126,382	115,230	(11,152)
Neighbourhood Management Total	8,887	4,453	(4,434)
32802 Street Scene	20,819	15,192	(5,627)
46201 Open Spaces	(7,337)	(15,736)	(8,398)
48001 Allotments & Pigeon Lofts	(530,735)	(524,539)	6,196
48002 Sport Pitches	41,788	33,805	(7,983)
48003 Cemeteries	53,441	40,052	(13,389)
48004 Crematorium	20,869	145	(20,724)
48005 Trees (GM)	208,312	176,198	(32,114)
48006 Play Areas & Teen Spaces	122,819	100,963	(21,856)
48007 Nursery	(37,489)	(60,438)	(22,949)
48008 Parks and Open Spaces	(8,677)	(9,303)	(626)
48009 General Landscapes and Misc Works	(25,783)	(53,677)	(27,894)
48010 Home Group Ltd	(5,000)	(8,491)	(3,491)
48011 County Weedspraying and Grass	57,329	42,849	(14,480)
48012 Parishes and Small Works	0	(15,847)	(15,847)
48013 Home Housing	0	1,702	1,702
48014 Floral Maintenance	0	14,145	14,145
48015 School Grounds Maintenance	269,293	62,267	(207,026)
48016 Countryside Works - CCC	663,487	640,450	(23,037)
48017 CCC - Other Grounds Maintenance	0	0	0
33000 Environmental Cleansing	0	0	0
Parks & Open Spaces Total	269,293	62,267	(207,026)
Refuse & Recycling	663,487	640,450	(23,037)

33100 Public Conveniences	25,258	26,109	851
33200 Refuse Collection	1,006,854	1,010,765	3,911
33202 Refuse - Bulk	(1,638)	9,385	11,023
33203 Refuse - Commercial	(55,390)	(46,841)	8,549
33204 Refuse - Recycling	(445,960)	(439,122)	6,838
33208 Kerbside Recycling	(18,887)	(4,466)	14,421
33209 Plastic and Cardboard Recycling Scheme	33,874	34,336	462
33211 Waste Services - Holding A/C	384,780	360,869	(23,911)
33300 Building Cleaning	16,343	17,088	745
Refuse & Recycling Total	1,608,721	1,608,573	(148)
NEIGHBOURHOODS Total	2,641,941	2,412,012	(229,929)
NUCLEAR	125,567	139,540	13,973
Building Control	(39,938)	(2,285)	37,653
Building Control Total	85,629	143,289	57,660
Development Control	18,950	(43,229)	(62,179)
Development Control Total	18,950	(43,229)	(62,179)
Nuclear Projects & Programmes	0	(108,866)	(108,866)
12008 MRWS INCOME GENERATED	69,215	38,336	(30,879)
12014 Head of Nuclear, Energy & Planning	125,114	233,980	108,866
22201 Nuclear Issues	194,329	163,450	(30,879)
Nuclear Projects & Programmes Total	382,429	313,415	(69,014)
Strategic Planning	12,000	12,500	500
11002 Planning Policy	(2,841)	0	2,841
11003 Environmental Works and Land Reclamation	391,588	325,915	(65,673)
31500 Conservation General	690,496	589,425	(101,071)
Strategic Planning Total	384,160	384,160	0
REGENERATIVE Arts, Beacon & Tourism	61,114	58,245	(2,868)
32201 Beacon	6,565	6,565	(0)
32202 Tourist Information Centre	451,839	448,970	(2,868)
32203 Beacon Grants	(13,000)	(22,745)	(9,745)
Arts, Beacon & Tourism Total	(13,000)	(22,745)	(9,745)
Copeland Community Fund	15,517	6,930	(8,587)
Copeland Community Fund Total	15,517	6,930	(8,587)
Development Control	206,200	178,346	(27,854)
Development Control Total	81,005	64,261	(16,744)
Economic Regeneration	50,000	50,000	(0)
11040 CCF Development Team	0	(3,006)	(3,006)
11301 Development Strategy	3,886	3,886	(0)
11001 Economic Development	32,761	32,761	0
11015 Regeneration Consultancy	15,167	15,640	473
11031 Strategy for seaside success	0	(301)	(301)
11047 Pow Beck Valley Stadium Development	389,019	341,585	(47,434)
11101 Cleator Moor Business Centre	0	(28)	(28)
32560 Arts Development	0	7,587	7,587
43032 Pathways To Art	0	890	(2,405)
43035 Arts Engagement Post	3,295	2,644	2,644
Economic Regeneration Total	3,295	1,694	1,694
Health and Sports	35,248	24,372	(10,876)
Health and Sports Total	0	(10,198)	(10,198)
LABGI	0	(8,120)	(8,120)
11005 Joint Health Improvement	0	198	198
32523 SPAA Climbing Wall	4,657	(9,568)	(14,225)
32524 SPAA Rambling Co-Ordinator	0	(1,060)	(1,060)
32525 SPAA Community Coach Programme	0	(174)	(174)
32530 Sport Volunteer Development Officer	151,964	128,657	(23,307)
32540 Sports Development	710,398	703,187	(7,211)
32541 Sports Unlimited Programme	905,562	840,082	(65,480)
32542 Flood Recovery & Community Resilience	10,084	0	(10,084)
32543 Rugby League World Cup Bid 2013	0	1,628	1,628
32544 OLYMPIC ACTIVITIES	0	8,146	(29,064)
32545 CADS Children Abled and Disabled Sports	37,210	25,050	50
32546 Youth Engagement	25,000	23,000	15,000
43020 Health & Sport	8,000	0	(4,500)
43030 NCL Contract	4,500	0	(4,500)
Health and Sports Total	84,794	57,825	(26,969)
LABGI	73,677	72,051	(1,626)
11006 LABGI Funding	0	32,789	(14,725)
11036 Advertising site Tangier Building	47,514	15,000	0
11043 Whitehaven Regeneration	15,000	(12,000)	(12,000)
11044 Whitehaven THI	0	107,840	(28,351)
11048 LABGI - Enterprise Development	136,191	89,728	(486)
11049 LABGI - Place Marketing	90,214	89,728	(486)
12012 Head of Regeneration & Community	103,905	124,291	20,386
22204 Sustainability	186,353	108,439	(77,914)
22207 Community Safety Coordinator	380,472	322,458	(58,014)
41003 Safer Community Delivery	24,000	24,450	450
Regeneration and Community	10,000	10,000	0
Regeneration and Community Total	40,783	11,122	(29,661)
33605 Housing Strategy	16,466	0	(16,466)
34201 Private Sector Housing Renewal	29,223	0	(29,223)
35202 Homelessness	20,000	15,200	(4,800)
Strategic Housing Total	133,041	105,320	(27,721)
Working Neighbourhood Fund	24,850	13,889	(10,961)
11013 RSD - Project Management	298,363	179,981	(118,382)
11014 RSD - Cleator Moor Square Development	2,648,757	2,282,926	(365,831)
11019 Coalfields Apprenticeship Initiative	122,513	121,167	(1,346)
11026 CIP - Joint Health Improvement Post	0	0	0
11028 CIP - CBC Sports Volunteers	0	0	0
11052 Locality Initiative Community Pot	0	0	0
11065 Copeland Apprentice Initiative	0	0	0
11085 Business Support	0	0	0
Working Neighbourhood Fund Total	2,983,633	2,282,926	(699,707)
REGCOM Total	2,648,757	2,282,926	(365,831)
CORPDIR	122,513	121,167	(1,346)
Corporate Director	0	0	0

CORPDIR	Corporate Director Total	122,513	121,167	(1,346)
	Corporate Director	26,384	26,249	(135)
	Corporate Director Total	26,384	26,249	(135)
	Welfare Support EMR		200,000	200,000
	Dangerous Structure EMR		15,000	15,000
	NHB income generation fee		35,000	35,000
	FRA Improvements		35,000	35,000
	Enabling growth strategy		50,000	50,000
	Waste service resiliance		10,000	10,000
	Procurement for Building Maintenance under Property		5,000	5,000
		12,448,799	11,233,551	(1,215,249)

Appendix B 2012/13 Revenue Outturn Report

WRITE OFFS 2012/13

EXECUTIVE MEMBER: Councilor Gillian Troughton
LEAD OFFICER: Darienne Law - Head of Corporate Resources
REPORT AUTHOR: Angela Brown – Interim Finance Manager

WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS

The council proactively manages its debts and works with its debtors to work out appropriate payment plans. However sometimes it is not possible to recover debts due to the circumstances of the debtor.

It is good practice to write off such debts that are irrecoverable. Debts may become irrecoverable for a variety of reasons. The most common to this Authority being bankruptcy of individuals, bankruptcy of trading individuals/partnerships and often the most costly, the liquidation of companies, which arises when a company is forced to cease trading as it is no longer solvent.

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 avenues to recover these debts have been exhausted and therefore write off is required, which must be approved in accordance with the Council's Scheme of Delegation and a summary report to Executive. This is the report from 1st October 2012 to 31st January 2013.

RECOMMENDATION:

The Executive formally approves the write off of the debt totaling £485,517.04 for the two months 1 February to 31 March 2013, as set out in Paragraphs 1.3 and 1.4.

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

This report seeks authorisation from executive to write off a debt of £336,837 in relation to an NNDR debt where the business has gone into liquidation.

1.2 £377,266.35 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 29 this period and a total of 99 in year (compared to 101 during the whole of the Financial Year 2011/12).

1.3 The remaining balance of £109,054.12 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

1.4 A summary of the position for the dates 1st February to 31st March 2013

Type of Charge	Number of Accounts 1.02.13 to 31.3.13	Amount Written Off 1.02.13 to 31.3.13
Council Tax	26	13,900.06
National Non Domestic Rates	58	456,145.31
Housing Benefit Overpayments	17	6,648.05
Sundry Debt	43	8,823.62
Total	144	£485,517.04

Cumulative 1 April 2012 - 31 March 2013 and the Financial Year 2011/12 read as follows:-

Type of Charge	Number of Accounts 1.04.12 to 31.1.13	Amount Written Off 1.04.12 to 31.1.13	Number of Accounts 2011/12	Amount Written Off 2011/12
Council Tax	93	62,978.34	77	£28,914.91
National Non Domestic Rates	82	558,432.15	45	£167,716.84
Housing Benefit Overpayments	71	27,261.13	14	£2,090.00
Sundry Debt	61	17,959.16	30	£4,755.92
Total	307	666,630.78	166	£203,477.67

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. Central Government bears the full cost of Non Domestic Rate write-offs, which accounts for £558,432.15 (£167,716.84 in 2011/12) of the total debt being written off. This amount equates to 1.35 % of the debt raised for 2012/13 of £41.3m. Under the localisation of Business Rates proposals currently being enacted by the Government, Local Authorities will pick up the cost on Non-Domestic Rates write offs from 2013/14.

- ii. Debts in respect of Council Tax total £62,978.349 (£28, 914.91 in 2011/12) and 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 2012/13 could mean that the amount of debt falling to Copeland Borough Council would be £7,324.38 (11.63%). The amount to be written off equates to 0.018% of the debt raised for 2012/13 of c. £40.3 m.

Agreement for the write off of debts was confirmed by the Head of Corporate Resources during the year and will be reflected in the actual surplus or deficit upon the Collection Fund 2012/13. The surplus or deficit at the year end on the Collection Fund forms the first call on the Collection Fund in the following year i.e. 2013/14, and this opening balance will be reflected in the Council Tax calculations for 2014/15.

- iii. The remaining debt in respect of housing benefit overpayments of £27,261.13 (£2,090.00 in 2011/12) and sundry debts of £17,959.16 (£4,755.92 in 2011/12) 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.

- 2.2 A summary of the position for the Financial Year 2012/13 at provisional out turn, of debts falling due to CBC under current legislation and under new legislation:

Type of Charge		Total Debt	Debt Falling to CBC in Current Year	Potential of Debt To Fall to CBC In future years (with change in legislation) 2013/14 onwards
Council Tax	93	£62,978.34		£7,311.78
National Non Domestic Rates	82	£558,432.15	0	£558,432.15*
Housing Benefit Overpayments	71	£27,261.13	£27,261.13	£27,261.13
Sundry Debt	61	£17,959.16	£17,959.16	£17,959.16
Total	307	£666,630.78		£

*- subject to safety net – substitute safety net amount of £165k

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.

CAPITAL PROGRAMME 2012/13 – OUTTURN REPORT

EXECUTIVE MEMBER: Councillor Gillian Troughton

LEAD OFFICER: Darienne Law, Head of Corporate Resources

REPORT AUTHOR: Leanne Barwise, Senior Accounting Officer

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

To inform Executive of the provisional capital out turn position for the Capital Programme 2012/13.

RECOMMENDATION:

Executive are asked to approve and make recommendations to Council in respect of the following:

- I. Approve the total revised Capital Programme budget of £2,159,351 as detailed in the table at paragraph 2.4.
- II. Approve the provisional outturn (subject to audit) of £1,435,618 as detailed in paragraphs 3 & 4 and Appendix A, resulting in a favourable variance of £723,733, which is to be split as detailed in the table in 3.1 and below:-
 - a) Approve £639,845 as carry forward requests (summarised in paragraph 3 & 4 and detailed in paragraph 5) to enable the completion of the outstanding projects in 2013/14.
 - b) Approve the remaining £83,888 underspend to be returned to the Useable Capital Receipts Reserve for use on new projects (of this, a saving of £46,068 relates to underspends on completed projects as shown in paragraph 6 and £37,820 are underspends returned from on-going projects which are no longer required).
- III. Approve the financing of the capital programme for 2012/13 as set out paragraph 7.
- IV. Note the £27,452 re-instatement of the Millom Cemetery Budget from £121,764 to £149,216 for 2013/14 as agreed at Council 6th September 2012 and detailed in 5.4.1

1.0 INTRODUCTION

1.1 The monitoring of the capital programme is undertaken monthly and a report is presented to Executive each quarter. The Executive received a report at its meeting of 12th March 2013 which set out the monitoring position at 31st January 2013 (period 10). This report provides an update to that earlier report, setting out the financial outturn for the Council's Capital Programme, and provides the provisional outturn position at the year end and narrative in relation to exceptions.

1.2 It should be noted that the information contained in this report is provisional prior to the formal audit process. The date for the commencement of the external audit process has yet to be confirmed but is expected at the end of July 2013.

2.0 CAPITAL PROGRAMME BUDGET 2012/13 AND REVISIONS

2.1 The original gross Capital Programme budget of £1,543,649 was approved by Council on 23rd February 2012.

2.2 Since the budget approval a number of adjustments were approved to give a revised Capital Programme budget of £2,151,904 at 31st January 2013. The reasons for these amendments were reported in detail in previous reports.

2.3 Members are asked to formally approve an increase in budget of £7,447 in relation to the FMS Project which this year has seen the introduction of a new asset management system to manage the Authorities asset. The need for additional resource is due to an alternative supplier ultimately being used to provide a superior product better suited to the authorities needs than originally sourced. Whilst there is an underspend of £83,888 on the capital programme this enhancement is to be funded by a contribution from Revenue as agreed by the Head of Corporate Resources. This revision takes the Capital Programme from £2,151,904 to a total revised Capital Programme Budget of £2,159,351 for 2012/13. This information has been summarised in the table at 2.4 below.

2.4 **The Breakdown of the Revised Capital Programme Budget 2012/13**

CAPITAL PROGRAMME BUDGET 2012/13			
	£	£	CUMULATIVE
Original Budget approved at Council 23/02/12		1,543,649	1,543,649
Approved amendments to budget:			
Addition: £80k Moor Row Play Area (Exec 27/03/12)	80,000		1,623,649
Addition: Carry Forwards Capital Outturn Report (Council 14/06/12)	303,707		1,927,356
Re-alignment: Virements from various to Howbank Shaft Q1 Capital Monitoring (Council 06/09/12) £115,452	-		1,927,356
Addition: £30k Former Kells School Site --retaining wall & drainage, Q1 Cap Mon (Executive 21/08/12)	30,000		1,957,356
Addition: £194,548 re Howbank Mine Shaft (Urgent Action 20/11/12 & Council 06/12/12) (£115,452 current budget + £194,548 = £310,000 new increased budget)	194,548		2,151,904
Addition: £7,447 re FMS Project to be funded from Revenue	7,447		2,159,351
Current Budget		2,159,351	

3.0 **PROVISIONAL OUTTURN SUMMARY 2012/13**

3.1 The provisional outturn information and the action on the resulting variance is summarised below:

Total Revised Capital Programme Budget 2012/13	Provisional Outturn 2012/13	Variance	Breakdown of favourable variance:			TOTAL
			Carry Forward request (to complete project in 2013/14)	Return to the Useable Capital Receipts Reserve		
				From completed Projects	From on-going projects	
2,159,351	1,435,618	(723,733)	639,845	46,068	37,820	723,733

4.0 **DETAILED PROVISIONAL OUTTURN 2012/13**

4.1 The provisional gross outturn position for the 2012/13 capital programme of £1,435,618 shows an under spend of £723,733, as detailed in the table below and further in Appendix A. The provisional outturn position for 2012/13 after all carry forwards have been taken into

account therefore shows an underspend of £83,888 against budget, which will be returned to the Useable Capital Receipts Reserve for use on future projects.

Detailed Provisional Outturn Against the Capital Programme 2012/13

Corporate Department	Annual Budget approved at Q1 £	Additions or Revisions to budget in year £	Amended Budget at Outturn £	Provisional Outturn Expenditure £	Variance £	Virements Appendix A £	Carry forwards this report to 2013/14 £	Total to write back to reserves £
Chief Executive	23,844	0	23,844	18,681	(5,163)		0	5,163
Corporate Resources	477,859	231,995	709,854	652,006	(57,847)	Within Department	25,818	32,029
Policy & Transformation	150,000	0	150,000	7,959	(142,041)		142,041	0
Neighbourhoods	510,279	0	510,279	220,192	(290,087)		271,031	19,056
Nuclear, Energy & Planning	84,585	0	84,585	40,720	(43,865)		43,865	0
Regeneration and Comm	680,789	0	680,789	496,060	(184,729)		157,090	27,639
TOTAL CAPITAL PROGRAMME	1,927,356	231,995	2,159,351	1,435,618	(723,733)	0	639,845	83,888

4.2 This report details a total carry forward to the 2013/14 Capital Programme of £639,845 as shown in Appendix A and as detailed within paragraph 5.

4.3 The gross expenditure is funded by a combination of external grants, contributions and the Council's capital reserves. The make-up of which is set out in paragraph 7.

5.0 CARRY FORWARD REQUESTS

5.1 Members are asked to note that whilst this report seeks approval for £639,845 slippage to be carried forward, details of individual schemes are only given if significant, and these are detailed in paragraphs 5.2 to 5.6.1 below totalling £628,074. Members are also asked to approve the remaining (non-significant) carry forwards amounting to £11,771 as tabled at 5.7 of this report.

5.2 Corporate Resources

5.2.1 Valuation Data Transfer

The project only recently recommenced due to lack of capacity from staff vacancies within the department but it is expected to complete in December 2013. A carry forward request of the full £20,000 is required to enable effective service provision within valuation and also reduce the risk of error by the elimination of the current manual recording system once the new system is fully operational.

5.3 Policy and Transformation

5.3.1 Customer Access Strategy

Progress with the redesign of the Copeland Centre Reception area has been delayed due to the uncertainty of HMRC and therefore there has been limited development on the design approval with the landlord resulting in minimal spend on this project, during 2012/13. It is expected that the designs will be finalised and the building contractor appointed at the end of quarter 1 2013/14 with works fully completed and technology installed by the end of quarter 3. It is requested that the unspent budget of £142,041 is carried forward to enable completion of the project and realise the vision set out in the Customer Service Strategy.

5.4 Neighbourhoods

5.4.1 Millom Cemetery Land Purchase

A carry forward of the full budget has been requested to fund the Millom cemetery extension, an initial ground water assessment of the preferred site has just been sent to the Environment Agency. The initial assessment indicates there is a low to very low risk of ground water contamination and therefore signs are encouraging that no further ground water assessment work will be needed. If confirmed, and subject to on-going negotiations about accommodation works to gain access to the site the potential remains to develop the new site before the existing cemetery extension is fully utilised. It has been estimated that there remains approximately 10 months burial space left in Millom.

£27,452 of the original budget (£149,216) was re-aligned in September 2012 following Full Council Approval (6th September 2012) for the emergency work on the Gillfoot Shaft, the resulting balance on the Millom Cemetery Budget being reduced to £121,764 in 2012/13. It was agreed at the same meeting that the Millom Cemetery Project would have 1st call on reserves in 2013/14 where the £27,452 would be returned to the project. It is therefore requested that the £27,452 is reinstated and the unspent budget of £121,764 is carried forward into 2013/14 to fund the extension and to give a total Millom Cemetery capital programme budget of £149,216 for 2013/14.

5.4.2 Children's Playgrounds – St Bees

It was agreed the £40,883 already awarded for upgrading the main play area near St Bees foreshore be made available to St Bees Parish Council as match funding to support a larger project for the play area and that the land may be leased to the Parish Council subject to the securing of the additional funding. The Parish Council have recently submitted applications and are awaiting notification if their applications have been successful. It is therefore requested that the full £40,883 is carried forward into 2013/14, to enable the grant to be awarded if the submission is successful.

5.4.3 Fleet Replacement

A 7.5 tonne mechanical sweeper was purchased in December 2012 spending £77,000 of the £111,000 budget. The remaining vehicle (3.5 tonne caged tipper) is to be leased to replace an ageing CBC owned front line vehicle and was ordered in April 2013. The project was delayed following a HSE inspection during the summer which led to the original vehicle specification having to be revised to accommodate recommendations relating to reversing aids. Additionally, a change in legislation on vehicle type approval has made it more difficult to get vehicle body quotations causing further delays. The carry forward request for £23,000 is based on the vehicle being leased over 5 years at a monthly cost of £385. The remaining underspend on this project of £11,000 can be returned to the Useable Capital Receipts Reserve for use on other projects.

5.4.4 Moor Row Play Area

At the time of writing the report, work on the Moor Row Play Area project has been completed but the remaining £39,747 is asked to be carried forward to pay the outstanding invoices.

5.4.5 Rottington Beck

Due to inclement weather and the localised flooding, the work on the Rottington Beck project has been hindered with the intense rainfall in the last week of August 2012, the water movements have changed exposing a new section of the structure to deterioration. It

is therefore requested that £45,637 be carried forward to permit the project to be completed and retentions to be paid. The remaining £2,502 underspend on this project can be returned to the Useable Capital Receipts Reserve for use on other projects.

5.5 Nuclear, Energy & Planning

5.5.1 Regeneration Software

The Headway back office software suite was purchased from MIS LGS Ltd replacing systems dating back to the 1980s in Planning and Building Control and Land Charges. These systems have continued to work well since their introduction and each service has built upon the basics of the system to a point where they are beginning to be considered as exemplars for other authorities in Cumbria.

To date approximately £160,000 of the original £200,000 contract sum has been paid to MIS LGS Ltd for the installation of the software and the 5 year maintenance contract. The Building Control Manager wrote to MIS LGS Ltd signalling the intention to bring the project to a close and making it clear that as not all items provided in the original specification had been provided, the Council would pay no further monies. To date, there has been no response to this letter but assuming a likelihood that the remaining monies will not be claimed by MIS LGS Ltd, there are still many ways in which the limited funds could be utilised on the project to future proof and improve services to customers.

One of the few items not provided by MIS LGS Ltd was an archiving facility. Although there is currently ample disc space on the server on which the software suite sits, the Council still has no corporate document management facilities. The Building Control Manager would like the monies within this budget to be made available to future proof data security/storage in a robust manner and requests that the remaining £40,912 is carried forward for this purpose.

5.6 Regeneration & Community

5.6.1 Housing

Budget: The total 2012/13 budget amounted to £638,289 being £500,000 to be spent on new DFG approvals and £138,289 on approvals carried forward from 2011/12 to be paid 2012/13.

Commitments: At period 10 Members approved an increase in the level in which commitments could be made from £500,000 (the original commitments budget for 2012/13) to £550,000 as it was expected that demand would exceed the original commitment budget prior to the year end. Although the actual 2012/13 commitment for Disabled Facilities Grants (DFG) amounted to £496,289, the funding required at year end would be less than this amount as some DFG works throughout the year cost less than the amount initially awarded, resulting in a saving to be returned to Housing reserves of £24,317.

Outturn: The potential outturn (spend) for Housing Grants was £459,882 which includes the carry forward approvals committed in 11/12 but paid in 12/13 of £138,289. Members are requested to approve a carry forward of £154,090 of which, £94,923 will fund incomplete approvals which are currently work in progress and £59,167 to fund new approvals committed in 2012/13 but will not be paid until 2013/14. The current approved budget of £638,289 less the total funding requirement of £613,972 (i.e. outturn of £459,882 plus £154,090 carry forward into 13/14) results in the sum of £24,317 that can be returned to the Housing Reserve for expenditure on future DFG grant awards.

- 5.7 Members are also asked to approve the remaining (non-significant) carry forwards of £11,771 as tabled overleaf to enable projects to be completed, resulting in a total carry request of £639,845:

Non-significant carry forward requests	To nearest £
Building Control Data Capture	1,146
Development Management E-Access	1,807
Mount Pleasant	3,000
Gillfoot Shaft (Contract Retention)	5,818
Total	11,771

6.0 CAPITAL PROJECTS COMPLETED IN YEAR

- 6.1 A number of projects were successfully completed within the year as summarised in the table at 6.2 below.

6.2

Capital Projects Completed 2012/13

Project Title	Budget at Outturn	Actual Total Expenditure at 31/03/213	Variance	Surplus to be Returned to Reserves	Retention to be cfwd	Seek authority to increase budget/vire
Corporate Department:						
Chief Executive						
Website Development	23,844	18,681	(5,163)	5,163		
Corporate Resources						
New Financial Management System	31,157	31,157	(0)			
Public Buildings	171,000	164,831	(6,169)	6,169		
Energy Efficiency Measures	22,697	20,551	(2,146)	2,146		
Cliff Stabilisation (Soil nailing)	100,000	90,689	(9,311)	9,311		
Moresby Vacated Accom	25,000	23,220	(1,780)	1,780		
Gillfoot Shaft	310,000	291,236	(18,764)	12,623	5,818	323
Former Kells School Site	30,000	30,323	323			(323)
Neighbourhoods						
Whitehaven Cemetery extension	1,655	1,582	(73)	73		
New Cremators	0	(258)	(258)	258		
Whitehaven Cemetery	8,200	7,000	(1,200)	1,200		
Fuel Tank Moresby	16,996	14,743	(2,253)	2,253		
Millom Iron Works	0	(270)	(270)	270		
Whitehaven Market Lights	1,500	0	(1,500)	1,500		
Regeneration and Community						
NCL Energy Efficiencies	39,500	36,178	(3,322)	3,322		
	781,549	729,663	(51,886)	46,068	5,818	0

- 6.3 As shown in the table above, a number of projects completed under budget resulting in an under spend to return to the Useable Capital Receipts Reserve of £46,068, which can be used to finance future capital projects. Further details of these completed projects are as follows:

6.4 Chief Executive

6.4.1 Website Development

We now have a new website which has been built using open source software – this means it was free of charge to use and we no longer have to pay an annual licence for development and maintenance. Going forward this will be a more cost effective option for the Council as we will be able to do any further development in house. The new website has been completely redesigned and should allow customers to transact with us quickly and easily. There are a host of new features, giving users a more satisfactory experience – this includes an events calendar, quick links, one click to find agendas, papers and minutes of committee meetings; a fast, efficient search facility; all text is written in plain English and we have provided a glossary and list of FAQ's to explain where we have had to use any jargon or technical terms.

6.5 Corporate Resources

6.5.1 New Financial Management System

During 12/13 work has been carried out in a few different areas to improve the efficiency and available functionality of the software. The purchase of a new asset register system will allow monitoring of the authorities assets and the processing of relevant transactions throughout the accounting lifecycle. Our purchase ordering system has been updated, which will generate cost savings in 13/14 onwards. The Total software is now hosted on a new set of servers, running up-to-date SQL software. The new servers have capacity to hold a greater amount of data, allowing the potential to host other authority's data if necessary in the future.

6.5.2 Public Buildings

The public buildings works consisted of: replacement of 37 windows to the front elevation of Moresby Depot which are more secure and will help retain heat, reducing our carbon footprint. The car park at Moresby Depot had never been designed to take heavy plant so resurfacing works were carried out to rectify this and the car park will now last 25 years. Resurfacing works at Cleator Moor Market Square eliminating potential hazards to members of the public and also resurfaced the car park at Lancashire Road, Millom which had suffered major damage from tree roots. The bad weather in November 2011 destroyed the roof of one of our leased properties at Meadow Road, Mirehouse. Before this could be replaced (through our insurance company) the parts that remained in situ required structural works to protect the roof.

6.5.3 Moresby Vacated Accommodation

Whilst the area of Moresby Depot that was previously occupied by Home Group remained vacant, the opportunity was taken to separate services to the building and provide a separate access to enable our asset to be used/sub-let more effectively.

6.5.4 Energy Efficiencies

Following on from the successful installation of voltage optimisation at the Copeland Centre and the savings that have been generated we invested in smaller domestic sized voltage optimisation units for our smaller buildings. The units that have been installed will save 10% of energy per annum and will pay for themselves in 6 years. Following the completion of this project the councils CO2 emissions have been reduced and we can offer our tenants accommodation with reduced energy bills. Whilst benefiting from the saving in our own properties. Additionally, roof lights were installed in Moresby Depot. This reduces our energy consumption and carbon footprint and together with other capital works that have been carried out at Moresby over the last 3 years we have reduced our energy consumption

by over 30,000kWh per month, at current energy prices that is a saving of over £12,000 per annum.

6.5.5 Cliff Stabilisation

Remedial works were completed to stabilise the cliffs removing any danger to the public highway and private land and removing the risk of any potential further slippage of Council land. The benefits of completing this project relate to the safety of the community which the Council regarded as being paramount importance.

6.5.6 Gillfoot Shaft

Concerns were raised to Copeland Borough Council in August 2011 of suspected subsidence of the ground in a piece of land owned by the Council in the location of Gillfoot shaft. Upon investigation it was found there was evidence of mining in the area and works were commissioned to rectify the related problems by capping the mine shaft. The close proximity of 9 homes to the mine shaft meant that the Council was heavily involved in the temporary re-homing for all parties. The land was made safe and restored to its original state.

6.5.7 Former Kells School Site

In order to sell some of the building plots on the former Kells School Site and realise the capital receipts it was necessary to rebuild leaning sections of a retaining wall and carry out pointing on the wall. We also installed a drainage run and connected it to the existing surface water manhole. The works were completed to budget with some receipts being received in 2012/13 and the remainder being received in the new financial year.

6.6 Neighbourhoods

6.6.1 Whitehaven Cemetery

Two areas of work at the Whitehaven Cemetery were fully completed in year; firstly the contract retention was released on the initial project to extend the cemetery to increase the number of burial plots to match future demand. And secondly, following a report from parks on an area of subsidence at the cemetery related to part of the extension works, Property made design modifications to original plans and removed approximately 700 Tonnes of material and transporting it to create a bund as identified in the Cliff Stabilisation report.

6.6.2 Fuel Tank

The fuel tank at Moresby was in great need of replacement having been used for 29 years which was 14 years more than its expected economic life. Had the tank failed, as much of 25,000 litres of diesel could have spilled onto private land and into water courses. The new fuel tank was relocated from its existing position which hindered entry and egress at busy times, addressing health and safety concerns. Part of the works involved purging the existing fuel tank, segment, remove from site and replace. A deal was done with a local supplier to remove the redundant tank at his cost in return for the scrap value. This made a saving to the council of approximately 6k, which allowed for the purchase of a pressure washer for the washing area and a variance of £1,200 to be returned to the reserves.

6.7 Regeneration & Community

6.7.1 NCL Energy Efficiencies

£39,500 from the 2011/12 energy efficiency budget was allocated to North Country Leisure (NCL) to be used as a contribution to enable energy efficiency measures to be undertaken within our buildings. This budget was carried forward into 2012/13 and works were completed within year to replace the lighting at Copeland Swimming Pool with an energy efficient version. These energy efficient lighting replacements typically have payback of between 3 and 5 years.

7.0 FINANCING OF CAPITAL PROGRAMME 2012/13

7.1 Utilisation of resources to fund the 2012/13 Capital Programme in the light of the provisional outturn is estimated as follows:

Financing of the Capital Programme 2012/13

Financing	Original Annual Gross Budget £	Amended Annual Gross Budget £	Provisional Outturn £
Useable Capital Receipts	1,233,649	1,666,131	982,146
Other External Funding	310,000	485,773	446,026
Other Reserves & contributions	0	7,447	7,447
TOTAL CAPITAL PROGRAMME	1,543,649	2,159,351	1,435,618

7.2 The table at below shows the forecast position of the movement (i.e. use of and new capital receipts) on Usable Capital Receipts during the year, which has been used to fund the capital programme. The capital receipts of £281,226 detailed below is made up of VAT Share receipts of £73,273 and £207,953 actual capital receipts from the sale of assets. The housing capital receipts at £25,085 consist of Disabled Facilities Grant repayments which fall due upon the sale of any property where alterations have been made as a result of a disabled facilities grant award. The provisional Useable Capital Receipts Reserve as at 31st March 2013 is £3,408,595. This does not take into account funding of expenditure which has slipped into 2013/14. The impact of this is set out in paragraph 8 below.

Movement on Usable Capital Receipts Reserve in 2012/13

Useable Capital Receipts Reserve	Opening Balance 01/04/12 £	Adjustments to Align Reserves as agreed at Council 22/1/13 £	Revised Opening Balance £	Provisional Outturn Expenditure £	Provisional Outturn Income £	Net Receipt/ Payment on Housing Loans £	Provisional Closing Balance 31/03/13 £
Capital receipts from sale of assets	(92,759)	92,759	0	0	0	0	0
Preserved Right to Buy	(660,793)	660,793	0	0	0	0	0
Residual Right to Buy	(1,349,385)	1,349,385	0	0	0	0	0
VAT sharing receipt	(1,981,318)	1,981,318	0	0	0	0	0
Home loans repaid	0	0	0	0	0	(174)	(174)
General Capital Receipts (Asset sales & VAT Share)	0	(2,074,077)	(2,074,077)	928,037	(281,226)	0	(1,427,266)
Housing Capital Receipts (PRTB & RRTB)	0	(2,010,178)	(2,010,178)	54,109	(25,086)	0	(1,981,155)
TOTAL Usable Capital Receipts Reserve	(4,084,255)	0	(4,084,255)	982,146	(306,312)	(174)	(3,408,595)

7.3 When the Council held housing stock a number of mortgages were given and repayments of these loans are received each year. Of these receipts 75% has to be paid over the Department for Communities and Local Government (DCLG) pooling fund, with Copeland retaining 25% as a net receipt. This year the authority received £693 and paid over £519 in relation to 2012/13. This has resulted in a net receipt of £174 to the useable capital receipts reserve as detailed in the table above.

8.0 REVISED CAPITAL PROGRAMME 2013/14

8.1 Appendix B to this report presents the amended Capital Programme for 2013/14. This takes account of the impact of the 2012/13 outturn.

8.2 The capital programme for 2013/14 approved at 21st February 2013 Council meeting was £1,599,524 to be funded from Useable Capital Receipts General Reserve of £999,524, £339,000 Housing Reserves and £261,000 from external funding. Including slippage from this report the revised capital programme now stands at £2,266,821; £1,469,984 to be funded from Useable Capital Receipts General Reserve, £488,373 from the Housing Reserve and £308,464 from external funding.

8.3 Taking into account the amendments (including slippage) relating to the 2013/14 capital programme set out in this report and the revised forecast receipts from the sale of assets during 2013/14 of £1,207,439 and VAT share receipts of £364,596 capital resources as at 31st March 2014 are estimated to be as set out in the table below:

Estimated Useable Capital Receipts Reserve Balance at 31 March 2014

Useable Capital Receipts Reserve	Provisional Opening balance 01/04/13	Revised capital programme (including slippage from 2012/13)	13/14 revised capital receipts		Estimated Closing balance 31/03/14
	£	£	VAT Share	Sale of Assets	£
General Capital Receipts (Incl VAT Share)	(1,427,440)	1,469,984	(364,596)	(1,207,439)	(1,529,491)
Housing Capital Receipts (Incl PRTB & RRTB)	(1,981,155)	488,373	0	0	(1,492,782)
TOTAL Useable Capital Receipts Reserve	(3,408,595)	1,958,357	(364,596)	(1,207,439)	(3,022,273)

8.4 Capital receipts as detailed in the Budget report at Executive on 12th February 2013, were estimated to be £515,500 for 2013/14 as it was anticipated that all properties due for sale would be fully completed by the year-end 2012/13. However, due to the prevailing market conditions the properties that remained unsold (mainly Kells building plots) are expected to be completed in 2013/14 and as a consequence their receipt is now forecast for 2013/14.

8.5 Early indications from The Home Group business plan regarding anticipated VAT receipts for 2013/14 due to the authority amount to £364,596 which is shown in the table above. We will update this position as soon as the confirmed receipt for 2013/14 is known.

8.6 The confirmation on the actual receipt of the Housing DFG Funding for 2013/14 has been received and is slightly higher than originally budgeted (£261,000) at £265,717. This figure has been included at Appendix B.

9.0 STATUTORY OFFICER COMMENTS

9.1 The Monitoring Officer's comments are:

9.2 The Section 151 Officer's comments are: Included within report

9.3 EIA Comments:

9.4 Other consultee comments, if any:

10. WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

10.1 It is imperative that all budgets are monitored monthly with exceptions reported through Corporate Leadership Team and Executive so that management action can be taken to ensure the effective use of resources as planned by the Council.

10.2 The budget monitoring process is fully integrated into the planning process to ensure that Council objectives and priorities as outlined in the Corporate Plan are fully resourced as planned.

10.3 The capital programme assumes funding from the sale of assets. The timing and value of receipts are crucial to the on-going capital programme. Generation of capital receipts presents risks in terms of the timing and value of receipt. The Development Surveyor and Financial Management and Treasury Accountant meet quarterly and review asset sales.

List of Appendices: Appendix A – Detailed Provisional Capital Outturn 2012/13
Appendix B - Revised Capital Programme 2013/14

List of Background

Documents: Capital Monitoring Report – Quarter 3 (Updated as at 31st January 2013)

Appendix A - Detailed Provisional Capital Outturn 2012/13

APPENDIX A

SCHEME	Approved Budget at Q1	Revised Budget	Virements in year	Budget at Year end	Actual Expenditure	Variance	New Slippage requested to be chwd into 2013/14	Surplus to be returned to reserves
Corporate Department:								
Chief Executive	23,844	23,844	-	23,844	18,681	(5,163)	-	5,163
Website Development	23,844	23,844		23,844	18,681	(5,163)		5,163
Corporate Resources	477,859	709,854	-	709,854	652,006	(57,848)	25,818	32,029
New Financial Management System	17,710	31,157		31,157	31,157	(0)		
Public Buildings	177,000	171,000		171,000	164,831	(6,169)		6,169
Energy Efficiency Measures	22,697	22,697		22,697	20,551	(2,146)		2,146
Cliff Stabilisation (Soil nailing)	100,000	100,000		100,000	90,689	(9,311)		9,311
Moresby Vacated Accom	25,000	25,000		25,000	23,220	(1,780)		1,780
Valuation Data Transfer	20,000	20,000		20,000	0	(20,000)	20,000	
Gillfoot Shaft	115,452	310,000	(323)	309,677	291,236	(18,441)	5,818	12,623
Former Kelis School Site	-	30,000	323	30,323	30,323	(0)		
Policy & Transformation	150,000	150,000	-	150,000	7,959	(142,041)	142,041	-
Customer Access Strategy	150,000	150,000		150,000	7,959	(142,041)	142,041	
Neighbourhoods	510,279	510,279	-	510,279	220,192	(290,087)	271,031	19,056
Millom Cemetery Land Purchase	121,764	121,764		121,764	0	(121,764)	121,764	
Whitehaven Cemetery extension	1,655	1,655		1,655	1,582	(73)		73
New Cremators	-	0		0	(258)	(258)		258
Whitehaven Cemetery	8,200	8,200		8,200	7,000	(1,200)		1,200
Fuel Tank Moresby	16,996	16,996		16,996	14,743	(2,253)		2,253
Children's Playgrounds	40,883	40,883		40,883	0	(40,883)	40,883	
Millom Iron Works	-	0		0	(270)	(270)		270
Fleet Replacement	111,000	111,000		111,000	77,000	(34,000)	23,000	11,000
Whitehaven Market Lights	1,500	1,500		1,500	0	(1,500)		1,500
Moor Row Play Area	80,000	80,000		80,000	40,253	(39,747)	39,747	
Rottington Beck/St Bees Prom	128,281	128,281		128,281	80,142	(48,139)	45,637	2,502
Nuclear, Energy & Planning	84,585	84,585	-	84,585	40,720	(43,865)	43,865	-
Regeneration Software	40,912	40,912		40,912	0	(40,912)	40,912	
Building Control Data Capture	33,673	33,673		33,673	32,527	(1,146)	1,146	
Dev mgmt E Access	10,000	10,000		10,000	8,193	(1,807)	1,807	
Regeneration and Community	680,789	680,789	-	680,789	496,060	(184,729)	157,090	27,639
NCL Energy Efficiencies	39,500	39,500		39,500	36,178	(3,322)	3,000	3,322
Mount Pleasant (Retention Only)	3,000	3,000		3,000	0	(3,000)		
Disabled Facilities Grants	638,289	638,289		638,289	459,882	(178,407)	154,090	24,317
	1,927,356	2,159,351	-	2,159,351	1,435,618	(723,733)	639,845	83,888

Appendix B - Revised Capital Programme Budget 2013/14

APPENDIX B

	Expenditure					Funding			
	2013/14					2013/14			
DEPARTMENT	Existing programme March 12 Council £'000	Draft bids submitted Jan 13	Capital Programme 13/14 approved Council 22/02/13	Addition to programme approved prior 31/03/13	Slippage (from this report) approval sought Exec May 2013	TOTAL 2013/14 including slippage	UCRR - General Reserves	UCRR - Housing Reserve	External
Corporate Department:									
Chief Executive:									
Corporate Resources:									
Operational Buildings	217,000	(105,000)	112,000			112,000	112,000		
Energy Efficiency Measures	52,800	(52,800)	-			-			
ICT			200,000			200,000	200,000		
Land Management		175,000	175,000			175,000	175,000		
Valuation Data transfer			-		20,000	20,000	20,000		
Gillfoot Shaft			-		5,818	5,818	5,818		
Corporate Resources Total	269,800	217,200	487,000		25,818	512,818	512,818		
Policy & Transformation									
Customer Access Strategy					142,041	142,041	142,041		
Policy & Transformation Total					142,041	142,041	142,041		
Neighbourhoods:									
Fleet Replacement	80,000	(80,000)	-	27,452	23,000	23,000	23,000		
Millom Cemetery Land Purchase					121,764	149,216	149,216		
Moor Row Play Area					39,747	39,747			39,747
Rottingham Beck					45,637	45,637	45,637		
Playgrounds					40,883	40,883	40,883		
Neighbourhoods Total	80,000	(80,000)	-	27,452	271,031	298,483	258,756		39,747
Nuclear, Energy & Planning:									
Regeneration Software					40,912	40,912	40,912		
Building Control Data Capture					1,146	1,146	1,146		
Development Management - e-access					1,807	1,807	1,807		
Nuclear Total					43,865	43,865	43,865		
Regeneration and Community:									
Disabled Facilities Grants	500,000	100,000	600,000		154,090	754,090		488,373	265,717
Mount Pleasant					3,000	3,000			3,000
Whitehaven Townscape Heritage Initiative	250,000		250,000			250,000	250,000		
Copeland Pool					262,524	262,524	262,524		
Regeneration and Community Total	750,000	362,524	1,112,524		157,090	1,269,614	512,524	488,373	268,717
TOTAL CAPITAL PROGRAMME	1,099,800	499,724	1,599,524	27,452	639,845	2,266,821	1,469,984	488,373	308,464

UCRR usage 1,958,356

EXE 28 05 13

Item ___

TREASURY MANAGEMENT OUTTURN 2012/13

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Darienne Law, Head of Corporate Resources
REPORT AUTHOR: Leanne Barwise – Senior Accounting Officer

Why has this report come to the Executive?

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2012/13. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Recommendations:

The Executive are asked to make a recommendation to Council to:

- (i) Approve the actual 2012/13 prudential and treasury indicators attached at Appendix A.
- (ii) Note the Treasury Management Outturn 2012/13 detailed in Section 9 of this report.
- (iii) Note the make-up of the portfolio of investments as at 31st March 2013 attached at Appendix B.
- (iv) Note that this report will be formally considered by the Audit Committee on 26th June prior to being approved by Council on 12th September 2013.

1. Introduction

Changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

During 2012/13 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 23rd February 2012)
- a mid-year (minimum) treasury update report (Council 13th November 2012)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition, this Council has received quarterly treasury management update reports on 21st August 2012 and 12th February 2012 which were presented to Executive.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to the reports by the Audit Committee before being reported to Council (wherever possible). This report will be presented to Audit Committee on 26th June prior to being considered by Council on 12th September 2013.

Member training on treasury management issues was undertaken prior to Audit Committee on 31st January 2013 in order to support Members' scrutiny role. Another annual training session will be arranged for the 2013/14 financial year as part of the ongoing Treasury Management training program for Members and Officers.

2. The Economy and Interest Rates

The financial year 2012/13 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk. The original expectation for 2012/13 was that Bank Rate would start gently rising from quarter 4 2014. However, economic growth in the UK was disappointing during the year due to the UK austerity programme, weak consumer confidence and spending, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Key to retaining this rating will be a return to strong economic growth in order to reduce the national debt burden to a sustainable level, within the austerity plan timeframe. Weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing by £50bn in July to a total of £375bn. Bank Rate therefore ended the year unchanged at 0.5% while CPI inflation peaked fell from 3% at the start of the year to end at 2.8% in March, with a fall back to below 2% pushed back to quarter 1 2016. The EU sovereign debt crisis was an ongoing saga during the year with first Greece and then Cyprus experiencing crises which were met with bailouts after difficult and fraught negotiations.

Gilt yields oscillated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into / out of UK gilts. This, together with a further £50bn of QE in July and widely expected further QE still to come, combined to keep PWLB rates depressed for much of the year to historically very low levels.

Deposit rates. The Funding for Lending Scheme, announced in July, resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling sharply in the second half of the year. However, perceptions of counterparty risk have improved after the ECB statement in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.

3. Overall Treasury Position as at 31st March 2013

At the beginning and the end of 2012/13 the Council's treasury position was as follows:

	31 st March 2012 Principal	Rate/ Return	Average Life (Years)	31 st March 2013 Principal	Rate/ Return	Average Life (Years)
Total debt (Fixed rate funding)	£5.00m	7.55%	30	£5.00m	7.55%	29
CFR	£8.88m			£8.45m		
Over / (under) borrowing	£3.23m			£3.23m		
Total investments	£18.92m			£18.45m		
Net debt	(£6.81m)			(£6.77m)		

4. The Strategy for 2012/13

The expectation for interest rates within the strategy for 2012/13 anticipated low but rising Bank Rate (starting in quarter 4 of 2014) with similar gradual rises in medium and longer term fixed borrowing rates over 2012/13. Variable or short-term rates were expected to be the cheaper form of borrowing (if necessary) over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by the use of low risk counterparties, inevitably resulting in relatively low returns.

The strategy remained relatively unchanged from the necessary revision in October 2011 which reflected the heightened uncertainty in the economic market at the time, which in turn is still reflective of the current economic climate. The tightened restrictions on our investment criteria remained and we utilised "safe havens" being UK semi-nationalised institutions (RBS & Lloyds/BOS Group) and placed investments with additional Money Market Funds (highly rated liquid institutions) or instant access accounts with Banks, in lieu of placing investments with Building Societies or lower rated counterparties. This ensured there was a balance between security and liquidity of funds and the yield achieved, with security being the principle concern particularly in the current economic climate.

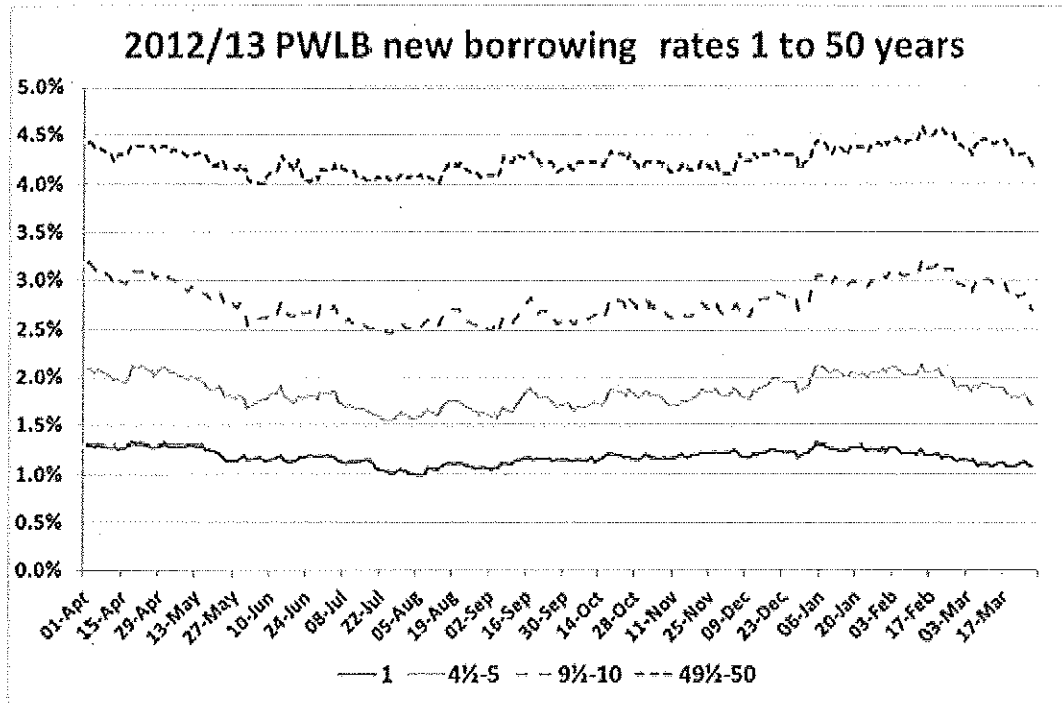
5. The Borrowing Requirement and Debt

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31 March 2012 Actual	31 March 2013 Estimate	31 March 2013 Actual
Total CFR	£8.88m	£8.88m	£8.45m

6. Borrowing Rates in 2012/13

PWLB borrowing rates - the graph below shows how PWLB rates remained close to historically very low levels during the year.



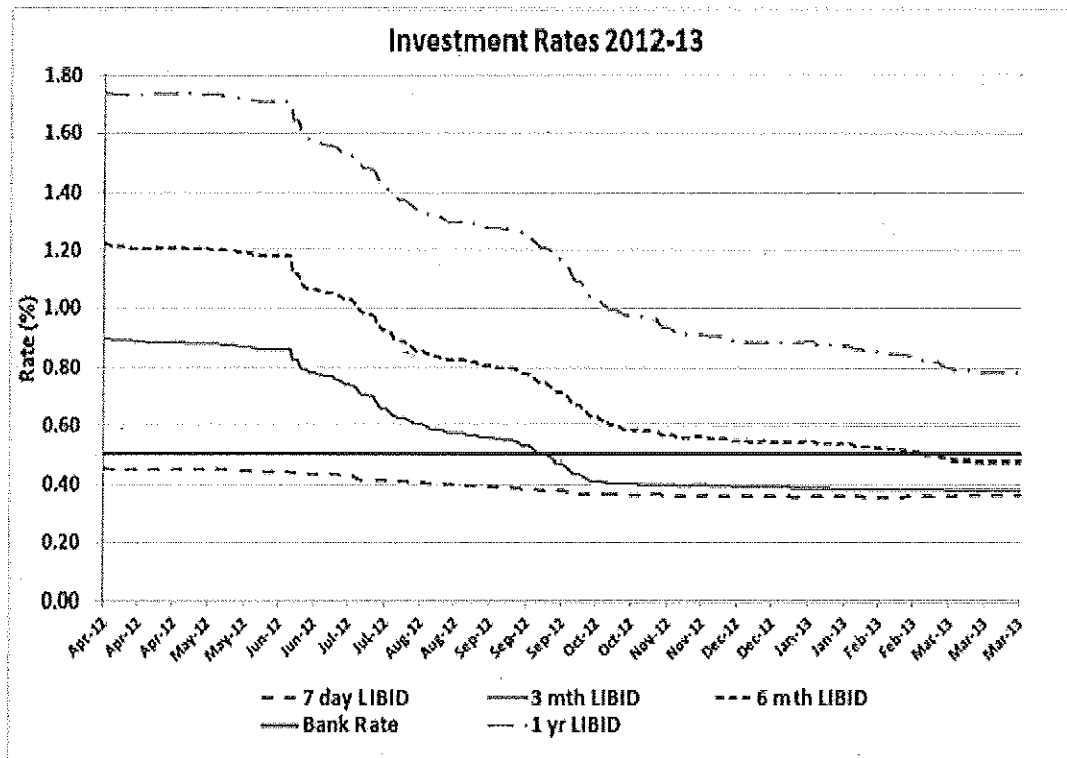
7. Borrowing Outturn for 2012/13

Borrowing – The Council only has one remaining market loan in its debt portfolio as detailed below. We continually assess the position of this loan with our Treasury Consultants, Sector, to ensure we are securing the best terms for the Council. At the current time, the advice is to leave the loan in its present form, as the penalty for repaying early would be prohibitive.

Lender	Principal	Date Advanced	Type	Interest Rate	Maturity	Date of Maturity
Market	£5.00m	01/02/2002	Fixed interest rate	7.55%	29 years	01/02/2042

8. Investment Rates in 2012/13

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.



9. Investment Outturn for 2012/13

Investment Policy – the Council’s investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 23rd February 2012. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc). Operationally, however, within the strategy we have temporarily restricted the use of Building Societies and other lower rated institutions and ensured funds are only placed with semi-nationalised institutions, higher rated banks or Money Market Funds and instant access accounts.

The Council had no liquidity difficulties and the investment activity during the year conformed to the approved strategy with the exception of the following:-

- An investment temporarily breached our self-imposed counterparty limit of £7.5m by £2,590 for a period of one day. This was due to interest being credited to the account and was rectified immediately.
- An investment that had matured was not automatically credited to our account due to complications in the banking system. When the funds were finally credited to our account we were unable to place another deal within the very limited banking deadlines and so the funds were placed overnight in our NatWest Special Interest Bearing Account (SIBA) at 0.5% and earned £370 in interest. The funds were transferred out to the Debt Management Account Deposit Facility (DMADF) the following day. This was an overnight breach of our self-imposed counterparty limit as NatWest is part of the Royal

Bank of Scotland (RBS) and we would normally reduce the balance within our NatWest Account to a minimum level to remain within these limits.

Investments held by the Council - Over the full financial year, the Council maintained an average balance of £25m of internally managed funds. The actual interest earned for 2012/13 was £288,585 (as reported in the Revenue Out-turn Report) against a budgeted return of £227,822, resulting in a net improvement against the budgeted return on investments for 2012/13 of £60,763. This compares to actual interest earned in 2011/12 of £267,565 against a budget estimate of £252,822, resulting in a small net improvement for 2011/12 of £14,743.

The actual interest received over the period has improved by £46,020 whilst bank base rates have stayed the same at 0.5%. This reflects the changes in the Treasury Management Investment Strategy implemented in October 2011 which enabled the Authority to place a greater amount of investment with the part nationalised banks to maximise returns at very favourable rates.

The internally managed funds earned an average rate of return of 1.15% over the 2012/13 financial year. This compares with a 2012/13 budget assumption of £25m investment balances earning an assumed interest rate of approximately 1.25% which was then adjusted for budget savings and/or pressures. In comparison the average rate of return achieved in 2011/12 of 1.08%.

10. Conclusion

The Council has complied with all of the relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular, its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

11. Statutory Officer Comments

11.1 The Monitoring Officer's comments are:

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

11.3 Other consultee comments, if any:

11.4 Policy Framework comments: The Treasury Management Strategy is a key component of the Council's overall policy framework and this report supports the management and delivery of the framework. The report further refers to the national and international policy framework in which the Council's Treasury Management Strategy is operating within.

12. How will the proposals be project managed and how are the risks going to be managed?

The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken;
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities.

Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices.

List of Appendices

Appendix A – Prudential & Treasury Indicators

Appendix B - Temporary Investments as at 31st March 2013

List of Background Documents: Treasury Management Strategy 2012/13, Mid-Year Treasury Management Report 2012/13, Capital Programme 12/13 – Outturn Report

Appendix A

Capital Prudential and Treasury Indicators

The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, reflecting the outcome of the Council's underlying capital appraisal systems.

During 2012/13, this Council has complied with its legislative and regulatory requirements i.e. the Capital Prudential Indicators that were set at Full Council within the Treasury Management Strategy 2012/13 on 23rd February 2012. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

- A. Net borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2012/13 plus the expected changes to the CFR over 2013/14 and 2014/15 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2012/13. *The Council has complied with this indicator as detailed within Table A overleaf.*
- B. The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. *Table B demonstrates that during 2012/13 the Council has maintained gross borrowing within our authorised limit.*
- C. The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached. *See Table B for the 2012/13 out turn position of the operational boundary.*
- D. Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table A

Actual prudential and treasury indicators	Ref	2011/12 Actual £m	2012/13 Original Estimate £m	2012/13 Actual £m
Capital expenditure		£2.25m	£2.16m	£1.52m
Capital Financing Requirement		£8.88m	£8.88	£8.45m
Net borrowing	(a-b)	(£6.85m)	(£3.23m)	(£6.09m)
External debt	(a)	£12.07m	£11.88m	£12.36m
Investments - Under 1 year	(b)	£18.92m	£15.11m	£18.45m

Table B

Prudential Indicator	2012/13
Authorised limit	£17.00m
Maximum gross borrowing position	£12.37m
Operational boundary	£12.00m
Average gross borrowing position	£12.11m
Financing costs as a proportion of net revenue stream	6.92%

Affordability Prudential Indicators

The previous tables cover the overall capital and control of borrowing prudential indicators, but we are also required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

The indicator detailed in Table C below, identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table C

Ratio of financing costs to net revenue stream	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
	3.34%	7.03%	6.92%

The next indicator as detailed in Table D (below) identifies the revenue costs associated with proposed changes to the three year capital programme recommended at Full Council on 23rd February 2012 compared to the Council's existing approved commitments and current plans.

Table D

Incremental impact of capital investment decisions	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
Increase in Council Tax (Band D) per annum	0%	0%	0%

The maturity structure of the debt portfolio was as follows:

	31 March 2012 Actual	2012/13 Original Limits	31 March 2013 Actual
Under 12 months	100%	100%	100%
12 months and within 5 years	100%	100%	100%
5 years and within 10 years	100%	100%	100%
10 years and within 20 years	100%	100%	100%
20 years and within 30 years	100%	100%	100%
30 years and within 40 years	100%	100%	100%
40 years and above	100%	100%	100%

All investments within the Councils portfolio were placed for under one year. The authority held 100% specified investments at the year-end against a maximum limit of 75% non-specified investments.

The exposure to fixed and variable rate investments was as follows:

	31 March 2012 Actual	31 March 2013 Actual
Fixed rate (Principal)	£7.50m	£7.40m
Variable rate (Principal)	£11.42m	£11.05m
TOTAL INVESTMENT	£18.92m	£18.45m

APPENDIX B

TEMPORARY INVESTMENTS AT 31st MARCH 2013

	AMOUNT	PERIOD OF LOAN	VALUE DATE	MATURITY DATE	RATE	BASE RATE
BANK OF SCOTLAND	7,490,000	CALL			0.75%	
RBS MIMF	1,561,000	CALL			0.33%	
IGNIS MIMF	2,000,000	CALL			0.40%	
RBS 95 DAY NOTICE	7,400,000	95 DAYS	11/01/2013	18/04/2013	1.25%	
TOTAL	18,451,000				0.88%	0.50%

SUMMARY

	BALANCE	LIMIT	AVAILABLE
BANK OF SCOTLAND/LLOYDS	7,490,000	10,000,000 *	2,510,000
RBS MIMF	1,561,000	5,000,000	3,439,000
RBS	7,400,000	10,000,000 *	2,600,000
IGNIS MIMF	2,000,000	5,000,000	3,000,000
INSIGHT MIMF	0	5,000,000	5,000,000
BLACKROCK MIMF	0	5,000,000	5,000,000
DMADF	0	UNLIMITED	UNLIMITED
	18,451,000	40,000,000	21,549,000

* Investment limit of £7.5m, however ultimate limit of upto £10m with prior approval of S151 and for short term investments only.