

OUTTURN REPORTS 2013/14

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Angela George – Interim FMS
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 27th May 2014 and this report summarises the Executive's recommendations to Council with respect to:

- (i) Revenue Out turn 2013/14 (Appendix 1)
- (ii) Capital Out turn 2013/14 (Appendix 2)
- (iii) Treasury Management Out turn 2013/14 (Appendix 3)

RECOMMENDATION:

It is recommended that Council approve the following:

1. Revenue Out Turn 2013/14:

- (i) Approve the transfer of the underspend in the mainstream budget of £962k to the General Fund unallocated balance in accordance with Table in paragraph 2.4
- (ii) Approve the transfer of £7k of the underspend in the budget funded by earmarked reserves to the General Fund unallocated balance in accordance with paragraph 2.4
- (iii) Approve the transfer of £247k of the underspend in the budget funded by earmarked reserves to be returned to reserves.
- (iv) Approve the carry forwards from mainstream budget underspends of £454k and the carry forwards from the budget funded by Earmarked Reserves of £118k, both as detailed in paragraph 2.8, to increase the 2014/15 budget by £572k.
- (v) Approve the transfer of £240k of the underspend in the mainstream budget to Earmarked Reserves as detailed in paragraphs 2.11.
- (vi) Approve the use of £25k from reserves in 2013/14 in accordance with paragraph 2.10.
- (vii) Increase the balance on the budget for 2014/15 to £11.179m as set out in paragraph 2.12.

2. Capital Out Turn 2013/14:

- (i) Approve the total revised Capital Programme budget of £4.016m as detailed in the table at paragraph 3.1
- (ii) Approve the provisional outturn (subject to audit) of £782k as detailed in paragraph 3.2, resulting in a favourable variance of £3.234m, which is to be split as detailed in the table in 3.2 and below:-
 - a) Approve £2.9m as carry forward requests to enable the completion of the outstanding projects in 2014/15 and beyond.
 - b) Approve the remaining £313k underspend to be returned to the Useable Capital Receipts Reserve for use on new projects.
- (iii) Approve the financing of the capital programme for 2013/14 as set out paragraph 3.3

3. Treasury Management Out Turn 2013/14:

- (i) Approve the actual 2013/14 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 25th June 2014 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 27 May 2014 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 2013/14
- **Appendix 2** – Capital Out Turn 2013/14
- **Appendix 3** – Treasury Management Out Turn 2013/14

2 REVENUE OUT TURN 2013/14 (APPENDIX 1)

2.1 This year has seen the authority develop and deliver significant service changes as well as new budget proposals for 2014/15 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 £1.76 was set as part of 2013/14 budget. The amounts were reduced from individual budget lines as and when identified.

2.3 The Change Programme Board has been responsible for monitoring and managing the delivery of the savings programme. A number of savings were not met in the year, however additional 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 £455k netted of against legal and professional fees of £121k and agency fees of £44k to give a saving of £290k. This has however created some capacity issues which has meant that some projects could not be supported, contributing to the overall underspend in year.
- Extra Income from PPAs
- External funding from DECC and CoNE
- Deliberate strategy to seek partner funding wherever possible

2.4 The following table 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 21 Feb 2013	Carry forwards from 2012/13 (corrected) 28 May 2013	Changes period 1- 12	Current Approved Budget	Actual spend	Net Contribution to reserves	Carry forwards	Out turn 2013/14	Variance from General Fund Reserve	Variance from Ear- Marked Reserve	Variance to Budget
	£'000	£'000	£'000	£'000	£'000						£'000
Chief Executive	559	0	684	1,243	1,159	0	12	1,171			72
Corporate Resources	4,206	228	314	4,748	3,785	169	253	4,207			541
Policy and Transformation	1,169	37	205	1,411	1,195	0	105	1,300			111
Neighbourhoods	2,532	63	39	2,634	2,332	37	86	2,455			179
Nuclear, Energy and Planning	377	95	49	521	148	149	16	313			207
Regeneration and Communities	1,519	141	135	1,795	1,493	96	100	1,689			106
Total	10,362	564	1,426	12,352	10,112	451	572	11,135			1,217
Funding											
RSG	3,312			3,312				3,312			-
Baseline need	2203			2,203				2,203			-
New homes bonus	236			236				236			-
PFI Grant	837			837				837			-
Council Tax	3590			3,590				3,590			-
Collection Fund Surplus	44			44				44			-
Additional grant 1 year only CTS scheme	17			17				17			-
Specifc Grants	21			21				21			-
Earmarked Reserves	132	180	767	1,079				825		(255)	(255)
General Fund Reserves	-30	384	658	1,012				50	(962)		(962)
Total	10,362	564	1,425	12,351	0			11,135			-1,217

CARRY FORWARDS FROM BUDGETS

- 2.5 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.
- 2.6 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 2014/15 budget was approved.
- 2.8 The following carry forward requests, totalling £572k have been included within the out-turn position:-

Department	Cost centre	Detail	Amount	Business Rationale	Funded - GFR/EMR
Corporate Resources					
	22304	0947	159	Leader requested hospitality carry forward	GFR
	26101	0150	117,000	air handling unit work to be undertaken in 14/15 when pool shut down for extension works	GFR
	26101	0150	57,540	to fulfill obligations under contract for PMP	GFR
	26125		48,500	to rectify dangerous structure, northern boundary on conservation area	GFR
	GFR underspend		12,000	estimate shortfall identified in 14/15 budget in connection with member investiagtion fees	GFR
	GFR underspend		30,000	Revs & Bens request - required to fund review work to realise efficiencies	GFR
sub total			265,199		
Policy & Transformation					
	21114	0728	65,036	phase 1 & 2 of change programme allocated not delivered in 13/14	EMR
	21114	0001/5/6	21,396	to use to support housing MVM system upgrade	GFR
	25000	0001/5/6	18,157	to use to support housing MVM system upgrade	GFR
sub total			104,589		
Neighbourhoods					
	26005	0200	12,800	severe weather demands st bees sink hole works	GFR
	48008	various	39,300	estimated wage and redundancy costs in connection with loss of Home Group contract	GFR
	48004	0715	5,000	drainage for millom cemetery utilising current year u/spend	GFR
	46203	0111	7,690	to complete fire risk assessment work	GFR
	48007	0100	21,069	Green houses were due to be demolished in 13/14 but had a tennant, once tennant vacates in 14/15 demolition will take place	GFR
sub total			85,859		
Nuclear, Energy & Planning					
	22215	0900	16,289	remainder of CAT pot needed each year to deal with transfers	GFR
sub total			16,289		
Regeneration & Community					
	11036	0728	1,368	commitment to pay licence site	EMR
	11065	0728	7,988	to underpin IAG apprenticeship scheme	EMR
	11001	Various	12,540	regeneration & youth team funding needed to match over time of external funding	GFR
	32546	Various	9,345	regeneration & youth team funding needed to match over time of external funding	GFR
	43030	0317	23,726	to complete pool project QS fees	GFR
	11044	Various	2,316	required for 5 year program	GFR
	32201	0291	43,014	to complete Beacon refurbishment	EMR
sub total			100,297		
Total			572,233		

RESERVES

2.9 The total approved use of reserves in 2013/14 is £1.08m, with the out turn position showing that only £825k will be required leaving £255k unspent in year, as detailed in the Table at paragraph 2.4 of this report. Of this £7k can be released into the general fund reserve with the remaining £248k being returned to the relevant earmarked reserve for future use.

2.10 During 2013/14, 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;

- £5k costs in excess of budget within the Building Control fess based account;
- The costs of £20k incurred on Coastal Management (in addition to the £35k released into the budget during the year) to fund works necessary as a result of bad weather that cannot be funded through the Bellwin Scheme.

Members are asked to approve the use of reserves to the value of £25k to provide funding for the above items, taking the total usage of earmarked reserves (including carry forwards as detailed in paragraph 2.8) to £850k in year.

2.11 The table below shows proposed contributions into the earmarked reserves at year end, which Members are asked to approve:

Department	Cost Centre	Cost Centre	transfer to EMR	Notes
Neighbourhoods				
	48004	Crematorium	250	
			250	
Nuclear, Energy & Planning				
	various	Nuclear	150,339	1
	31601	Dilapidated Buildings	3,834	
sub total			154,173	
Regeneration & Community				
	32201	Beacon	29,157	2
	32203	Beacon Grants	6,699	3
	12012	HoS Regeneration and Communities	50,000	4
sub total			85,856	
Total			240,279	

Notes:

- 1 This is a net contribution to the Planning for Nuclear reserve, after all applicable expenditure has been allocated against unbudgeted external grant income from DECC and unbudgeted PPA income.
- 2 In accordance with existing business plan this net underspend for the Beacon will be a contribution to the Beacons earmarked reserve which will now act as a profit /loss account for the new collaboration
- 3 This is unused external grants made to the Beacon which will be used for conservation works on the collection in the future by CBC.
- 4 The Council have set out their priorities for economic growth in their work with the Cumbria LEP and Energy Coast West Cumbria. An ear marked reserve is required to enable the Council to deliver against its growth priorities through maximising external funding and partnership working in the borough to support local economic growth.

IMPACT ON 2014/15 BUDGET

2.12 As a result of the changes set out in this report, and subject to the approval of members to the carry forward amounts, the 2014/15 budget will be revised as follows:

	2014/15 Impact £
Budget approved February 2014	10,511
Carry Forwards from 2013/14 (table at paragraph 2.8)	572
Land Management Budget (2101&2102) fees and charges (additional income budget)	(8)
Land Management Budget (0483) Disposal of land & property (additional expenditure budget)	8
Extra release reserves:	
Knotweed	7
Planning for Nuclear (salaries not included in original budget)	34
Planning for Nuclear (to fund salary protection)	10.2
Housing refresh Copeland housing survey – Executive 12 May 14	10
Housing business & temporary accommodation needs research – Executive 12 May 14	10
Growth Strategy (works in 14/15 to enable increased economic growth in the borough)	25
Total Revised Budget 2014/15	11,179

3 CAPITAL OUT TURN 2013/14 (APPENDIX 2)

3.1 The table below details the amendments to the 2013/14 capital programme since it was originally approved in February 2013

<i>CAPITAL PROGRAMME BUDGET 2013/14</i>			
	£	£	CUMULATIVE
Original Budget approved at Council 21/02/13		1,599,524	1,599,524
Approved amendments to budget:			
Addition: Approved at Q3 12/13 Capital Report P10 EXE 12/03/13 - £12k from eventual sale of Kells Plots for Kells Drainage	12,000		1,611,524
Addition: Approved at Outturn 12/13 EXE 28/05/13 - Slippage from 2012/13	639,845		2,251,369
Addition: Approved at Outturn 12/13 EXE 28/05/13 - £27,452 to re-instate Millom Cemetery from £121,764 to £149,216	27,452		2,278,821
Addition: Approved External Funding St Bees Play in addition to £40k CBC EXE 18/12/12 - £30,250 CCF, £60k WREN, £5k St Bees Group & £3k additional St Bees Group	89,367		2,368,188
Addition: Approved THI External Funding in addition to CBC £250k EXE 28/05/13 - £394.6k BEC, £659.2k HLF	1,053,800		3,421,988
Addition: Approval for Copeland Pool: receipt and spend of match funding to CBC £263k Capital EXE 12/09/13 £150k Sport England, £300k CCF	450,476		3,872,464
Addition: Approved EXE 19/11/13 £15k in crease in relation to Operational Buildings Beacon Lift replacement budget	15,000		3,887,464
Addition: Approved EXE 17/12/13 (Part II) £35k Moresby Depot splitting of services	35,000		3,922,464
Reallocation: External THI funding of £14,951 transferred to revenue to cover revenue costs	- 14,951		3,907,513
Addition: Further external income received re St Bees Play Area from St Bees Parish Council	8,000		3,915,513
Addition: External funding for Empty Homes Clusters	101,069		4,016,582
Current Budget		4,016,582	

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

Total Revised Capital Programme Budget 2013/14	Provisional Outturn 2013/14	Variance
4,016,582	782,213	3,234,369

Breakdown of favourable variance			
Carry Forward request (to complete project in 2014/15)	Projects Completed Under Budget		Total
	UCRR	External	
2,911,719	313,153	9,497	3,234,369

3.3 Utilisation of resources to fund the 2013/14 Capital Programme in the light of the provisional outturn is estimated as follows:

Financing of the Capital Programme 2013/14

Financing	Original Annual Gross Budget	Amended Annual Gross Budget	Provisional Outturn
	£	£	£
Useable Capital Receipts	1,970,357	2,020,357	335,577
Other External Funding	308,464	1,996,225	446,636
Other Reserves & contributions	0	0	0
TOTAL CAPITAL PROGRAMME	2,278,821	4,016,582	782,213

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 2013/14. 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 25th June 2014. 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 £40m of internally managed funds. The actual interest earned for 2013/14 was £212,783 (as reported in the Revenue Out-turn Report) against a budgeted return of £202,822, resulting in a net improvement against the budgeted return on investments for 2013/14 of £9,961. The Treasury Management Strategy 213/14 remained unchanged since its approval in February 2013. The continuing low interest rates which fell further during the year as a result of the Funding for Lending Scheme afforded the small return. This compares to actual interest earned in 2012/13 of £288,585 against a budget estimate of £227,822, resulting in an overachievement of income of £60,763.

4.3 The authority's prudential indicators for 2013/14 are as follows:

Table A

Actual prudential and treasury indicators	Ref	2012/13 Actual £m	2013/14 Original Estimate* £m	2013/14 Actual* £m
Capital expenditure		£1.52m	£1.60m	£0.78m
Capital Financing Requirement		£8.47m	£7.91m	£7.93m
Gross borrowing - External debt	(a)	£11.94m	£10.83m	£11.38m
Investments - Under 1 year	(b)	£18.45m	£14.60m	£25.67m
Net Investments	(a-b)	(£6.51m)	(£3.77m)	(£14.29m)

*Prior to approval of Final Accounts

Table B

Prudential Indicator	2013/14
Authorised limit	£17.00m
Maximum gross borrowing position	£11.94m
Operational boundary	£12.00m
Average gross borrowing position	£11.66m
Financing costs as a proportion of net revenue stream	6.55%

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 2013 Actual	2013/14 Estimate	31 March 2014 Actual
Ratio	7.16%	7.73%	6.55%

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 21 February 2013 compared to the Council's existing approved commitments and current plans.

Table D

Ratio of financing costs to net revenue stream	31 March 2013 Actual	2013/14 Estimate	31 March 2014 Actual
Ratio	7.16%	7.73%	6.55%

The maturity structure of the debt portfolio was as follows:

	31 March 2013 Actual	2013/14 Original Limits	31 March 2014 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%
21 years and within 30 years	100%	100%	100%
31 years and within 40 years	0	0	0
41 years and above	0	0	0

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 2013 Actual	31 March 2014 Actual
Fixed rate (Principal)	£7.40m	£14.90m
Variable rate (Principal)	£11.05m	£10.77m
TOTAL INVESTMENT	£18.45m	£25.67m

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 2013/14 (subject to audit) for approval by Council on 19 June 2014.

6. STATUTORY OFFICER COMMENTS

- 6.1 The Monitoring Officer's comments are:
- 6.2 The Section 151 Officer's comments are: included in the report
- 6.3 EIA Comments:
- 6.4 Policy Framework:
- 6.5 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 2013/14 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 2013/14 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 2015/16 MTFS position.

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

- 8.1 The out-turn position for 2013/14 is key to determining the required use of reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.
- 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:

2013/14 Management Accounts Reports periods 3 -11

Reserves Reports (EM & GF) Dec 13 and Jan 14

Financial Regulations / Constitution

List of Consultees:

Corporate Team

Cllr G Troughton

REVENUE BUDGET – PROVISIONAL OUT-TURN REPORT 2013/14

EXECUTIVE MEMBER: Cllr Gillian Troughton

LEAD OFFICER: Darienne Law - Interim Manager

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 2013/14.

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 2014. This report also provides details of the principal variances between the budget and the provisional outturn position. The outturn shows that the net spend, including carry forwards and contributions to reserves, for the financial year is £11.135m.

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

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

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

To prepare for the longer term and continued reduction in the council's finances work has been undertaken this year to reshape the council and its services. A review of the management team has been undertaken, alongside work to find new funding models for discretionary services, and work on becoming more efficient through the replacement and upgrade of key IT systems, and identifying additional income from our property.

The Executive is asked to;

- (i) Note the increase in the revenue budget from £11.658m to £12.352m following the approval of release from reserves by Executive in January 2014. These changes are reflected in the table in paragraph 2.1
- (ii) Note the year-end underspend of £1.217m, against the revised approved revenue budget of £12.352m, of which £255k relates to Reserve funded items, and £962k relates to core funding as detailed in paragraph 2.2. which can be split further as £782k general fund and £180k as a result of using additional unbudgeted external funding received in year, in lieu of general fund.
- (iii) Note that additional, unbudgeted contributions of £240k contained within the out turn report will be transferred to earmarked reserves at year end as shown in table in paragraph 6.3.
- (iv) Approve the treatment of bad debts as detailed in paragraphs 1.2 and 1.3 of Appendix C.

and make recommendations to Council to;

- (v) Approve the carry forwards from mainstream budget underspends of £454k and the carry forwards from the budget funded by Earmarked Reserves of £118k, both as detailed in the table in paragraph 5.3 to increase the 2014/15 budget by £572k.
- (vi) Approve the transfer of the under spend in the mainstream budget of £962k to the General Fund unallocated balance in accordance with paragraph 2.2.
- (vii) Approve the transfer of £7k 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 £240k of the under spend in the mainstream budget to Earmarked Reserves as detailed in paragraphs 6.3.
- (ix) Approve the use of £25k from reserves in 2013/14 in accordance with paragraph 6.2.
- (x) Increase the budget for 2014/15 to £11.179m as set out in paragraph 7.1.

1 INTRODUCTION

- 1.1 This report contains information on the out-turn position on spending against the Council's revenue budget for 2013/14. 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 2013/14 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 2013/14 and this will be presented to Members following the completion of the Audit (which has to be concluded by 30 September 2014).
- 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.
- 1.6 Significant changes to the Business Rates system and Council Tax Benefit schemes meant a transfer of risk from Central Government to Local Government in 2013/14. For Copeland this has resulted in a £165k cost to the general fund this year. Members are asked to note this figure may change subject to legislation being worked through and audit of the accounts
- 1.7 The 2014/15 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 2015/16 MTFS position.

2 SUMMARY POSITION 2013/14

- 2.1 Table 1 over page summarises the out-turn position by department, and the funding requirement for the out turn. A table showing the main contributors to the underspend follows with a more detailed breakdown of the out turn by cost centre is attached in Appendix A.

Department	Original Budget 21 Feb 2013	Carry forwards from 2012/13 (corrected) 28 May 2013	Changes period 1-12	Current Approved Budget	Actual spend	Net Contribution to reserves	Carry forwards	Out turn 2013/14	Variance from General Fund Reserve	Variance from Ear-Marked Reserve	Variance to Budget
	£'000	£'000	£'000	£'000	£'000						£'000
Chief Executive	559	0	684	1,243	1,159	0	12	1,171			72
Corporate Resources	4,206	228	314	4,748	3,785	169	253	4,207			540
Policy and Transformation	1,169	37	205	1,411	1,195	0	105	1,300			111
Neighbourhoods	2,532	63	39	2,634	2,332	37	86	2,455			179
Nuclear, Energy and Planning	377	95	49	521	148	149	16	313			207
Regeneration and Communities	1,519	141	135	1,795	1,493	96	100	1,689			106
Total	10,362	564	1,426	12,352	10,112	451	572	11,135			1,217
Funding											
RSG	3,312			3,312				3,312			-
Baseline need	2,203			2,203				2,203			-
New homes bonus	236			236				236			-
PFI Grant	837			837				837			-
Council Tax	3,590			3,590				3,590			-
Collection Fund Surplus	44			44				44			-
Additional grant 1 year only CTS scheme	17			17				17			-
Specific Grants	21			21				21			-
Earmarked Reserves	132	180	767	1,079				825		(255)	(255)
General Fund Reserves	-30	384	658	1,012				50	(962)		(962)
Total	10,362	564	1,425	12,351	0			11,135			-1,217

Main contributors to the underspend

	£ 000s	Funded	Notes
Individual variances in excess of £20k:			
Corporate Management	(56)	GF	1
Civic & Mayoral	(34)	GF	2
Accountancy Team HA	(24)	GF	3
Audit Team HA	(43)	GF	4
Human Resources HA	(36)	GF	5
Land Charges	(39)	GF	6
North Country Leisure	(188)	GF/EMR	7
Public Buildings General	(36)	GF	8
Copeland Centre	(39)	GF	9
Land Management	(32)	GF	10
National Non-Domestic Rates	167	GF	11
Council Tax Benefits	(40)	GF	12
Housing Benefits	(75)	GF	13
Performance and Transformation	(25)	GF/EMR	14
Policy & Scrutiny	(22)	GF	15
CBC Car Parks	74	GF	16
Street Scene	(28)	GF	17
Cemetries	(29)	GF	18
Management Information Systems	(33)	GF	19
General Landscapes & Misc Works	(37)	GF	20
Refuse - Recycling	(60)	GF	21
Refuse - Green Waste	(34)	GF	22
Development Control	(49)	GF	23
Nuclear Issues	117	EMR	24
DECC Grant	(179)	EXT	25
Planning Policy	(112)	GF/EMR	26
Strategy for Seaside Success	(34)	EMR	27
Head of Regeneration & Community	(45)	GF/EMR	28
Insurances	(34)	GF	29
Sum of Individual variances less than £20k (117 cost centres)	(212)	GF/EMR	
Net forecast underspend at Out Turn	(1,217)		

Notes:

- 1 Corporate Management underspend is primarily due to saving in and a refund of District Audit Fees, and pensions. The ongoing element of the audit reduction has been built into 2014/15 budget.
- 2 Civic & Mayoral underspend is £19k on training and £14k in allowances.
- 3 Salary savings offset by legal and professional fees, result in a saving in Accountancy HA

- 4 Anticipated 550 day charge by the Audit department, was reduced to an actual charge for 450 days.
- 5 Under spends on legal & professional and relocation fees within Human Resources.
- 6 Land Charges are underspent as a result of additional income, an underspend £10k in Mainframe Software, offset by increased search fees payable Cumbria County Council fees
- 7 NCL - £100k that was released into the budget in September to support the NCL contract in respect of Civic Hall is unspent in this financial year whilst the use of the building is determined. The remaining saving of £88k is due to inspections carried out that assessed longer asset lives than previously determined.
- 8 Public Building under spend compromised of two main factors. The first being reactive works having been less than anticipated. These change from one year to another and are difficult to foresee. Lastly due to ill health, combined with no cover the various planned works were not carried out:- installation of a roof safety system at the crematorium approx. £8.5K and replacement guttering works at Moresby (front elevation) £6k and approximately £5K on maintenance work on Wagon Road.
- 9 The Copeland Centre underspend is primarily utility savings.
- 10 Within Land Management a reduction in expected Legal & Professional costs of £9k together with more than anticipated income of £23k.
- 11 The authority will find itself in safety net this financial year for NNDR, principally as a result of appeals lodged; the primary one being from Sellafield Ltd. The potential for this safety net position was highlighted to members when the current year budget was set in February 2013. The financial implications of this a drop in NNDR income (or a cost to the authority) is £165k, which can be funded from the general fund.
- 12 This budget was provided in anticipation of the cost the council would incur with the change of Council tax scheme from benefits (fully funded by government) to discount (costs in excess of government grant borne by CBC). However all these transactions take place within the Collection fund and are realised as either a surplus or deficit which is released in the following year, so this budget was not spent in year.
- 13 Housing Benefits, although the authority has paid out more HB than budgeted it has also received more subsidy and recovered previous overpayments to result in a net underspend of £75k.
- 14 Policy and Performance has salary underspend totaling £30k and a £6k in Public Consultation, but offset by an £11k overspend on legal & professional.
- 15 Underspend within Policy & Scrutiny due to carrying a vacancy.
- 16 Car park income is down by £54k as reported to Executive throughout the year, rates are also overspent by £14k and water rates by £5k.

- 17 Street Scene under spend is primarily due to an under spend on contract works of £38k, due to capacity issues with CCC and electricity of £8k, but is then offset by the over spends on CCTV of £18k.
- 18 Cemeteries under spend is made up of £9k salaries, additional income of £14k, as well as various ups and downs throughout the cost centre totaling £6k.
- 19 Underspend within Management Information Systems is down to a £16k usage of reserve approval. The works were completed, but were funded within the under spend of another department. Leaving this figure to be return to reserves for future use. The remainder of the underspend was on salaries.
- 20 Within General Landscapes and Misc Works there is a £14k under spend on salaries, £17k additional income received and finally a further small amounts of underspend totaling £6k within the cost centre.
- 21 Refuse Recycling increase in income £33k, from the sale of recycled materials and recycling credits. While there has been a decrease in value of some materials (cans and textiles) there has been an overall increase in recycling at the Council's bring sites and the value of other materials has remained stable. There is also a saving of £27k from materials and bring site service costs.
- 22 Green Waste Recycling underspend is due to savings on transport costs of £13k, waste processing and equipment of £16k and an increase of £21k in additional recycling credit income, which is offset by redundancy costs of £16k.
- 23 Salary budgets within Development Control are underspent by £26k, due to various staff vacancies and a £14k underspend on legal & professional, due to resources being diverted to the in-year planning appeal. This together with various over and under spends makes up the remaining £9k of the total under spend of £49k.
- 24 & 25 We have used unbudgeted external funding received in year to pay for nuclear activities. The original budget provided for this purpose was therefore unused and has been included in the proposed transfers to reserves in paragraph 6.3.
- 26 Planning policy under spend relates to a £70k in salaries, the majority being the vacant planning manager post, which has since been recruited too. A further underspend within legal & professional of £41k, this is to be returned to EMR that funds the Local Development Framework (LDF) project which aims to provide Copeland with a Core Strategy. Working with other partners to achieve this has meant that costs have been lower than firstly anticipated.
- 27 Strategy seaside success unspent monies in this year will be returned to EMR for funding projects in future years.
- 28 The carry forward, approved at Council 20/6/13, of £24k from EMR for growth strategy has not been utilised during 13/14 but is required to meet future anticipated costs and as such will be returned to the EMR. £21k received for Accountable Body and management fees is unbudgeted income.

29 Insurance saving as a result of negotiating premium on motor due to fall in number of operational vehicles from 91 (when premium set) to 50.

2.2 The previous table at 2.1 shows the underspend split between General Fund and Earmarked reserves. £962k 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. £255k is as a result of under spend on our Earmarked reserves as detailed in table below, with £248k to be returned to Earmarked reserves and £7k to be released to the general fund reserve.

Department	Cost Centre	Cost Centre	Amount funding from EMR	Out turn	Underspend at Out turn back to EMR	Underspend at Out turn back to GFR
Corporate Resources						
	26101	NCL leisure	203,593	94,509	109,084	
	26215	Copeland Centre	7,000	7,000	-	
	26221	Coastal Mangement	35,000	35,000	-	
sub total			245,593	136,509	109,084	-
Policy & Transformation						
	21114	Policy & Transformation	100,000	100,000	-	
	25000	ICT	16,000	-	16,000	
sub total			116,000	100,000	16,000	-
Neighbourhoods						
	32900	Catherine Street Car park	1,000	1,000	-	
	48004	Crematorium	29,912	23,408	6,504	
	33200	Refuse Collection	20,000	20,000	-	
	33204	Refuse - Recycling	10,000	7,000	3,000	
sub total			60,912	51,408	9,504	-
Nuclear, Energy & Planning						
	22201	Nuclear	44,000	44,000	-	
	11002	Planning Policy	95,334	63,914	31,420	
	31600	Development Control	50,000	42,670		7,330
sub total			189,334	150,584	31,420	7,330
Regeneration & Community						
	11031	Seaside Success	68,155	29,092	39,063	
	11006	LABGI	38,923	38,923	0	
	11065	WNF	72,000	72,000	-	
	11101	Cleator Moor Bus centre	3,286	3,286	-	
	12012	Head of Regen	24,000	-	24,000	
	32201	Beacon	122,500	104,150	18,350	
	43030	NCL Contract	138,831	138,831	-	
sub total			467,695	386,282	81,413	-
Total			1,079,534	824,783	247,421	7,330

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 A savings target of £1.76m was set as part of 2013/14 budget. The amounts were reduced from individual budget lines as and when identified in the savings review with a residual

amount of £80k hosted in Choosing to Change budget, see paragraph 2.8 below for full details. The Change Programme Board has been responsible for monitoring and managing the delivery of the savings programme.

2.5 The savings target included a £287k reduction of NCL costs, however Council approval of an extension to the NCL contract in September 2013 resulted in an anticipated additional £322k in year cost (£139k cost for the contract fee and an additional £183k for PMP works), which will be funded from reserves in this year only.

2.6 A number of savings were not met in year and are detailed below:

Description	Responsible Officer	Saving to be met	Actual saving made at out turn	Shortfall at out turn
INCREASE Crematorium fees	Head of Neighbourhoods	-60,000	-42,205	17,795
INCREASE Car parking fees	Head of Neighbourhoods	-40,000	-	54,487
Stop CCTV	Head of Neighbourhoods	-50,000	-32,206	17,794
REDUCE Council's running costs (Business Basics)	Chief Executive	-80,000	78,038*	1,962

*some of this is in year only and not sustainable into 14/15

2.7 However additional 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 £455k netted of against legal and professional fees of £121k and agency fees of £44k to give a saving of £290k. This has however created some capacity issues which has meant that some projects could not be supported, contributing to the overall underspend in year.
- Extra Income from PPAs
- External funding from DECC and CoNE
- Deliberate strategy to seek partner funding wherever possible

2.8 As and when actual savings have been agreed the service area budgets have been reduced and the Choosing to Change budget credited.

2.9 The table below shows the activity at year end regarding the original £80k credit budget hosted in Choosing to Change, and has been reported to Executive throughout the year:

Budget to achieve currently hosted in choosing to change	
Original Business Basics target budget	(80,000)
Action taken to date:	
Saving from HR Manager post (shared post with ABC)	20,000
Saving from CEX cost centre	7,000
Saving 1% on HOS salaries	5,476
Saving in salary (in year only)	45,562
Savings target not achieved in 13/14	(1,962)

2.10 Business income in the year has fluctuated from budget. As reported to Executive throughout the year the council has failed to achieve its income targets on fees and charges and car parking by £265k and £54k respectively, however it has over achieved in other areas as a result of demand being higher than anticipated, in various licences - £43k, re-cycling income £45k and accountable body/management fees at £21k.

3 DETAILS GIVING RISE TO THE VARIANCE IN 2013/14

3.1 The reasons for the significant variances (+/- £20k at cost centre level) between the current approved budget and the out-turn position detailed in Appendix A:

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 debtor 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 £53K 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 2014/15. This totals 4 FTE with an overall the cost of £16k, which has been funded by the general fund within individual cost centre budgets.

3.3 The forecast out turn position reported to Executive at Q3 was £948k underspend, a difference of £269k, the main reasons for *these* differences are shown in Appendix B.

4.0 COUNCIL ACTIVITIES DURING 2013/14

4.1 During 2013/14, we faced the challenge of meeting community expectations with significantly less money. Copeland was one of the hardest hit councils, with almost a third of our funding from

Government cut over the four years from 2011 to 2015. This taken together with changes in Council Tax, Business Rates and the costs of providing services throughout our district all posed significant challenges for Copeland.

4.2 Responding to these challenges positively during 2013/14 we;

- delivered a balanced budget whilst maintaining our core services.
- collected waste from approximately 32,000 households, processed 530 planning applications, processed approximately 20,000 revenues and benefits forms and took 65,000 calls through our customer contact centre
- extended leisure contract and approved extension to pool offering high quality leisure facilities to more of the borough
- Retained for the second year the default scheme for council tax which enables people who previous got a benefit under the old system to receive a discount of equivalent value under new, thus protecting the borough's most vulnerable residents.
- Engaged with and continuing to work with various groups in the community who wish to take over ownership of assets/running of services where the council can no longer afford to do this itself.
- Handing over grant to the parish councils to compensate for loss of income from reduced council tax base
- Attracted external funding to area e.g. THI and Albion seeking to regenerate the town of Whitehaven
- Reviewing of business basics to preserve front line services /shared services with other authorities
- Working with external partners to secure future of the museum at the Beacon
- Working to support external partners with funding bids to bring income and support to the area e.g. Whitehaven Harbour Commissioners, DECC and BEC
- Working to support our communities during and after the unprecedented weather conditions, Copeland Borough Council worked closely with other agencies to help those affected. We delivered over 3000 sandbags throughout the Borough, and attended 30 call outs in connection with dangerous structures often working in extreme conditions within core hours as well as out of hours.

4.3 Some of the activities detailed above such as responding to the communities needs in the bad weather whilst continuing to provide our core services, with staff shortages inevitable means that we have been unable to support all projects which has contributed to the overall underspend.

5. CARRY FORWARDS FROM BUDGETS

5.1 As detailed in paragraph 4 above 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.

5.2 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.

5.3 At year end a review of used 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 3 paragraph 2.2. An extensive review of earmarked reserves was carried out in year as detailed in paragraph 6 below.

5.4 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 2014/15 budget was approved. If no commitment exists then carry forwards will not be permitted and the unspent budget in 2013/14 will be returned to the general fund reserve/EMR as appropriate.

5.5 The following carry forward requests, totalling £572k have been included within the out-turn position:-

Department	Cost centre	Detail	Amount	Business Rationale	Funded - GFR/EMR
Corporate Resources					
	22304	0947	159	Leader requested hospitality carry forward	GFR
	26101	0150	117,000	air handling unit work to be undertaken in 14/15 when pool shut down for extension works	GFR
	26101	0150	57,540	to fulfill obligations under contract for PMP	GFR
	26125		48,500	to rectify dangerous structure, northern boundary on conservation area	GFR
	GFR underspend		12,000	estimate shortfall identified in 14/15 budget in connection with member investigation fees	GFR
	GFR underspend		30,000	Revs & Bens request - required to fund review work to realise efficiencies	GFR
sub total			265,199		
Policy & Transformation					
	21114	0728	65,036	phase 1 & 2 of change programme allocated not delivered in 13/14	EMR
	21114	0001/5/6	21,396	to use to support housing MVM system upgrade	GFR
	25000	0001/5/6	18,157	to use to support housing MVM system upgrade	GFR
sub total			104,589		
Neighbourhoods					
	26005	0200	12,800	severe weather demands st bees sink hole works	GFR
	48008	various	39,300	estimated wage and redundancy costs in connection with loss of Home Group contract	GFR
	48004	0715	5,000	drainage for millom cemetery utilising current year u/spend	GFR
	46203	0111	7,690	to complete fire risk assessment work	GFR
	48007	0100	21,069	Green houses were due to be demolished in 13/14 but had a tennant, once tennant vacates in 14/15 demolition will take place	GFR
sub total			85,859		
Nuclear, Energy & Planning					
	22215	0900	16,289	remainder of CAT pot needed each year to deal with transfers	GFR
sub total			16,289		
Regeneration & Community					
	11036	0728	1,368	commitment to pay licence site	EMR
	11065	0728	7,988	to underpin IAG apprenticeship scheme	EMR
	11001	Various	12,540	regeneration & youth team funding needed to match over time of external funding	GFR
	32546	Various	9,345	regeneration & youth team funding needed to match over time of external funding	GFR
	43030	0317	23,726	to complete pool project QS fees	GFR
	11044	Various	2,316	required for 5 year program	GFR
	32201	0291	43,014	to complete Beacon refurbishment	EMR
sub total			100,297		
Total			572,233		

6 RESERVES

6.1 The total approved use of reserves in 2013/14 is £1.08m, with the out turn position showing that only £825k will be required leaving £255k unspent in year, as detailed in tables at paragraph 2 of this report. Of this £7k can be released into the general fund reserve with the remaining £248k being returned to the relevant earmarked reserve for future use.

6.2 During 2013/14, 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;

- £5k costs in excess of budget within the Building Control fee based account;
- The costs of £20k incurred on Coastal Management (in addition to the £35k released into the budget during the year) to fund works necessary as a result of bad weather that cannot be funded through the Bellwin scheme.

Members are asked to approve the use of reserves to the value of £25k to provide funding for the above items, taking the total useage of earmarked reserves (including carry forwards as detailed in paragraph 5.5) to £850k in year.

6.3 The table below shows proposed contributions into earmarked reserves at year end, which Members are asked to approve:

Department	Cost Centre	Cost Centre	transfer to EMR	Notes
Neighbourhoods				
	48004	Crematorium	250	
			250	
Nuclear, Energy & Planning				
	various	Nuclear	150,339	1
	31601	Dilapidated Buildings	3,834	
sub total			154,173	
Regeneration & Community				
	32201	Beacon	29,157	2
	32203	Beacon Grants	6,699	3
	12012	HoS Regeneration and Communities	50,000	4
sub total			85,856	
Total			240,279	

Notes:

- 1 This is a net contribution to the Planning for Nuclear reserve, after all applicable expenditure has been allocated against unbudgeted external grant income from DECC and unbudgeted PPA income.
- 2 In accordance with existing business plan this net underspend for the Beacon will be a contribution to the Beacons earmarked reserve which will now act as a profit /loss account for the new collaboration

- 3 This is unused external grants made to the Beacon which will be used for conservation works on the collection in the future by CBC.
- 4 The Council have set out their priorities for economic growth in their work with the Cumbria LEP and Energy Coast West Cumbria. An ear marked reserve is required to enable the Council to deliver against its growth priorities through maximising external funding and partnership working in the borough to support local economic growth.

6.4 During 2013/14 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 2013 and January 2014, and details of the anticipated usage of reserves have been provided to Executive throughout the year through the quarterly revenue monitoring reports. Subject to Members approval at 6.3 above, the following amounts will be transferred into/back to reserves at year end in 2013/14;

Reserve	£	£
Agreed in budget:		
Elections Fund	20,000	
PFI	149,392	
Car Parks	25,150	
Crematoriuim (gross up Tmac)(as adj for actual)	44,807	
Crematorium (sinking fund)	9,500	
Housing Strategy	10,000	
		258,849
Approval now sought:		
Carry forwards 2013/14	572,233	
Crematorium (donations)	250	
Planning for Nuclear	150,339	
Dilapidated Buildings	3,834	
Beacon	29,157	
Beacon Collection Conservation (CBC)	6,699	
Copeland Growth Plan	50,000	
		812,512
Total		1,071,361

6.5 The effect of these funding proposals in 6.3, and movements previously approved in year are summarised as follows;

	Opening Balance	Added in Year	Net Usage 2013/14 (spend /cfwd)	Released to GF/EMR	Closing Balance
	£'000	£'000	£'000		£'000
Earmarked Reserves	-6,172	-1,206	1,341	344	-5,693
General Fund;					
- Risk Based	-2,180		180		-2,000
- Unallocated Balance	-1,065	-961	548	-344	-1,822

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

7 IMPACT ON 2014/15 BUDGET

7.1 As a result of the changes set out in this report, and subject to the approval of members to the carry forward amounts, the 2014/15 budget will be revised as follows:

	2013/14 Impact £
Budget approved February 2014	10,511
Carry Forwards from 2013/14 (this report)	572
Land Management Budget (2101&2102) fees and charges (additional income budget)	(8)
Land Management Budget (0483) Disposal of land & property (additional expenditure budget)	8
Extra release reserves *:	
Knotweed – for treatment during year	7
Planning for Nuclear (salaries not included in original budget)	34
Planning for Nuclear (to fund salary protection)	10.2
Housing refresh Copeland housing survey – Executive 12 May 14	10
Housing business & temporary accommodation needs research – Executive 12 May 14	10
Growth Strategy (works in 14/15 to enable increased economic growth in the borough)	25
Total Revised Budget 2014/15	11,179

*Not reflected in reserve table above at 6.5 or in attached appendices

8 MANAGEMENT OUT TURN TO STATUTORY FINANCIAL STATEMENTS

- 8.1 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. 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.

9 BAD DEBT WRITE OFF

- 9.1 Members are asked to formally approve the write off of debts totalling £37,600.22, please see the attached report in Appendix B for details.

10 CONCLUSION

- 10.1 The overall position of the revenue budget at the year-end, subject to audit, is an under spend of £1.217m against the final approved revenue budget of £12.352m.

11 RESOURCE REQUIREMENTS

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

12 STATUTORY OFFICER COMMENTS

- 12.1 The Monitoring Officer's comments are: No further comment
- 12.2 The Section 151 Officer's comments are: All comments are contained in the report.
- 12.3 Other consultee comments, if any:

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

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

13.1 The out-turn position for 2013/14 is the culmination of the year long budget monitoring exercise, which is designed to identify budget savings and budget pressures during the year.

13.2 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 2013/14 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 2015/16 MTFS position.

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

14.1 The out-turn position for 2013/14 is key to determining the required use of reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.

14.2 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 – Analysis of change Q3 to out turn

Appendix C - Bad debt action

Appendix D – General Fund Reserve

Appendix E – Earmarked Reserves

List of Background Documents:

2013/14 Management Accounts Reports periods 3 -11

Reserves Reports (EM & GF) Dec 13 and Jan 14

List of Consultees: Corporate Team, Cllr G Troughton.

Corporate Team	Department	Cost Centre	Cost Centre Description	Sum of Current Approved Budget 13/142	Sum of Sum of Net Full Year 1-13	Sum of Qrt 3 forecast	Sum of Variance from Out Turn to Qrt 3	
Chief Executive	Chief Executive	22211	Copeland Pride Awards	0	0	0	0	
		12000	Chief Executive	208,980	209,319	209,142	177	
		12001	Chief Exec Prize Award Scheme	0	0	0	0	
		22200	Corporate Management	782,826	727,137	156,724	570,413	£600k pension payment and reduction in audit fee and refund after Q3
		22213	Choosing to Change	(1,962)	0	(47,250)	47,250	Savings target met after Q3
		29200	Subscriptions	12,697	8,369	9,697	(1,328)	
		29500	National Conferences	3,362	650	1,200	(550)	
	Chief Executive Total			1,005,903	945,475	329,513	615,962	
Chief Executive Total				1,005,903	945,475	329,513	615,962	
Communications	Communications	21500	Website Maintenance	9,748	1,650	1,971	(321)	
		22000	Communications (H/A)	98,401	83,226	85,064	(1,838)	
	Communications Total			108,149	84,876	87,035	(2,159)	
Communications Total				108,149	84,876	87,035	(2,159)	
Corporate Director	Corporate Director	12003	Director of Services	128,578	128,328	128,260	68	
	Corporate Director Total			128,578	128,328	128,260	68	
Corporate Director Total				128,578	128,328	128,260	68	
Corporate Resources	Democratic Services/Governance	10001	Democratic Representation	3,030	2,527	3,030	(503)	
		23100	Committee Services	252,746	237,690	248,036	(10,346)	
		23300	Civic & Mayoral	297,042	263,292	281,915	(18,623)	
		23302	Mayors Hospitality Account	2,020	1,183	2,020	(837)	
		23303	Civic Hospitality Account	2,110	1,878	2,510	(632)	
		23304	Leaders Hospitality Account	505	505	505	(0)	
		23305	Memorial Fund	0	437	(4,101)	4,538	
		27100	Elections	49,442	37,950	52,834	(14,884)	
		27200	Electoral Registration	39,730	44,733	43,730	1,003	
		27400	House & Street Naming & Numbering	0	(436)	0	(436)	
	Democratic Services/Governance Total			646,625	589,758	630,479	(40,721)	
	Financial Services	28601	Accountancy Team H/A	487,092	462,863	471,071	(8,208)	
		28700	Audit Team H/A	119,613	76,241	115,713	(39,472)	Over accrual & reduction in days - only charged for 450 days of the anticipated 550 days. Saving predicted has therefore increased
		29201	Subscriptions and Other Miscellaneous	0	474	651	(177)	
		29250	Grants to Parish Councils	82,824	82,819	82,824	(5)	
		29300	Treasury Management	181,199	170,881	179,433	(8,552)	
		29400	Insurances	276,606	242,420	276,606	(34,186)	Insurance saving as a result of negotiating premium on motor due to fail in number of operational vehicles from 91 (when premium set) to 50
		33701	Housing Advances	(2,266)	0	(2,266)	2,266	
	Financial Services Total			1,145,068	1,035,698	1,124,032	(88,334)	
	Human Resources/Organisation D	21110	Human Resources (H/A)	190,903	154,785	179,989	(25,204)	Over forecast on L&P and relocations fees in Qrt 3
		21200	Training	58,275	11,022	50,000	(38,978)	
		21201	Training - Chief Executive	0	899	0	899	
		21205	Training - Leisure & Environmental Serv	0	125	0	125	
		21209	Training - Finance	0	1,951	0	1,951	
		21210	Training - Legal	0	710	0	710	
		21223	Training - Property	0	4,215	0	4,215	
		21231	Training - Arts, Beacon and Tourism	0	35	0	35	
		21233	Training - Development Control	0	199	0	199	
		21234	Training - Building Control	0	571	0	571	
		21235	Training - Environmental Health	0	7,272	0	7,272	
		21236	Training - Open Spaces	0	7,102	0	7,102	
		21237	Training - Refuse & Recycling	0	10,576	0	10,576	
		21238	Training - Human Resources	0	3,030	0	3,030	
		38001	Payroll Team H/A	39,182	40,099	39,182	917	
	Human Resources/Organisation Development Total			288,360	242,591	269,171	(26,580)	
	Legal Services	23001	Stationery (H/A)	0	0	0	0	
		27001	Legal Services	187,436	181,807	191,764	(9,957)	
		27300	Land Charges	(63,489)	(102,897)	(77,188)	(25,709)	Additional inc not forecast - CCC search fees were over estimated by £6k & mainframe software by £7k
		27500	Licensing General	9,548	13,919	9,548	4,371	
		27501	Public Entertainment Licensing	(125)	(50)	(125)	75	
		27502	Small Lotteries Licensing	(3,889)	(3,905)	(3,889)	(16)	
		27508	Taxi Licensing	(22,596)	(30,891)	(21,980)	(8,911)	Inc. projection to budget to Qrt 3, but more inc achieved than projected

Legal Services	27511	Private Hire Licensing	(20,178)	(19,537)	(20,178)	641	
	27512	Liquor Licensing	(57,345)	(73,035)	(57,345)	(15,690)	
	27513	Gambling Act 2005	(10,788)	(13,121)	(10,788)	(2,333)	
	27544	Gaming Machines	(2,134)	(1,458)	(2,134)	676	
Legal Services Total			16,440	(49,168)	7,685	(56,853)	
Procurement	22210	Procurement	37,202	26,907	34,202	(7,295)	
Procurement Total			37,202	26,907	34,202	(7,295)	
Property Management	26000	Property H/A	210,983	191,485	195,201	(3,716)	
	26101	North Country Leisure	513,457	325,527	296,457	29,070	Less spend at y/end than predicted
	26106	Crematorium	0	10,512	0	10,512	
	26107	Moresby Parks / Beck Green Nursery	0	59,669	0	59,669	
	26108	Community Buildings	0	1,130	0	1,130	
	26109	Public Conveniences	0	1,267	0	1,267	
	26110	Beacon / Museum Store	0	18,804	0	18,804	
	26112	Miscellaneous Buildings	0	19,671	0	19,671	
	26113	Miscellaneous Land	0	6,707	0	6,707	
	26114	Phoenix Court	0	506	0	506	
	26116	Repair Backlog	0	387	0	387	
	26122	Wellington Pit Memorial	0	0	0	0	
	26124	Gillfoot Shaft	0	(1,488)	0	(1,488)	
	26125	Public Buildings General	219,912	48,895	199,912	(151,017)	
	26126	Frizington Medical Group Practice	0	3,542	0	3,542	
	26127	Market hall	0	0	0	0	
	26128	Cleator Moor Council Centre	0	4,644	0	4,644	
	26204	Millom Offices	3,293	1,264	2,173	(909)	
	26210	Cleator Moor Area Office	22,718	2,598	22,718	(20,120)	Proj to budget - hardly any spend here through the yr.
	26214	Moresby Parks Depot	106,220	108,693	102,296	6,397	
	26215	Copeland Centre	1,177,238	1,138,997	1,177,238	(38,241)	lower utility bills than anticipated
	26221	Coastal Management	35,000	42,163	14,000	28,163	Budget increased, but projection not updated - spend occurred before y/end
	28100	Land Management	(106,324)	(138,714)	(113,495)	(25,219)	L&P less than anticipated in Qrt 3
	28200	Community Buildings	0	(834)	0	(834)	
Property Management Total			2,182,497	1,845,425	1,896,500	(51,075)	
Resources & Transformation	12010	Head of Corporate Resources	82,606	73,035	121,142	(48,108)	Budget virement to C2C in Qrt 4
Resources & Transformation Total			82,606	73,035	121,142	(48,108)	
Revenue's and Benefits Shared Se	38007	Revenues and Benefits Shared Service	592,292	590,661	592,324	(1,663)	
	38009	New Burdon Business Rate Deferral Scheme	0	(5,750)	0	(5,750)	
	38100	National Non-Domestic Rates	(117,268)	49,437	52,357	(2,920)	
	38200	Council Tax	(78,721)	(55,250)	(78,321)	23,071	Increase in postage costs
							This budget was provided in anticipation of the cost the council would incur with the change of Council tax scheme from benefits (fully funded by government) to discount (costs in excess of government grant borne by CBC). However all these transactions take place within the Collection fund and are realised as either a surplus or deficit which is released in the following year, so this budget was not spent in year.
	38300	Council Tax Benefits	40,000	(88)	40,000	(40,088)	although the authority has paid out more HB than budgeted it has also received more subsidy and recovered previous overpayments to result in a net underspend of £75k
	38301	Housing Benefits	(87,300)	(165,809)	(87,657)	(78,152)	
Revenue's and Benefits Shared Service Total			349,003	413,202	518,703	(105,501)	
Corporate Resources Total			4,747,801	4,177,448	4,601,914	(424,466)	
Neighbourhoods	Enforcement	32700	Markets	(25,946)	(19,372)	(21,578)	2,206
		32701	Dogs Enforcement	7,282	4,977	6,551	(1,574)
		32702	Licensing Enforcement	81	0	81	(81)
		32703	Other Environmental Enforcement	104,833	112,562	114,299	(1,737)
		32900	CBC Car Parks	(256,409)	(181,912)	(197,102)	15,190
		32905	On Street DPE Parking	0	(372)	(216)	(156)
Enforcement Total			(170,159)	(84,117)	(97,965)	13,848	
Environmental Health	26005	Flooding & Coastal Defence	45,724	34,415	50,724	(16,309)	use of coastal reserve at year end to support Bellwin claim
	31101	Health & Safety	3,909	2,773	3,859	(1,086)	
	31110	Food Hygiene & Private Water Supplies	4,901	(8,092)	1,263	(9,355)	
	31204	Environmental Protection	14,688	6,160	12,688	(6,528)	
	31801	Peace Time Emergency Planning	5,315	6,844	6,496	348	
	31900	Works In Default H/A	0	6,174	(568)	6,742	
	46202	Environmental Health	559,483	562,388	558,145	4,243	
	46203	Corporate Health & Safety	80,187	73,504	78,794	(5,290)	
Environmental Health Total			714,207	684,166	711,401	(27,235)	
Neighbourhood Management	12013	Head of Neighbourhoods	72,915	71,533	73,552	(2,019)	
	46200	Neighbourhood Management	93,748	85,769	88,151	(2,382)	
Neighbourhood Management Total			166,663	157,303	161,703	(4,400)	

Parks & Open Spaces	46201	Open Spaces	119,438	112,377	121,308	(8,931)	Actual on Street Lighting £20k less & Street name plates £3k less than projection
	48001	Allotments & Pigeon Lofts	6,789	2,127	3,937	(1,810)	
	48002	Sport Pitches	6,493	8,272	6,493	1,779	
	48003	Cemeteries	(40,919)	(69,881)	(59,891)	(9,990)	
	48004	Crematorium	(527,983)	(542,270)	(492,002)	(50,268)	£34k extra income than projected at Qrt 3, over estimated on various details by small amounts totalling £12k and £28k saving on Cameo payment
	48005	Trees (GM)	40,559	33,150	41,059	(7,909)	
	48006	Play Areas & Teen Spaces	28,384	29,026	28,384	642	
	48007	Nursery	21,069	21,069	21,069	0	
	48008	Parks and Open Spaces	183,348	185,319	146,593	38,726	Difference is a proposed c/f at Qrt 4
	48009	General Landscapes and Misc Works	125,971	89,002	109,757	(20,755)	additional flood works income
	48010	Home Group Ltd	(35,664)	(51,841)	(38,664)	(13,177)	
	48011	County Weedspraying and Grass	(9,040)	(10,183)	(9,040)	(1,143)	
	48012	Parishes and Small Works	(26,007)	(30,509)	(26,007)	(4,502)	
	48013	Home Housing	(5,000)	(11,493)	(13,492)	1,999	
	48014	Floral Maintenance	7,137	5,131	5,931	(800)	
Parks & Open Spaces Total			111,336	(42,072)	57,538	(99,610)	
Refuse & Recycling	33205	Refuse - Pool operator	0	0	0	0	
	33000	Environmental Cleansing	605,537	610,933	603,899	7,034	
	33100	Public Conveniences	18,404	11,003	11,542	(539)	
	33200	Refuse Collection	689,205	700,796	689,736	11,060	
	33202	Refuse - Bulk	(7,136)	2,437	5,272	(2,835)	
	33203	Refuse - Commercial	(46,415)	(31,005)	(39,084)	8,079	
	33204	Refuse - Recycling	(27,540)	(87,315)	(59,126)	(28,189)	Savings on Bringsite Servicing and Equipment £17k and additional income from sale of materials and recycling credits £11k
	33206	Refuse - Fuel Issues	0	0	0	0	
	33208	Kerbside Recycling	101,986	83,846	81,832	2,014	
	33209	Plastic and Cardboard Recycling Scheme	0	5,716	5,766	(50)	
	33211	Waste Services - Holding A/C	363,926	370,290	364,611	5,679	
	33212	Refuse - Green Waste	98,404	64,515	51,836	12,679	
	33300	Building Cleaning	15,355	11,522	15,421	(3,899)	
Refuse & Recycling Total			1,811,726	1,742,737	1,731,705	11,032	
Neighbourhoods Total			2,633,773	2,458,016	2,564,382	(106,366)	
Nuclear, Energy & Planning	Building Control	31403	8 Market Place	0	0	0	0
		31400	Building Control H/A	0	0	0	0
		31401	Building Control Non Fee Based	113,120	122,807	120,886	1,921
		31402	Building Control Fee Based	(45,035)	(45,035)	(46,042)	1,007
	Building Control Total		68,085	77,772	74,844	2,928	
	Development Control	31600	Development Control	41,918	(7,283)	23,108	(30,391)
		31601	Dilapidated Buildings	0	(0)	0	(0)
	Development Control Total		41,918	(7,283)	23,108	(30,391)	Receipt of large fee in Qrt4 & salaries less than anticipated
	Nuclear Projects & Programmes	22218	CoNE	0	0	0	0
		12004	Managing Radioactive Waste Safely	0	0	0	0
		12014	Head of Nuclear, Energy & Planning	68,196	68,549	68,929	(380)
		12020	GRID PPA	0	0	0	0
		12021	NuGen PPA	0	0	0	0
		12022	DONG Energy PPA	0	0	(7,996)	7,996
		12023	Sellafield PPA	0	0	0	0
		22201	Nuclear Issues	47,072	164,407	47,603	116,804
		22208	Localism Grants	0	(0)	0	(0)
		22215	CAT - Community Asset Transfer	16,700	16,700	16,700	0
		22500	Geological Disposal Facility Grant (GDF)	0	(179,401)	(178,546)	(855)
	Nuclear Projects & Programmes Total		131,968	70,255	(53,310)	123,565	
	Strategic Planning	11002	Planning Policy	269,953	157,129	175,713	(18,584)
		11003	Environmental Works and Land Reclamation	12,000	12,500	12,000	500
		31500	Conservation General	(2,841)	0	0	0
	Strategic Planning Total		279,112	169,629	187,713	(18,084)	
Nuclear, Energy & Planning Total			521,083	310,373	232,355	78,018	
Policy and Transformation	Customer Services	25003	Copeland Direct	321,826	326,120	319,579	6,541
		29100	Concessions	0	768	768	0
		38004	Cash Collection H/A	82,111	65,043	71,481	(6,438)
	Customer Services Total		403,937	391,932	391,828	104	
	ICT/MIS	25000	Management Information Systems	481,688	448,996	463,531	(14,535)
		25001	Photocopier H/A	0	0	0	0
		25004	Mobile Phone H/A	0	0	0	0
	ICT/MIS Total		481,688	448,996	463,531	(14,535)	

Policy and Transformati	LSP & Localities	11045	Localities	7,400	7,400	7,400	0	
	LSP & Localities Total			7,400	7,400	7,400	0	
	Performance Management	21114	Performance and Transformation	281,265	255,943	192,341	63,602	Budget increased from £50k to £100k, but projection not altered - also further u/s in salaries than projected
		21115	Policy & Scrutiny	36,591	14,107	27,641	(13,534)	
		29000	Grants and Other Aids	68,410	67,000	68,410	(1,410)	
	Performance Management Total			386,266	337,050	288,392	48,658	
	Policy Development	21350	Geographic Information Systems (GIS)	52,854	44,723	52,854	(8,131)	
		27002	Equality & Diversity AWAZ	6,060	5,800	6,060	(260)	
	Policy Development Total			58,914	50,523	58,914	(8,391)	
	Resources & Transformation	12011	Head Policy & Transformation	72,915	63,736	70,032	(6,296)	
	Resources & Transformation Total			72,915	63,736	70,032	(6,296)	
Policy and Transformation Total				1,411,120	1,299,637	1,280,097	19,540	
Regeneration and Commr	Arts, Beacon & Tourism	32201	Beacon	415,241	397,121	323,784	73,337	Budget & associated spend on refurbishment approved after Qrt 3
		32202	Tourist Information Centre	0	2	0	2	
		32203	Beacon Grants	7,630	9,084	7,630	1,454	
	Arts, Beacon & Tourism Total			422,871	406,207	331,414	74,793	
	Copeland Community Fund	11040	CCF Development Team	0	0	(17,468)	17,468	Fee income vired to HofS cost centre in Qrt 4
	Copeland Community Fund Total			0	0	(17,468)	17,468	
	Economic Regeneration	11001	Economic Development	152,369	148,827	152,369	(3,542)	
		11015	Regeneration Consultancy	0	3,276	3,277	(1)	
		11031	Strategy for seaside success	63,085	29,092	21,000	8,092	
		11056	Tourism	0	0	(2,606)	2,606	
		11101	Cleator Moor Business Centre	(7,942)	2,250	3,267	(1,017)	
		32560	Arts Development	5,774	5,169	5,774	(605)	
	Economic Regeneration Total			213,286	188,614	183,081	5,533	
	Health and Sports	11005	Joint Health Improvement	0	(0)	0	(0)	
		32546	Youth Engagement	7,585	7,585	7,585	0	
		43020	Health & Sport	27,742	30,549	30,725	(176)	
		43030	NCL Contract	440,796	440,726	414,726	26,000	budget increase not forecast at Qrt3 C/F request in for £23k in Qrt 4
	Health and Sports Total			476,123	478,860	453,036	25,824	
	LABGI	11036	Advertising site Tangier Building	1,500	1,500	(16,500)	18,000	
		11043	Whitehaven Regeneration	5,000	5,000	5,000	0	
		11044	Whitehaven THI	17,423	17,423	17,423	0	
		11048	LABGI - Enterprise Development	15,000	15,000	15,000	0	
	LABGI Total			38,923	38,923	20,923	18,000	
	Regeneration and Community	12012	Head of Regeneration & Community	130,262	85,102	62,775	22,327	£21k of income not projected against in Qrt 3 (part vired from CCF cost centre)
	Regeneration and Community Total			130,262	85,102	62,775	22,327	
	Strategic Housing	34202	HOUUsing renewal loan	0	0	0	0	
		33605	Housing Strategy	78,501	73,482	74,796	(1,314)	
		34201	Private Sector Housing Renewal	108,839	107,742	110,679	(2,937)	
		34203	HCA Funding	0	0	0	0	
		35202	Homelessness	254,597	237,913	220,248	17,665	
	Strategic Housing Total			441,937	419,138	405,723	13,415	
	Working Neighbourhood Fund	11065	Copeland Apprentice Initiative	72,000	72,000	47,000	25,000	Unused funding at Qrt4 moved to 14/15 as project extends over 1yr
	Working Neighbourhood Fund Total			72,000	72,000	47,000	25,000	
Regeneration and Community Total				1,795,402	1,688,844	1,486,484	202,360	
Grand Total				12,351,809	11,092,997	10,710,040	382,957	
			From GF carry forward for Democratic services	0	12,000	0	12,000	
			From GF carry forward for RBS	0	30,000	0	30,000	
Grand Total following adjustments				12,351,809	11,134,997	10,710,040	424,957	

Change in spend Q3 -Q4	424,957
Change in budget Q3-Q4	(694,000)
Change in underpend Q3 - Q4	(269,043)

Corporate Director	Corporate Team	Department	Cost Centre	Cost Centre Description	Current Approved Budget 13/14	Sum of Net Full Year 1-13	management out turn variance budget v 1- 13	
Chief Executive	Chief Executive	Chief Executive	12000	Chief Executive	208,980	209,319	339	
			12001	Chief Exec Prize Award Scheme	0	0	0	
			22211	Copeland Pride Awards	0	0	0	
			22200	Corporate Management	782,826	727,137	(55,689)	audit fee saving reported in year and refund of £9k
			22213	Choosing to Change	(1,962)	0	1,962	
			29200	Subscriptions	12,697	8,369	(4,328)	
			29500	National Conferences	3,362	650	(2,712)	
				Chief Executive Total	1,005,903	945,475	(60,428)	
				Chief Executive Total	1,005,903	945,475	(60,428)	
	Communications	Communications	21500	Website Maintenance	9,748	1,650	(8,098)	
			22000	Communications (H/A)	98,401	83,226	(15,175)	
				Communications Total	108,149	84,876	(23,273)	
				Communications Total	108,149	84,876	(23,273)	
	Corporate Resources	Democratic Services/Governance	10001	Democratic Representation	3,030	2,527	(503)	
			23100	Committee Services	252,746	237,690	(15,056)	
			23300	Civic & Mayoral	297,042	263,292	(33,750)	U/s £18k Training, £11k Members Allowances & £4k Members hospitality
			23302	Mayors Hospitality Account	2,020	1,183	(837)	
			23303	Civic Hospitality Account	2,110	1,878	(232)	
			23304	Leaders Hospitality Account	505	505	(0)	
			23305	Memorial Fund	0	437	437	
			27100	Elections	49,442	37,950	(11,492)	
			27200	Electoral Registration	39,730	44,733	5,003	
			27400	House & Street Naming & Numbering	0	(436)	(436)	
				Democratic Services/Governance Total	646,625	589,758	(56,867)	
	Financial Services		28601	Accountancy Team H/A	487,092	462,863	(24,229)	Net salary savings
			28700	Audit Team H/A	119,613	76,241	(43,372)	over accrual & reduction in days - only charged for 450 days of the anticipated 550 days.
			29201	Subscriptions and Other Miscellaneous	0	474	474	
			29250	Grants to Parish Councils	82,824	82,819	(5)	
			29300	Treasury Management	181,199	170,881	(10,318)	£10k increase in investment income
			29400	Insurances	276,606	242,420	(34,186)	Insurance saving as a result of negotiating premium on motor due to fall in number of operational vehicles from 91 (when premium set) to 50
			33701	Housing Advances	(2,266)	0	2,266	
				Financial Services Total	1,145,068	1,035,698	(109,370)	
	Human Resources/Organisation		21110	Human Resources (H/A)	190,903	154,785	(36,118)	Under spend on Legal & Professional Fees £31k. Relocation/Interview Exp underspent by £14k . Zeus overspent by £9k
			21200	Training	58,275	11,022	(47,253)	
			21209	Training - Finance	0	1,951	1,951	
			21210	Training - Legal	0	710	710	
			21223	Training - Property	0	4,215	4,215	
			21231	Training - Arts, Beacon and Tourism	0	35	35	
			21234	Training - Building Control	0	571	571	
			21236	Training - Open Spaces	0	7,102	7,102	
			21237	Training - Refuse & Recycling	0	10,576	10,576	
			21238	Training - Human Resources	0	3,030	3,030	
			38001	Payroll Team H/A	39,182	40,099	917	
			21233	Training - Development Control	0	199	199	
			21235	Training - Environmental Health	0	7,272	7,272	
			21201	Training - Chief Executive	0	899	899	
			21205	Training - Leisure & Environmental Serv	0	125	125	
				Human Resources/Organisation Development Total	288,360	242,591	(45,769)	
	Legal Services		23001	Stationery (H/A)	0	0	0	
			27001	Legal Services	187,436	181,807	(5,629)	
			27300	Land Charges	(63,489)	(102,897)	(39,408)	Increased income of £34k off set by overspend on CCC search fees. Plus £10k under spend on mainframe software.
			27500	Licensing General	9,548	13,919	4,371	
			27501	Public Entertainment Licensing	(125)	(50)	75	
			27502	Small Lotteries Licensing	(3,889)	(3,905)	(16)	
			27508	Taxi Licensing	(22,596)	(30,891)	(8,295)	
			27511	Private Hire Licensing	(20,178)	(19,537)	641	
			27512	Liquor Licensing	(57,345)	(73,035)	(15,690)	
			27513	Gambling Act 2005	(10,788)	(13,121)	(2,333)	
			27544	Gaming Machines	(2,134)	(1,458)	676	
				Legal Services Total	16,440	(49,168)	(65,608)	
	Procurement		22210	Procurement	37,202	26,907	(10,295)	
				Procurement Total	37,202	26,907	(10,295)	
	Property Management		26000	Property H/A	210,983	191,485	(19,498)	

£100k that was released in September to support the NCL contract for Civic Hall is unspent whilst the use of the building is determined. The remaining saving of £88k is due to inspections carried out that assessed longer asset lives than previously determined.

26101	North Country Leisure	513,457	325,527	(187,930)		
26106	Crematorium	0	10,512	10,512		
26107	Moresby Parks / Beck Green Nursery	0	59,669	59,669		
26108	Community Buildings	0	1,130	1,130		
26109	Public Conveniences	0	1,267	1,267		
26110	Beacon / Museum Store	0	18,804	18,804		
26113	Miscellaneous Land	0	6,707	6,707		
26114	Phoenix Court	0	506	506		
26116	Repair Backlog	0	387	387		
26122	Wellington Pit Memorial	0	0	0		
26124	Gillfoot Shaft	0	(1,488)	(1,488)		
26125	Public Buildings General	219,912	48,895	(171,017)		
26126	Frizington Medical Group Practice	0	3,542	3,542		
26112	Miscellaneous Buildings	0	19,671	19,671		
26128	Cleator Moor Council Centre	0	4,644	4,644		
26204	Millom Offices	3,293	1,264	(2,029)		
26210	Cleator Moor Area Office	22,718	2,598	(20,120)	Only rates pd, no inc. received through the year	
26214	Moresby Parks Depot	106,220	108,693	2,473		
26215	Copeland Centre	1,177,238	1,138,997	(38,241)	U/s on utilities	
26217	INSURANCE REPAY LONDON & REGIONAL	0	1	1		
26221	Coastal Management	35,000	42,163	7,163		
28100	Land Management	(106,324)	(138,714)	(32,390)	reduction in expected Legal & Professional costs of £9k together with more than anticipated income of £23k.	
28200	Community Buildings	0	(834)	(834)		
26127	Market hall	0	0	0		
Property Management Total		2,182,497	1,845,425	(337,072)		
Resources & Transformation	12010 Head of Corporate Resources	82,606	73,035	(9,572)		
Resources & Transformation Total		82,606	73,035	(9,572)		
Revenue's and Benefits Shared	38007 Revenues and Benefits Shared Service	592,292	590,661	(1,631)		
	38009 New Burdon Business Rate Deferral Scheme	0	(5,750)	(5,750)		
38100	National Non-Domestic Rates	(117,268)	49,437	166,705	The authority will find itself in safety net this financial year for NNDR, principally as a result of appeals lodged; the primary one being from Sellafield Ltd. The potential for this safety net position was highlighted to members when the current year budget was set in February 2013. The financial implications of this a drop in NNDR income (or a cost to the authority) is £165k, which can be funded from the general fund.	
38200	Council Tax	(78,721)	(55,250)	23,471	Increase in postage costs	
38300	Council Tax Benefits	40,000	(88)	(40,088)	This budget was provided in anticipation of the cost the council would incur with the change of Council tax scheme from benefits (fully funded by government) to discount (costs in excess of government grant borne by CBC). However all these transactions take place within the Collection fund and are realised as either a surplus or deficit which is released in the following year, so this budget was not spent in year.	
38301	Housing Benefits	(87,300)	(165,809)	(78,509)	although the authority has paid out more HB than budgeted it has also received more subsidy and recovered previous overpayments to result in a net underspend of £75k	
38305	Local Housing Allowance	0	0	0		
Revenue's and Benefits Shared Service Total		349,003	413,202	64,199		
Corporate Resources Total		4,747,801	4,177,448	(570,353)		
Policy and Transform	Customer Services	25003 Copeland Direct	321,826	326,120	4,294	
	29100 Concessions	0	0	768	768	
	38004 Cash Collection H/A	82,111	65,043	(17,068)		
Customer Services Total		403,937	391,932	(12,005)		
ICT/MIS	25000 Management Information Systems	481,688	448,996	(32,692)	£16k use of EMR - works funded by u/s by another department. Return £16k to EMR, plus u/s in salaries	
	25001 Photocopier H/A	0	0	0		
	25004 Mobile Phone H/A	0	0	0		
ICT/MIS Total		481,688	448,996	(32,692)		
Performance Management	21114 Performance and Transformation	281,265	255,943	(25,322)	u/s on salaries	
	21115 Policy & Scrutiny	36,591	14,107	(22,484)	u/s on salaries	
	29000 Grants and Other Aids	68,410	67,000	(1,410)		
Performance Management Total		386,266	337,050	(49,216)		
Policy Development	21350 Geographic Information Systems (GIS)	52,854	44,723	(8,131)		
	27002 Equality & Diversity AWAZ	6,060	5,800	(260)		
Policy Development Total		58,914	50,523	(8,391)		
Resources & Transformation	12011 Head Policy & Transformation	72,915	63,736	(9,179)		
Resources & Transformation Total		72,915	63,736	(9,179)		
LSP & Localities	11045 Localities	7,400	7,400	0		
LSP & Localities Total		7,400	7,400	0		
Policy and Transformation Total		1,411,120	1,299,637	(111,483)		
Chief Executive Total		7,272,973	6,507,436	(765,537)		
Director of Services	Neighbourhoods	Enforcement	32700 Markets	(25,946)	(19,372)	6,574
			32701 Dogs Enforcement	7,282	4,977	(2,305)
			32702 Licensing Enforcement	81	0	(81)
			32703 Other Environmental Enforcement	104,833	112,562	7,729

	32900	CBC Car Parks	(256,409)	(181,912)	74,497	Income targets not met, over spend rates and water
	32905	On Street DPE Parking	0	(372)	(372)	
Enforcement Total			(170,159)	(84,117)	86,042	
Environmental Health	26005	Flooding & Coastal Defence	45,724	34,415	(11,309)	
	31101	Health & Safety	3,909	2,773	(1,136)	
	31110	Food Hygiene & Private Water Supplies	4,901	(8,092)	(12,993)	
	31204	Environmental Protection	14,688	6,160	(8,528)	
	31801	Peace Time Emergency Planning	5,315	6,844	1,529	
	31900	Works In Default H/A	0	3,087	3,087	
	46202	Environmental Health	559,483	562,388	2,905	
	46203	Corporate Health & Safety	80,187	73,504	(6,683)	
Environmental Health Total			714,207	681,079	(33,128)	
Neighbourhood Management	12013	Head of Neighbourhoods	72,915	71,533	(1,382)	
	46200	Neighbourhood Management	93,748	85,769	(7,979)	
Neighbourhood Management Total			166,663	157,303	(9,360)	
Parks & Open Spaces	32802	Street Scene	216,761	188,632	(28,129)	Savings on Street Lighting £29k, Street Name plates £8k and Electricity £7k offset by overspend on CCTV of £18k
	46201	Open Spaces	119,438	112,377	(7,061)	
	48001	Allotments & Pigeon Lofts	6,789	2,127	(4,662)	
	48002	Sport Pitches	6,493	8,272	1,779	
	48003	Cemeteries	(40,919)	(69,881)	(28,962)	
	48004	Crematorium	(527,983)	(542,270)	(14,287)	
	48005	Trees (GM)	40,559	33,150	(7,409)	
	48006	Play Areas & Teen Spaces	28,384	29,026	642	General comments effecting all
	48007	Nursery	21,069	21,069	0	Salaries overall under spend is £47k
	48008	Parks and Open Spaces	183,348	185,319	1,971	Transport overall under spend is £23k due to extended contracts so cheaper cost then estimated, no payment on returns either
	48009	General Landscapes and Misc Works	125,971	89,002	(36,969)	Equip/Materials - overall under spend £18k, normally renew equipment at year end but not required this year.
	48010	Home Group Ltd	(35,664)	(51,841)	(16,177)	Additional income received of £43k on Cemeteries, General Landscapes for additional flood works and Home Group for extra works carried out above the contract
	48011	County Weedspraying and Grass	(9,040)	(10,183)	(1,143)	Offset by overspends on Intestate funerals £6k and rates £5k
	48012	Parishes and Small Works	(26,007)	(30,509)	(4,502)	
	48013	Home Housing	(5,000)	(11,493)	(6,493)	
	48015	School grounds maintenance	0	0	0	
	49000	Income WASTE	0	0	0	
	48014	Floral Maintenance	7,137	5,131	(2,006)	
Parks & Open Spaces Total			111,336	(42,072)	(153,408)	
Refuse & Recycling	33000	Environmental Cleansing	605,537	610,933	5,396	
	33100	Public Conveniences	18,404	11,003	(7,401)	
	33200	Refuse Collection	689,205	700,796	11,591	
	33202	Refuse - Bulk	(7,136)	2,437	9,573	
	33203	Refuse - Commercial	(46,415)	(31,005)	15,410	
	33204	Refuse - Recycling	(27,540)	(87,315)	(59,775)	Increase in income from the sale of recycled materials and recycling credits (value decreased but volume increased) also a saving on service costs for materials and bring site
	33205		0	0	0	
	33206	Refuse - Fuel Issues	0	0	0	
	33208	Kerbside Recycling	101,986	83,846	(18,140)	
	33209	Plastic and Cardboard Recycling Scheme	0	5,716	5,716	
	33211	Waste Services - Holding A/C	363,926	370,290	6,364	
	33212	Refuse - Green Waste	98,404	64,515	(33,889)	savings on transport costs of £13k, waste processing and equipment of £16k and an increase of £21k in additional recycling credit income, which is offset by redundancy costs of £16k.
	33300	Building Cleaning	15,355	11,522	(3,833)	
Refuse & Recycling Total			1,811,726	1,742,737	(68,989)	
Neighbourhoods Total			2,633,773	2,454,930	(178,843)	
Nuclear, Energy & Pl. Building Control	31401	Building Control Non Fee Based	113,120	122,807	9,687	
	31402	Building Control Fee Based	(45,035)	(45,035)	(0)	
	31400	Building Control H/A	0	0	0	
Building Control Total			68,085	77,772	9,687	
Development Control	31600	Development Control	41,918	(7,283)	(49,201)	Major u/s being £14k spend on L&P, and £25k u/s on salaries
	31900	Works In Default H/A	0	3,087	3,087	
Development Control Total			41,918	(4,196)	(46,114)	
Nuclear Projects & Programme	12004	Managing Radioactive Waste Safely	0	0	0	
	12014	Head of Nuclear, Energy & Planning	68,196	68,549	353	
	12020	GRID PPA	0	0	0	
	12021	NuGen PPA	0	0	0	
	12022	DONG Energy PPA	0	0	0	
	12023	Sellafield PPA	0	0	0	
	22218	CoNE	0	0	0	
	22201	Nuclear Issues	47,072	164,407	117,335	
	22208	Localism Grants	0	(0)	(0)	
	22215	CAT - Community Asset Transfer	16,700	16,700	0	
	22500	Geological Disposal Facility Grant (GDF)	0	(179,401)	(179,401)	Spend is as forecast, funding to EMR - all in year spend funded by in year external receipt

Nuclear Projects & Programmes Total			131,968	70,255	(61,713)	
Strategic Planning		11002	269,953	157,129	(112,824)	Less spend on LDF than expected to return to EMR for future year expenditure
		11003	12,000	12,500	500	
		31500	(2,841)	0	2,841	
Strategic Planning Total			279,112	169,629	(109,483)	
Nuclear, Energy & Planning Total			521,083	313,460	(207,623)	
Regeneration and Cc Arts, Beacon & Tourism		32201	415,241	397,121	(18,120)	
		32202	0	2	2	
		32203	7,630	9,084	1,454	
Arts, Beacon & Tourism Total			422,871	406,207	(16,664)	
Copeland Community Fund		11040	0	0	0	
Copeland Community Fund Total			0	0	0	
Economic Regeneration		11001	152,369	148,827	(3,542)	
		11015	0	3,276	3,276	
		11031	63,085	29,092	(33,993)	Part of 5 year programme, to go back to earmarked reserves
		11101	(7,942)	2,250	10,192	
		32560	5,774	5,169	(605)	
Economic Regeneration Total			213,286	188,614	(24,672)	
		32546	7,585	7,585	0	
		43020	27,742	30,549	2,807	
		43030	440,796	440,726	(70)	
Health and Sports Total			476,123	478,860	2,737	
LABGI		11036	1,500	1,500	(0)	
		11043	5,000	5,000	0	
		11044	17,423	17,423	0	
		11048	15,000	15,000	0	
LABGI Total			38,923	38,923	(0)	
Regeneration and Community		12012	130,262	85,102	(45,160)	£24k to be returned to EMR, and additional £21k income
Regeneration and Community Total			130,262	85,102	(45,160)	
Strategic Housing		33605	78,501	73,482	(5,019)	
		34201	108,839	107,742	(1,097)	
		35202	254,597	237,913	(16,684)	
		34202	0	0	0	
		34203	0	0	0	
Strategic Housing Total			441,937	419,138	(22,799)	
Working Neighbourhood Fund		11065	72,000	72,000	(0)	
Working Neighbourhood Fund Total			72,000	72,000	(0)	
Regeneration and Community Total			1,795,402	1,688,844	(106,558)	
Director of Services Total			4,950,258	4,457,234	(493,024)	
People and Places		Corporate Director	12003	128,578	128,328	(250)
		Corporate Director Total		128,578	128,328	(250)
Corporate Director Total			128,578	128,328	(250)	
People and Places Total			128,578	128,328	(250)	
Grand Total			12,351,809	11,092,997	(1,258,812)	
		General Fund Carry Forward Request		42,000	42,000	
			12,351,809	11,134,997	(1,216,812)	

Appendix C 2013/14 Revenue Outturn Report

WRITE OFFS 2013/14

EXECUTIVE MEMBER: Councilor Gillian Troughton
LEAD OFFICER: Darienne Law – Interim Manager
REPORT AUTHOR: Ann Treble – Financial & Treasury Management Accountant

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 1 January 2014 to 31 March 2014.

RECOMMENDATION:

The Executive formally approves the write off of the debt totaling £37,600.22 for the period 1 January to 31 March 2014, 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

1.2 £20,146.47 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 25 this period and a total of 92 in year (compared to 99 during the whole of the Financial Year 2012/13).

1.3 The remaining balance of £17,453.75 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 1 January to 31 March 2014

Type of Charge	Number of Accounts 1.01.14 to 31.3.14	Amount Written Off 1.01.14 to 31.3.14
Council Tax	23	9,875.56
National Non Domestic Rates	4	6,369.25
Housing Benefit Overpayments	37	9,810.62
Sundry Debt	33	11,544.79
Total	97	37,600.22

Cumulative 1 April 2013 - 31 March 2014 and the Financial Year 2012/13 read as follows:-

Type of Charge	Number of Accounts 1.04.13 to 31.1.14	Amount Written Off 1.04.13 to 31.1.14	Number of Accounts 2012/13	Amount Written Off 2012/13
Council Tax	144	57,206.12	93	62,978.34
National Non Domestic Rates	12	31,417.04	82	558,432.15
Housing Benefit Overpayments	105	21,506.66	71	27,261.13
Sundry Debt	61	18,582.32	61	17,959.16
Total	322	128,712.14	307	666,630.78

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:-

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

- Previously Central Government bore the full cost of Non Domestic Rate write-offs, but under the new regime this year, Copeland will bear the full cost up to the value of the safety net i.e. a maximum £165k 'loss' in any year.
- Debts in respect of Council Tax total fall on the Collection Fund, of which any surplus or deficit is shared by the relevant authorities in the ratio of their precepts on the Collection Fund in the previous year. This ratio for 2013/14

could mean that the amount of debt falling to Copeland Borough Council would be 11.63% or circa £6.7k to date.

- iii. The remaining debt in respect of housing benefit overpayments and sundry debts) falls completely on the Council.

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

- 2.2 A summary of the position for the Financial Year 2013/14 at provisional out turn, of debts falling due to CBC under current legislation and under new legalisation:

Type of Charge	Total Debt	Debt Falling to CBC in Current Year
Council Tax	57,206.12	6,653.07
National Non Domestic Rates	31,417.04	*31,417.04
Housing Benefit Overpayments	21,506.66	21,506.66
Sundry Debt	18,582.32	18,582.32
Total	128,712.14	78,159.09

*- subject to safety net CBC will fund all NNDR loss up to a maximum of safety net level 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.

RESERVES - GENERAL FUND

Appendix D EXEC 270514

	2012/13	2013/14			Balance Carried forward
	Balance Carried forward	Additions in Year	Released from GF in Year	Released to GF in year	
	£	£	£		£
<u>General Fund Risk Based</u>	-2,180,000				-2,180,000
Use Pension deficit			180,000		180,000
<u>General Fund Unallocated</u>	-1,065,030	-961,500	128,000	-343,700	-2,242,230
Use Pension deficit			420,000		420,000
Total General Fund	-3,245,030	-961,500	728,000	-343,700	-3,822,230

Cost Centre	Description	Purpose	Approval	2012/13		2013/14		Balance as at 31 March 2014
				Balance as at 31 March 2013	Contributions in year	Planned utilisation	Release to General Fund	
80305	CHIEF EXECUTIVE Transformation Fund (formerly Choosing to Change)	Reserve created from £100,000 transferred from balances 2009/10, £455,000 2010/11 service reviews and the transfer of unused earmarked reserve balances totalling £1,083m in December 2010. Funds the Council's Choosing to Change programme of service reviews.	Executive 22/12/10	-872,595		100,000	100,000	-672,595
	TOTAL			-872,595	0	100,000	100,000	-672,595
	POLICY & TRANSFORMATION			0	0	0	0	0
	TOTAL			0	0	0	0	0
80298	CORPORATE RESOURCES Budget Carry Forwards	Carry forwards approved by the Executive as part of the 2012/13 and 2013/14 out-turn.	Exec 31/5/11	-615,481	-572,233	615,481		-672,233
80148	Revenues & Benefits Shared Service	To provide funds to address any performance issues and implementation on the Revenues and Benefits Shared Service, which are subject to ongoing negotiations with the Shared Service.	Exec 30/05/07	-65,392				-65,392
80024	Mayors Charity Bequest	To be used for specific purposes approved by the Mayor. Balances relate to former mayors charities and do not relate to the current mayors charity account	Transfers carried out in 2007/08 & 2008/09	-12,967				-12,967
80230	Members Induction	Set aside from 2007-08 outturn as a contribution to a round of member personal development plans facilitated by NWEO, scheduled for June 2008	Exec 12/08/08	-10,000			5,000	-5,000
80326	Corporate IT Reserve	New Reserve for Corporate IT needs/Business continuity (from 80077 & 80230 above)		-210,402		0		-210,402
80178	Elections Fund	£10k is set aside each year to smooth the costs of district council elections.	Exec 30/07/07	-16,240	-20,000			-36,240
80196	Asset Management Enabling Fund	To fund costs of property disposal e.g marketing, ground surveys These are classed as revenue and so cannot be funded from capital receipts. When set up this was to be maintained at £75k, to be topped up from deminimis receipts (less than £10k) which are classified as revenue.	Set up prior to 31 March 2006	-39,177				-39,177
80332	Land Management - 50k	To provide funds for Land Management issues on a contingency basis for the Council's liabilities on its own land where subsidence occurs. This was previously held in the capital programme; however the types of expenditure are for fencing, monitoring of movement and barrier shrub planting and are not eligible for capital financing and there is currently no provision in the Revenue budget.			-50,000			-50,000
80208	PFI Non Conformance Incidents	To meet costs of minor works and contract changes for the Copeland Centre. This for changes outside the scope of the PFI contract and so additional to the budget for the unitary payment. This reserve is built up from performance deductions against the unitary payment made to London & Regional.	Additional £39.4k agreed Exec 29/06/10	-17,586				-17,586
80320	NCL Contract	To provide funds for repairs and maintenance 2012/13	Exec 20/12/11	-120,854		3,340		-117,514
80137	Environmental Insurance Reserve	Balance on the Environmental Insurance Reserve from GF risk-based reserve	Exec. 20/12/11	-90,000				-90,000
80205	Coastal Management	Created from the merger of 3 x GF risk based reserves - Sea Walls, North Shore, Environmental Warranty and part of the Environmental Insurance Reserve. Change Board 27/11/13 agreed to give up Sea Walls Reserve with future funded to come from Coastal Mgt if required	Exec. 20/12/11	-246,649		55,000		-190,649
80207	PFI Reserve (former Sinking Fund)	Built up from annual contributions from the revenue budget to smooth payments for the PFI scheme over 25 years. Annual contribution from the revenue budget which should be increased by inflation each year.	Reclassified following RPWG 12/04/12	-1,616,248	-158,120	7,000		-1,767,368
80204	Phoenix Court (former Sinking Fund)	Set up to smooth maintenance costs for this enterprise centre. Contributions formerly £3,000 p.a but no made since 2005/08	Reclassified following RPWG 12/04/12	-12,609				-12,609
80189	Sea Walls (former Sinking Fund)	Started in 2009/10 to build up a fund to pay for works to sea defences. Annual budget contribution £9,270.	Reclassified following RPWG 12/04/12	-9,270			9,270	0

Cost Centre	Description	Purpose	Approval	2012/13 Balance as at 31 March 2013	Contributions in year	Planned utilisation	2013/14 Release to General Fund	Balance as at 31 March 2014
80325	Compensation payments for community asset transfers	Created to meet Authority's potential need to compensate private landowners for delayed disposal of their assets under the Localism Act (needs to be retained at £20k - maximum call in any 1 year)	Exec 18 Dec 2012 (unallocated and risk based reserves)	-20,000				-20,000
80324	Howbank	Created to meet potential costs of rehousing people at howbank following collapse of shaft Nov 2012	Exec 18 Dec 2012 (unallocated and risk based reserves)	-20,000				-20,000
80327	MMI	Created to meet Authority's potential liability from winding up of previous insurer, triggered Nov 2012	Exec 18 Dec 2012 (unallocated and risk based reserves)	-372,405				-372,405
80322	Universal Credit Implications - Revs and Bens	Created to meet the Authority's liability regarding employees redundancy as staff cannot be TUPE'd under the changes regarding the introduction of Universal Credit.	Exec 18 Dec 2012 (unallocated and risk based reserves)	-200,000			50,000	-150,000
80329	Welfare Support		Exec 28 May 2013	-200,000		130,000	40,000	-30,000
	TOTAL			-3,894,290	-800,363	810,821	104,270	-3,779,642
	REGENERATION & COMMUNITIES							
80296	Dilapidated Buildings	From 2008-09 outturn, to address derelict and dilapidated buildings. This will provide 'seed' funding to recover costs of work in default.	Exec 30/06/09	-33,966	-3,834			-37,800
80319	Housing Strategy	To fund the 5-yearly Housing Stock Condition Survey	Exec 20/12/11	-10,000	-10,000			-20,000
80308	Homelessness Repossession Fund	For activity to reduce repossessions and homelessness	Exec 29/06/10	-22,589				-22,589
80315	Copeland Seaside Coastal Park	For coastal regeneration programme as outlined in Copeland Regeneration report to Exec on 29/06/10.	Exec 29/06/10	-131,864		10,937		-120,927
80197	Working Neighbourhoods	To support Copeland Regeneration Plan.	Exec 12/08/08 and 22/09/09	-72,456		72,456		0
80339	Enabling Growth Strategy				-74,000			-74,000
80177	Beacon Museum Exhibits	To use (often as match funding) to purchase items for the Beacon museum collection	Precedes 2005/06	-21,014			10,000	-11,014
80341	Beacon Collection Conservation (CBC)				-6,699			-6,699
80283	Beacon (former Sinking Fund)	Set up as part of the agreements with funding partners to ensure that the Beacon is continually upgraded. The fund has been built up from annual revenue budget surpluses generated at the Beacon	Reclassified following RPWG 12/04/12	-162,774	-29,157	104,150		-87,781
	TOTAL			-454,663	-123,690	187,543	10,000	-380,810

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Cost Centre	Description	Purpose	Approval	2012/13 Balance as at 31 March 2013	Contributions in year	Planned utilisation	Release to General Fund	Balance as at 31 March 2014
NEIGHBOURHOODS								
80046	Crematorium Donations	Donations from the public via a collection box at the Crematorium made specifically for the purpose of maintaining the crematorium and are ringfenced for that purpose.	No approval	-5,256	-250	775		-4,731
80302	Proceeds from Tmac Levy (formally CAMEO tax)	Balance of proceeds from CAMEO tax to be used to fund replacement cremators & mercury abatement.	Exec 29/06/10	-104,508	-44,807	22,633		-126,682
80206	Recycling	Balance from the Recycling Sinking Fund transferred to earmarked reserves. Used for equipment purchase	Exec 20/12/11	-43,784		7,000		-36,784
80198	Bin Replacement Reserve (former Sinking Fund)	Set up in 2003 to fund the provision/replacement of wheeie bins. Funded from ad-hoc underspends within the revenue budget. Last revenue contribution £44,000 2007/08.	2003/04	-146,262		20,000	30,000	-96,262
80193	Catherine Street Car Park	Set up as part of an agreement with Cumbria CC who released the land for the Sports Centre car park. Contributions are made from the revenue budget annually (£5,150) to fund maintenance works at the car park.	Reclassified following RPWG 12/04/12	-77,011	-5,566	1,000		-81,577
80342	Copeland Car Parks	To fund maintenance works for CBC car parks	Exec 21/2/13		-20,000			-20,000
80203	Crematorium Sinking Fund	Set up to fund improvements to the car park at the Crematorium. Contributions are made annually to the (fund equivalent) to £10 per cremation	Reclassified following RPWG 12/04/12	-30,290	-9,500			-39,790
80343	Knot Weed	Proposed this report for the treatment over 3-4 year period of knotweed on Council land (from gf unallocated)	Exec 13/02/2014	0	-20,000			-20,000
	TOTAL			-407,111	-100,123	51,408	30,000	-425,826
NUCLEAR PLANNING AND ENERGY								
80127	Local Development Framework	To fund Local Delivery Framework. Revenue Budget report to Exec 17/02/09 App G. Further £20k carry forward from 09/10 to support LDF. planning enforcement and conservation planning advice.	Council 24/02/09 Exec 24/01/10	-93,619	-31,420			-125,039
80314	Planning Policy- Habitat Evaluation	To meet duties to assess impact of developments on natural habitats. This is from un-ringfenced Habitat Directives grant	Exec 29/08/10	-33,670				-33,670
80180	Dangerous Structures	Transferred from GF risk based reserve	Exec 20/12/11	-17,403				-17,403
80274	Development Control - Application Support	To support costs of major planning applications, as required.	Exec 27/05/08 & 12/08/08	-26,758			5,000	-20,758
80294	Building Control - Charges Regulations 2010	This is the balance from £110k carried forward from 2007-08 from salaries underspend, for service improvements.	Exec 27/05/08 & 12/08/08	-20,086		5,000		-15,086
80273	Development Control - Enforcement	Provides funding for 2 years up to 2011-12 for an enforcement officer.	Exec 27/05/08 & 12/08/08	-11,373				-11,373
80171	Planning for Nuclear	Assist in the future funding of Nuclear activities	Executive 16/2/10 (6,262), Council 1/12/11 (19,361), Executive May 2013	-133,906	-150,339	44,000	30,000	-210,245
80328	Weddicar Planning	Created to defend planning decision made re windfarm in 2012	Exec 18 Dec 2012 (unallocated and risk based reserves)	-207,100		142,670	64,430	0
	TOTAL			-542,915	-181,759	191,670	98,430	-433,674
	GRAND TOTAL			-6,171,564	-1,205,925	1,341,442	343,700	-5,892,347

CAPITAL PROGRAMME 2013/14 – OUTTURN REPORT**EXECUTIVE MEMBER:** Councillor Gillian Troughton**LEAD OFFICER:** Angela George, Financial Services Manager/Darienne Law – Interim Manager**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 2013/14 and the progress made on each capital project.

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 £4,016,582 as detailed in the table at paragraph 2 (which includes additional increase of £94,118 as detailed in section 2.3).
- II. Approve the provisional outturn (subject to audit) of £782,213 as detailed in paragraphs 3 & 4 and Appendix A, resulting in a favourable variance of £3,234,369, which is to be split as detailed in the table in 3.1 and below:
 - a) Approve £2,911,719 as carry forward requests (summarised in paragraphs 3 & 4 and detailed narrative in paragraph 5) to enable the completion of the outstanding projects in 2014/15 onwards.
 - b) Approve £313,153 underspend to be returned to the Useable Capital Receipts Reserve for use on new projects.
- III. Approve the financing of the capital programme for 2013/14 as set out paragraph 7.
- IV. Note estimated £305,000 VAT Share receipts for 2014 - confirmation of which has been received from Home Group since last reported at quarter 3.
- V. Note the proposed additional capital bid for the extraction of vehicle fumes at Moresby amounting to £22,000 (as presented elsewhere on this agenda) has not been included in the figures throughout this report.

1.0 INTRODUCTION

- 1.1 The monitoring of the capital programme is undertaken and reported to CLT monthly and Executive on a quarterly basis. The Executive received a report at its meeting of 17th February 2014 which set out the monitoring position at 31st December 2013 (period 9). 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 2014.
- 1.3 The out-turn position is then used to prepare the Statutory Statement of Accounts for 2013/14 and this will be presented to Members following the completion of the Audit (which has to be concluded by 30 September 2014).

2.0 CAPITAL PROGRAMME BUDGET 2013/14 AND REVISIONS

2.1 The original gross Capital Programme budget of £1,599,524 was approved by Council on 21st February 2013.

2.2 Since the budget approval a number of adjustments were approved to give a revised Capital Programme budget of £3,922,464 as reported at period 9 to 31st December 2013. The reasons for these amendments were reported in detail in previous reports but have also been shown in the table at 2.4 below.

2.3 Members are asked to formally approve an overall increase in budget of £94,118 to allow for the following budget additions/reductions since last reported at quarter 3:-

- a) the receipt of additional external income from St Bees Parish Council for the St Bees Play area Project (+£8,000)
- b) Allocation of previous receipt (external funding) received from DCLG for Empty Homes Clusters (+£101,069) into the capital programme
- c) and a reduction in the capital budget (-£14,951) from Whitehaven THI (capital) to the THI Revenue budget to fund expenses of a revenue nature from existing external income.

This revision takes the Capital Programme from £3,922,464 to a total revised Capital Programme Budget of £4,016,582 for 2013/14. This information has been summarised in the table at 2.4 below:

2.4 The Breakdown of the Revised Capital Programme Budget 2013/14

CAPITAL PROGRAMME BUDGET 2013/14			
	£	£	CUMULATIVE
Original Budget approved at Council 21/02/13		1,599,524	1,599,524
Approved amendments to budget:			
Addition: Approved at Q3 12/13 Capital Report P10 EXE 12/03/13 - £12k from eventual sale of Kells Plots for Kells Drainage	12,000		1,611,524
Addition: Approved at Outturn 12/13 EXE 28/05/13 - Silppage from 2012/13	639,845		2,251,369
Addition: Approved at Outturn 12/13 EXE 28/05/13 - £27,452 to re-instate Millom Cemetery from £121,764 to £149,216	27,452		2,278,821
Addition: Approved External Funding St Bees Play in addition to £40k CBC EXE 18/12/12 - £30,250 CCF, £60k WREN, £5k St Bees Group & £3k additional St Bees Group	89,367		2,368,188
Addition: Approved THI External Funding in addition to CBC £250k EXE 28/05/13 - £394.6k BEC, £659.2k HLF	1,053,800		3,421,988
Addition: Approval for Copeland Pool: receipt and spend of match funding to CBC £263k Capital EXE 12/09/13 £150k Sport England, £300k CCF	450,476		3,872,464
Addition: Approved EXE 19/11/13 £15k Increase in relation to Operational Buildings Beacon Lift replacement budget	15,000		3,887,464
Addition: Approved EXE 17/12/13 (Part I) £35k Moresby Depot splitting of services	35,000		3,922,464
Reallocation: External THI funding of £14,951 transferred to revenue to cover revenue costs	- 14,951		3,907,513
Addition: Further external income received re St Bees Play Area from St Bees Parish Council	8,000		3,915,513
Addition: External funding for Empty Homes Clusters	101,069		4,016,582
Current Budget		4,016,582	

3.0 PROVISIONAL OUTTURN SUMMARY 2013/14

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

Total Revised Capital Programme Budget 2013/14	Provisional Outturn 2013/14	Variance
4,016,582	782,213	3,234,369

Breakdown of favourable variance			
Carry Forward request (to complete project in 2014/15)	Projects Completed Under Budget		Total
	UCRR	External	
2,911,719	313,153	9,497	3,234,369

3.2 Almost 40% of the under spend (£1.29m) is as result of the need to re-profile the THI project now that the scheme is established and underway. There is also the need to re-profile the budget for replacement vehicles project due to the way in which it will be paid for (over a 5 year lease). These are detailed in 4.2 below.

4.0 DETAILED PROVISIONAL OUTTURN 2013/14

4.1 The provisional gross outturn position for the 2013/14 capital programme of £782,213 shows an under spend of £3,234,369, as detailed in the table below and further in Appendix A. The provisional outturn position for 2013/14 after all carry forwards have been taken into account therefore shows an underspend of £313,153 against budget, which will be returned to the Useable Capital Receipts Reserve for use on future projects.

Detailed Provisional Outturn Against the Capital Programme 2013/14

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 2014/15	External Capital Grants not required	Total to write back to reserves
Corporate Resources	324,818	50,000	374,818	125,362	(249,456)	0	74,456	0	175,000
Policy & Transformation	342,041	0	342,041	13,243	(328,798)	0	328,798	0	0
Neighbourhoods	298,483	97,367	395,850	68,546	(327,304)	0	316,007	9,497	1,800
Nuclear, Energy & Planning	1,807	0	1,807	1,807	0	0	0	0	0
Regeneration & Comm	1,311,672	1,590,394	2,902,066	573,255	(2,328,811)	0	2,192,458	0	136,353
TOTAL CAPITAL PROGRAMME	2,278,821	1,737,761	4,016,582	782,213	(3,234,369)	0	2,911,719	9,497	313,153

4.2 This report details a total carry forward to the 2014/15 Capital Programme and beyond of £2,911,719 as shown in Appendix A and as detailed below:

Year	Carry forward request £
2014/2015	2,256,270
2015/2016 (THI & Vehicle)	354,600
2016/2017 (THI & Vehicle)	254,600
2017/2018 (THI & Vehicle)	43,449
2018/2019 (Vehicle)	2,800
TOTAL CARRY FORWARD	2,911,719

4.3 The gross expenditure is funded by a combination of external grants 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 £2,911,719 slippage to be carried forward, details of individual schemes are only given if significant, and these are detailed in paragraphs 5.2 to 5.5 below totalling £2,904,298. Members are also asked to approve the remaining (non-significant) carry forwards amounting to £7,421 as tabled at 5.6 of this report.

5.2 Corporate Resources

5.2.1 Valuation Data Transfer

The project has been delayed whilst alternative applications are explored. It is requested that the full budget of £20,000 be carried forward to complete the project in 2014/15.

5.2.2 Beacon Lift

At the time of writing this report, the lift was to be installed during the Beacon shut-down and will be completed prior to its re-opening. The lift replacement ensures the Beacon remains regulation compliant and maintains operational functionality through the present and changing needs of the building. It is requested that the remaining £46,385 is carried forward to complete the project in 2014/15.

5.2.3 Moresby Depot Generator

There is currently no provision at Moresby depot to provide emergency support should the building suffer loss of power, therefore a generator will be installed at Moresby to ensure business continuity and the current level of service is maintained. In addition the Council's IT systems will be protected through any power surges/outages, future proofing the building and enhancing the asset. Due to a lack of resources within the Department (due to sickness and a vacancy), the project has been delayed. The generator was purchased in February and the Property Department expects the installation during May. It is expected that the installation of the generator will exceed the budget by £3,000, however various small underspends in the department totalling £3,650 from 2013/14 are requested to be vired to the Operational buildings – contract works to cover this additional cost instead of being returned to reserves.

5.3 Policy and Transformation

5.3.1 Customer Access Strategy

The Change Programme Board instigated a review of the Access Copeland project in the light of concerns about a) the planned delivery of the project not being adequately informed of internal stakeholder issues, b) the impact on existing capacity of the proposals, c) continuous change and improvements in customer based services impacting on requirements, resources and project design and d) progress delays in the first phase of the transformational programme which underpins the self-serve assumptions of the Access Copeland project. The evidence and recommendations from the review resulted in the Change Programme Board concluding that further work was needed in order to fully understand the business changes and processes that need to take place in the reception area and related Copeland Direct resources and location to enable effective customer access as the Council delivers differently. This updated understanding is essential to determine the detailed requirements of the project including space, capacity, services, ICT and best design to enable

our channel shift aspirations. Improving customer privacy in reception remains an important goal and the project is still being actively managed to deliver this in the interim and longer term. It is requested that the remaining **£142,041** is carried forward to allow the future completion of the project.

5.3.2 ICT

In 2013/14 £187k was earmarked to provide improved data storage and to support the Access to Services and Mobile Working projects over two years. It is therefore requested that **£186,757** is carried forward to complete these projects in 2014/15 as planned.

5.4 Neighbourhoods

5.4.1 Millom Cemetery Land Purchase

At the current time, there is approx. 2 years burial space left in the existing cemetery. The project has been delayed pending confirmation of planning approval which was granted at the end of March 2014. Work to purchase land from Millom Town Council is underway and we are ready to commission a drainage scheme for the site with construction work expected to commence towards end of summer 2014. It is requested that the remaining **£143,126** is carried forward to complete the project in the coming year.

5.4.2 Children's Playgrounds – St Bees

Copeland are acting as accountable body for this project on behalf of St Bees Parish Council. Drainage work has been completed by the Councils in-house team and works to start the installation of the play Equipment will commence in May with project completion expected in July. It is therefore requested the remaining **£136,947** is carried forward to complete the project in 2014/15.

5.4.3 Fleet Replacement

The new 3.5 tonne caged tipper vehicle, which replaced a vehicle that had been used in street cleaning for more than 7 years is an integral part of the waste fleet used daily by the team that work to keep Copeland clear of litter and fly tipping. This vehicle has been purchased through a 5 year lease agreement (as opposed to an outright capital purchase). It is requested that **£21,200** of the £23,000 budget is carried forward to pay for the vehicle in subsequent years with the remaining £1,800 being returned to reserves as it is no longer required. The slippage has been calculated at £4.6k each year for 2014/15 to 2018/19 based on the equal instalments method.

5.4.4 Rottington Beck

The purpose of the project at St Bees promenade was to protect the sheet piling adjacent to Rottington Beck, which had suffered significant corrosion to the extent that holes had developed in it, with the aim of extending its life by 50 years. Following completion of the main section of construction, severe flooding from Rottington Beck meant that damage occurred which threatened to undermine the new works. An independent expert reviewed the situation following the flood damage and advised to construct a scour apron primarily to protect the new channel. Following the award of the contract for this work, whilst awaiting Flood Defence Consent from Cumbria County Council, the severe winter storms created a sink hole behind the existing promenade. This was adjacent to the location that the scour apron was to be constructed and reinforced the need for its construction, although for reasons other than it was originally intended for. Following investigations into the cause and extent of the sink hole followed by filling it with concrete, work has commenced on the construction of the scour apron. Subject to tides and the weather, this should be completed by the end of May. Still outstanding from the construction of the original channel, is the

payment of a retention, which is subject to the correction of outstanding defects, which are not as a result of storm damage. Future aspirations would be to remove the risk to the upstream end of the promenade adjacent to Rottington Beck. It is requested that £14,734 is carried forward to complete the project in 2014/15.

5.5 Regeneration & Community

5.5.1 Copeland Pool Fitness Extension

All pre-start work is now complete with contractors starting on site on early May. The project has a 22 week build programme which should see the new facility open by the end of September. The facility will provide a new 35 station gym, two activity rooms for delivery of fitness classes and improved changing facilities as well as additional car parking. It is requested that £664,703 is carried forward to complete the project in 2014/15.

5.5.2 Whitehaven THI

This is a five year project which commenced in October 2013 with the award of £659,300 from the Heritage Lottery Fund. Along with funding from BEC (£394,000) and CBC Capital Fund (£250,000), the project will provide grants to property owners in the Whitehaven Old Town Conservation Area, to undertake works to repair their buildings and bring vacant historic floor space back into use. Buildings have been prioritised with the first grant of £550,000 being offered to the Whitehaven Foyer Company, to undertake works to the former YMCA building on Irish Street. The project also allows for skills training programme, to help contractors and local residents learn how to look after and protect the historic building fabric. £100,000 has been allocated for public realm works in the James Street and Market Place areas. The project will compliment Albion Square in improving this gateway to the town and bring new businesses, residents and economic activity into the area. It is requested that £1,288,849 is carried forward to complete the project in future years. See table at 4.2 for the breakdown of budget per year over the project life.

5.5.3 Housing

Budget: The total 2013/14 budget amounted to £754,090 being £600,000 to be spent on new DFG approvals and £154,090 on approvals carried forward from 2012/13 to be paid 2013/14.

Commitments: Although the budget was increased from £500k to £600k for 2013/14 due to a high increase in demand in 2012/13, the actual commitments made for Disabled Facilities Grants (DFG) in 2013/14 amounted to £473,579. The service is demand led and it is difficult to predict with any accuracy the budget for the following year.

Outturn: The potential outturn (spend) for Housing Grants was £462,801 which includes the carry forward approvals committed in 12/13 but paid in 13/14 of £154,090. Members are requested to approve a carry forward of £157,337 of which, £76,449 will fund incomplete approvals which are currently work in progress and £80,888 to fund new approvals committed in 2013/14 but will not be paid until 2014/15. The current approved budget of £754,090 less the total funding requirement of £620,138 (i.e. outturn of £462,801 plus £157,337 carry forward into 14/15) results in the sum of £133,952 that can be returned to the Housing Reserve for expenditure on future DFG grant awards.

5.5.4 Empty Homes Clusters

The authority was awarded funding from HCA to bring empty properties back into use as part of a cluster bid with Allerdale and Carlisle. Copeland have brought six properties back into use during 13/14 which are providing affordable housing for our residents and removing 'eyesores' from local communities. As at year end, two further properties had been identified to be brought back into use, the required funding of £20,000 is expected to be

spent within six weeks of the year end. The remainder of the funding will be spent later in 2014/15 and to bring at least another 6 properties back into use at no cost to the Council. In order to fulfil the spending criteria of the grantor, any unspent HCA funding in 2013/14 has been applied to fund DFG's in year with a corresponding amount of capital receipts to be applied to fund the cluster work in 2014/15. It is requested that £78,569 is carried forward to complete the project in 2014/15.

5.6 Non-significant Carry Forwards

Members are also asked to approve the remaining (non-significant) carry forwards of £7,421 as tabled below to enable projects to be completed, resulting in a total carry request of £2,911,719:

Non-significant carry forward requests	To nearest £
Operational Buildings - Moresby Splitting Services	4,421
Mount Pleasant	3,000
Total	7,421

6.0 CAPITAL PROJECTS COMPLETED IN YEAR

6.1 A number of projects completed under budget resulting in an under spend to return to the Useable Capital Receipts Reserve of £313,153, which can be used to finance future capital projects. Further details of these completed projects are as follows:

6.2 Corporate Resources

6.2.1 Former Kells School Site

There had been some flooding issues to the un-adopted access road adjacent to the former Kells School Site since building works had begun. Approval was sought at Executive on 12th March 2013 to install an additional surface water run off drain, along the North East border of the site. The drain, situated at the rear of 10 properties has since been transferred to the property owners upon completion, leaving the authority with no further liability for the drainage in the future.

6.2.2 St Bees Car Park

Works on St Bees car park were completed under budget in the year maximising capacity for parking at this site.

6.3 Neighbourhoods

6.3.1 Moor Row Play Area

The project was completed at £9,496 under budget (externally funded) and has completely enhanced the play facilities for the young people in this area. Any future repairs and insurance costs are now the responsibility of the Community Group, with Copeland still responsible for the basic maintenance of the area and equipment until 2018.

6.4 Nuclear, Energy & Planning

6.4.1 Regeneration Software

The installation of the software enables the full service to move forward through electronic working. It has provided Legal, Development Control & Building Control to generate and store all information electronically and capture it spatially through GIS against all properties in the Borough. Ultimately, the software has resulted in far more accessible and efficient services for all stakeholders. All purchases have been made prior to year end to enable project completion; however, the project has been delayed due to lack of resources in the Department to provide the necessary work to enable project completion within the year.

6.4.2 Building Control Data Capture

The completion of this project has allowed the vast majority of Building Control information to be captured digitally and be easily accessible resulting in a saving of approx. 30 hours per week that was previously spent locating hard copy information resulting in quicker feedback for customers. Additionally all correspondence is now sent out electronically, saving postage/printing costs and allowing customers to address issues identified with their applications instantly.

7.0 **FINANCING OF CAPITAL PROGRAMME 2013/14**

7.1 Utilisation of resources to fund the 2013/14 Capital Programme in the light of the provisional outturn is estimated as follows:

Financing of the Capital Programme 2013/14

Financing	Original Annual Gross Budget £	Amended Annual Gross Budget £	Provisional Outturn £
Useable Capital Receipts	1,970,357	2,020,357	335,577
Other External Funding	308,464	1,996,225	446,636
Other Reserves & contributions	0	0	0
TOTAL CAPITAL PROGRAMME	2,278,821	4,016,582	782,213

7.2 The table below shows the 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 general capital receipts of £556,509 detailed below is made up of VAT Share receipts of £230,866 and £325,643 from the sale of assets. The housing capital receipts at £27,204 consist of Home Renewal Grant repayments which fall due upon the sale of any property where alterations have been made as a result of a grant award. The provisional Useable Capital Receipts Reserve balance as at 31st March 2014 is £3,618,998. This does not take into account funding of expenditure which has slipped into 2014/15. The impact of this is set out in paragraph 8.

Movement on Usable Capital Receipts Reserve in 2013/14

Useable Capital Receipts Reserve	Opening Balance 01/04/13	Provisional Outturn Expenditure	Provisional Outturn Income	Net receipt/ payment on Housing Loans	Provisional Closing Balance 31/03/14
	£	£	£	£	£
General Capital Receipts (incl VAT Share)	(2,017,976)	217,062	(556,509)	0	(2,357,423)
Housing Capital Receipts	(1,349,385)	118,515	(27,204)	0	(1,258,075)
Home Loans Repaid	0	0	0	(3,500)	(3,500)
Total Useable Capital Receipts Reserve	(3,367,361)	335,577	(583,713)	(3,500)	(3,618,998)

- 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 £14k and paid over £10.5k in relation to 2012/13. This has resulted in a net receipt of £3.5k to the useable capital receipts reserve as detailed in the table above.
- 7.4 Actual capital receipts received in year from the sale of our assets amounted to £325,643 against a revised capital receipts estimate at quarter 3 2013/14 of £672k. A few properties managed to be sold earlier than anticipated through active marketing in the year but the majority of the properties marketed had no interest due to current market conditions. Most of the remaining properties expected to be sold in 2013/14 relate to the former Kells School site, with other assets of the Authority either not in a position to be marketed or currently being prepared to allow them to be marketed.
- 8.0 REVISED CAPITAL PROGRAMME 2014/15**
- 8.1 Appendix B to this report presents the amended Capital Programme for 2014/15. This takes account of the impact of the 2013/14 outturn.
- 8.2 The capital programme for 2014/15 approved at 27th February 2014 Council meeting was £1,340,000 to be funded from Useable Capital Receipts General Reserve of £740,000, £339,000 Housing Reserves and £261,000 from external funding. Including £2,911,719 slippage from this report the revised capital programme now stands at £4,251,719, £1,875,314 to be funded from Useable Capital Receipts General Reserve, £574,906 from the Housing Reserve and £1,801,499 from external funding. There is also a proposed capital bid for £22,000 as detailed elsewhere on this agenda to be approved. The bid relates to the extraction of exhaust fumes at the Moresby Depot and if approved the revised capital programme 2014/15 would stand at £4,273,719 and funded by the Useable Capital Receipts Reserve, however this bid has not been included in the figures throughout this report.
- 8.3 Taking into account the amendments (including slippage) relating to the 2014/15 capital programme set out in this report and the revised forecast receipts from the sale of assets

during 2014/15 of £628,565 and VAT share receipts of £305,000 capital resources as at 31st March 2015 are estimated to be as set out in the table below:

Estimated Useable Capital Receipts Reserve Balance at 31 March 2015

Useable Capital Receipts Reserve	Provisional Opening balance 01/04/14	Revised Capital Programme (Incl Slippage from 2013/14)	14/15 revised capital receipts		Estimated Closing Balance 31/03/15
	£	£	VAT Share	Sale of Assets	£
General Capital Receipts (Incl VAT Share)	(2,160,923)	1,875,314**	(305,000)	(628,565)	(1,219,174)
Housing Capital Receipts	(1,258,075)	574,906	0	0	(683,169)
Land Management Reserve	(200,000)	0	0	0	(200,000)
Total Useable Capital Receipts Reserve	(3,618,998)	2,450,220	(305,000)	(628,565)	(2,102,343)*

*The re-profile of the Vehicles in years 2015/16 to 2018/19 would take first call on this balance (Est £4.6k per year).

**Does not include the proposed capital bid for £22,000 for extraction of exhaust fumes as detailed elsewhere on the agenda.

8.4 The most recent estimate on capital receipts for 2014/15 is £628,525 as stated in the table at 8.3 above. Approximately £382,000 of this relates to the remaining plots at Kells which are anticipated to be completed in 2014/15. £90k of these receipts are contract retentions and rely on Kells Development Group Ltd obtaining the necessary Section 104 and Section 38 agreements which we are informed will be granted in 2014/15 when the remaining capital receipt will be realised.

8.5 Early indications from Home Group regarding anticipated VAT receipts for 2014/15 due to the authority for the year are estimated at £305,000 which is shown in the table above.

9.0 STATUTORY OFFICER COMMENTS

9.1 The Monitoring Officer's comments are: No further comment

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

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 Estates and Valuations Department meets with Finance regularly to review asset sales.

List of Appendices: Appendix A – Detailed Provisional Capital Outturn 2013/14
Appendix B - Revised Capital Programme Budget 2014/15

APPENDIX A - DETAILED PROVISIONAL CAPITAL OUTTURN 2013/14

SCHEME	Approved Budget at Q1	Revised Budget	Actual Expenditure	Variance	Seek authority to increase budget/vire	New slippage requested to be fwd into 2014/15 (incl virements)	Surplus to be returned to reserves	External funding
Corporate Resources	324,818	374,818	125,362	(249,456)	-	74,456	175,000	-
Operational Bldgs Contract Works - Other	2,900	2,900	-	(2,900)	750	3,650	-	-
Operational Bldgs Beacon Lift	50,000	65,000	18,615	(46,385)	-	46,385	-	-
Operational Bldgs Moresby Generator	50,000	50,000	49,730	(270)	(270)	-	-	-
Operational Bldgs St Bees Car Park	6,500	6,500	6,170	(330)	(330)	-	-	-
Operational Bldgs Moresby Splitting Services	-	35,000	30,579	(4,421)	-	4,421	-	-
Former Kells School Site	14,600	14,600	14,600	-	-	-	-	-
Valuation Data Transfer	20,000	20,000	-	(20,000)	-	20,000	-	-
Gillfoot Shaft Work	5,818	5,818	5,668	(150)	(150)	-	-	-
Land Management	175,000	175,000	-	(175,000)	-	-	175,000	-
Policy & Transformation	342,041	342,041	13,243	(328,798)	-	328,798	-	-
Customer Service Strategy	142,041	142,041	-	(142,041)	-	142,041	-	-
I.C.T.	200,000	200,000	13,243	(186,757)	-	186,757	-	-
Nuclear	1,807	1,807	1,807	-	-	-	-	-
Dev Mgt E-Access	1,807	1,807	1,807	-	-	-	-	-
Neighbourhoods	298,483	395,850	68,546	(327,304)	-	316,007	1,800	9,497
Cemeteries & Play Areas - Condition Repo	40,883	138,250	1,303	(136,947)	-	136,947	-	-
Millom Cemetery Land Purchase	149,216	149,216	6,090	(143,126)	-	143,126	-	-
Rottington Beck	45,637	45,637	30,903	(14,734)	-	14,734	-	-
Moor Row Play Area	39,747	39,747	30,250	(9,497)	-	-	-	9,497
Fleet Replacement	23,000	23,000	-	(23,000)	-	21,200	1,800	-
Regeneration	1,311,672	2,902,066	573,255	(2,328,811)	-	2,192,458	136,353	-
Regeneration Software	40,912	40,912	38,511	(2,401)	-	-	2,401	-
Whitehaven - Mount Pleasant Park	3,000	3,000	-	(3,000)	-	3,000	-	-
Data Capture	1,146	1,146	1,146	-	-	-	-	-
Copeland Pool	262,524	713,000	48,298	(664,702)	-	664,702	-	-
Housing Grants	754,090	754,090	462,801	(291,289)	-	157,337	133,952	-
Empty Homes clusters	250,000	101,069	22,500	(78,569)	-	78,569	-	-
Whitehaven THI	-	1,288,849	-	(1,288,849)	-	1,288,849	-	-
TOTAL	2,278,821	4,016,582	782,213	(3,234,369)	-	2,911,719	313,153	9,497

APPENDIX B - REVISED CAPITAL PROGRAMME BUDGET 2014/15

DEPARTMENT	Expenditure 2014/15							Funding 2014/15		
	Existing programmes March 13 Council	Slippage approval sought Exec 13/14	Draft bids submitted Oct 13	Capital Programme 14/15 approved Council Feb 2014	Addition to Programme approved prior 31/03/14	Slippage (from this report) approval sought Exec May 2014	Revised Total 2014/15 including slippage	Useable Capital Receipts Reserve (UCRR)	Housing Reserve	External
Corporate Department:										
Resources & Strategic Commissioning										
Operational Buildings - Contract Works										
Operational Buildings - Beacon Lift							3,650	3,650		
Operational Buildings - Moresby Splitting Services							46,385	46,385		
Land Management	175,000	(175,000)					4,421	4,421		
Accommodation Strategy			400,000	400,000				400,000		
Valuation Data transfer							20,000	20,000		
ICT							186,757	186,757		
Resources & Strategic Commissioning Total	175,000	(175,000)	400,000	400,000	-	261,213	661,213	661,213	-	-
Copeland Services										
Rottington Beck										
Vehicles	90,000			90,000			21,200	111,200		
Whitehaven Cemetery Extension			250,000	250,000				250,000		
St Bees Play Area							136,947	40,000		96,947
Milcom Cemetery Land Purchase							143,126	143,126		
Copeland Services Total	90,000	-	250,000	340,000	-	316,007	656,007	559,060	-	96,947
Customer & Community Services										
Mount Pleasant										
Empty Homes Clusters								3,000		3,000
Disabled Facilities Grants	600,000			600,000			78,569	78,569		
Whitehaven Townscape Heritage Initiative							157,337	757,337		
Customer Service Strategy							1,288,849	1,288,849		
Copeland Pool							142,041	142,041		
Customer & Community Services Total	600,000	-	-	600,000	-	2,334,498	2,934,498	655,041	574,906	1,704,551
TOTAL CAPITAL PROGRAMME	865,000	(175,000)	650,000	1,340,000	-	2,911,718	4,251,718	1,875,314	574,906	1,801,498

TREASURY MANAGEMENT OUTTURN 2013/14

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Angela George, Financial Services Manager/Darienne Law,
Interim Manager
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 2013/14. 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). 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. It will therefore be considered for scrutiny on 25th 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.

Recommendations:

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

- (i) Approve the actual 2013/14 prudential and treasury indicators attached at Appendix A.
- (ii) Note the Treasury Management Outturn 2013/14 detailed in Section 9 of this report.
- (iii) Note the make-up of the portfolio of investments as at 31st March 2014 attached at Appendix B.
- (iv) Note and approve the clarification to the Treasury Management Strategy Statement 2014/15 as approved in February 2014 detailed in paragraph 10.
- (v) Note that this report will be formally considered by the Audit & Governance Committee on 25th June and delegate authority to the Portfolio holder in conjunction with the Section 151 Officer to approve the outturn after scrutiny.

1. Introduction

Copeland Borough Council received £31m in April 2013 and 2014, being a full year payment of National Non Domestic Rates (NNDR) from one ratepayer. Whilst this is received by the Authority, it does not all actually belong to the authority. We collect NNDR on behalf of Central Government and Cumbria County Council (CCC) and are only entitled to retain our "baseline need" amount (subject to safety net). The authority also receives further NNDR throughout the year of approximately £4.5m, but similarly this is not all the Authority's funding. The Authority

is required to distribute the NNDR it receives to Government and to CCC on a monthly basis. The yearly amount is circa £28m but this is paid out in (varying) monthly payments to DCLG & CCC. These payments may result in monies owed to DCLG and CCC if NNDR collected exceeds the amount anticipated or alternatively would result in additional funds being owed to this authority in respect of (enhanced) safety net payments if collection is below the anticipated amount.

We receive Council Tax receipts monthly with council tax payers having the option to pay over 10 or 12 months. This also is not the Council's funds to keep and some must be repaid to our main preceptors, Cumbria County Council and the Police and Crime Commissioner at £1.9m and £0.3m per month respectively (£26.4m per year). The Council retains only its share, circa £3.5m.

Copeland Borough Council holds an average investment portfolio of £20-25m of its own funds (reducing as used). As detailed in the paragraph earlier, we receive a full year payment of NNDR which results in a total portfolio in the region of £54m.

The balances held as at 31 March 2014 are higher than the previous year. This is due to the receipt of National Non-Domestic Rates (NNDR) that has not been paid over to the preceptors as it is anticipated it will be required to repay a rate payer who has lodged an appeal. If this appeal is successful this money will be paid to the rate payer (value may be higher) and so it is not Copeland's money. Should the appeal be unsuccessful, or successful but at a lower value, any money not repaid to the rate payer will be due to Cumbria County Council (10% as preceptor) and Central Government (50% as major preceptor and remaining as levy and/or as repayment of safety net payments made to Copeland).

The regulatory environment places responsibility 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 2013/14 the minimum reporting requirements were that Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21st February 2013)
- a mid-year (minimum) treasury update report (Council 5th December 2013)
- 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 27th August 2013 and 17th February 2014 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 & Governance Committee before being reported to Council (wherever possible). This report will be presented to Audit Committee on 25th June 2014.

Member training on treasury management issues was undertaken prior to Audit Committee on 30th January 2014 in order to support Members' scrutiny role. Another annual training session

will be arranged for the 2014/15 financial year as part of the ongoing Treasury Management training program for Members and Officers.

2. The Economy and Interest Rates

The financial year 2013/14 continued the challenging investment environment of previous years. Investment returns remained low although levels of counterparty risk had subsided these still remained at uncomfortable levels. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but recovery took hold in 2013/14, returning to more normal levels, albeit from a very low base. As a consequence there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained above the 2% target during 2012, by January 2014 it had fallen to 1.9% and then fell further to 1.7% in February. It is expected to remain slightly below the target rate for most of the two years ahead.

UK Government bond yields (Gilt yields), underpin the Authority's borrowing, and were on a sharply rising trend during 2013 until market concerns returned in the first quarter of 2014 in emerging markets and the Crimea, sparking a flight to quality (see paragraph 4.). This is where investors shun certain investment areas and put funds into perceived less risky areas, such as the UK.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. The part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.

The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, , reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018-19, as set out in the Autumn Statement and the March Budget.

The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the European Central Bank (ECB) statement in July 2012 that it would do "whatever it takes" to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, the problems of the Eurozone, or its banks, have not ended as growth is expected to be weak over the next few years as the total size of government debt for some nations is likely to continue rising.

3. Overall Treasury Position as at 31st March 2014

At the beginning and the end of 2013/14 the Council's treasury position (excluding borrowing by PFI and finance leases) was as follows:

		31 st March 2013 Principal	Rate/ Return	Average Life (Years)	31 st March 2014 Principal*	Rate/ Return	Average Life (Years)
Total debt (Fixed rate funding)	<i>A</i>	£5.00m	7.55%	29	£5.00m	7.55%	28
CFR	<i>B</i>	£8.47m			£7.93m		
Less PFI Liability	<i>C</i>	(£6.11m)			(£5.81m)		
Less Vehicle Leases	<i>D</i>	(£0.82m)			(£0.57m)		
Residual need to borrow	<i>E</i> = <i>b-c-d</i>	£1.54m			£1.55m		
Over / (under) borrowing	<i>F</i> = <i>a-e</i>	£3.47m			£3.45m		
Total investments	<i>G</i>	£18.45m			£25.67m		
Net debt	<i>H</i> = <i>a+c+d-g</i>	(£6.51m)			(£14.29m)		

*subject to Audit

4. The Strategy for 2013/14

The expectation for interest rates in the strategy for 2013/14 was a low but rising Bank Rate (starting in quarter 1 of 2015) with similar gradual rises in medium and longer term fixed borrowing rates during 2013/14. 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 low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

The strategy remained relatively unchanged, reflecting the heightened uncertainty in the current economic market. The tightened restrictions on our investment criteria remained and we utilised "safe havens", being UK semi-nationalised institutions (RBS & Lloyds/BOS Group), additional Money Market Funds (highly rated liquid institutions) or instant access accounts with Banks. 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

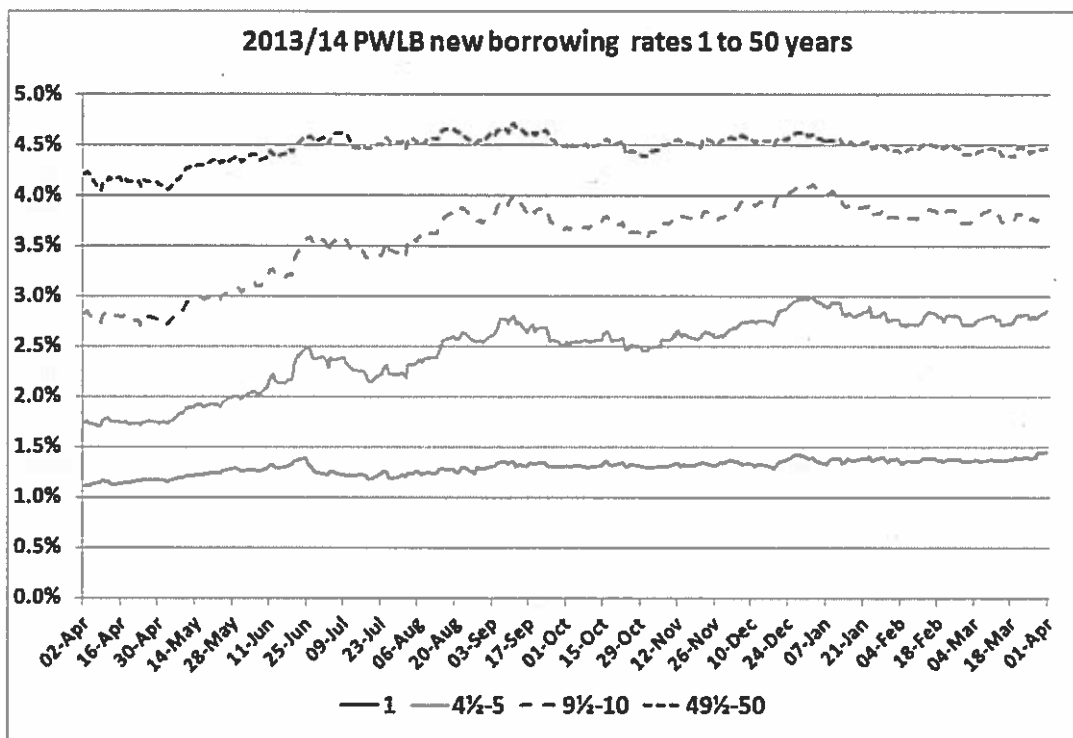
The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31 March 2013 Actual	31 March 2014 Estimate	31 March 2014 Actual
Total CFR	£8.47m	£7.91m	£7.93m*

*subject to audit

6. Borrowing Rates in 2013/14

PWLB borrowing rates - the graph below shows how PWLB certainty rates have risen from historically very low levels during the year.



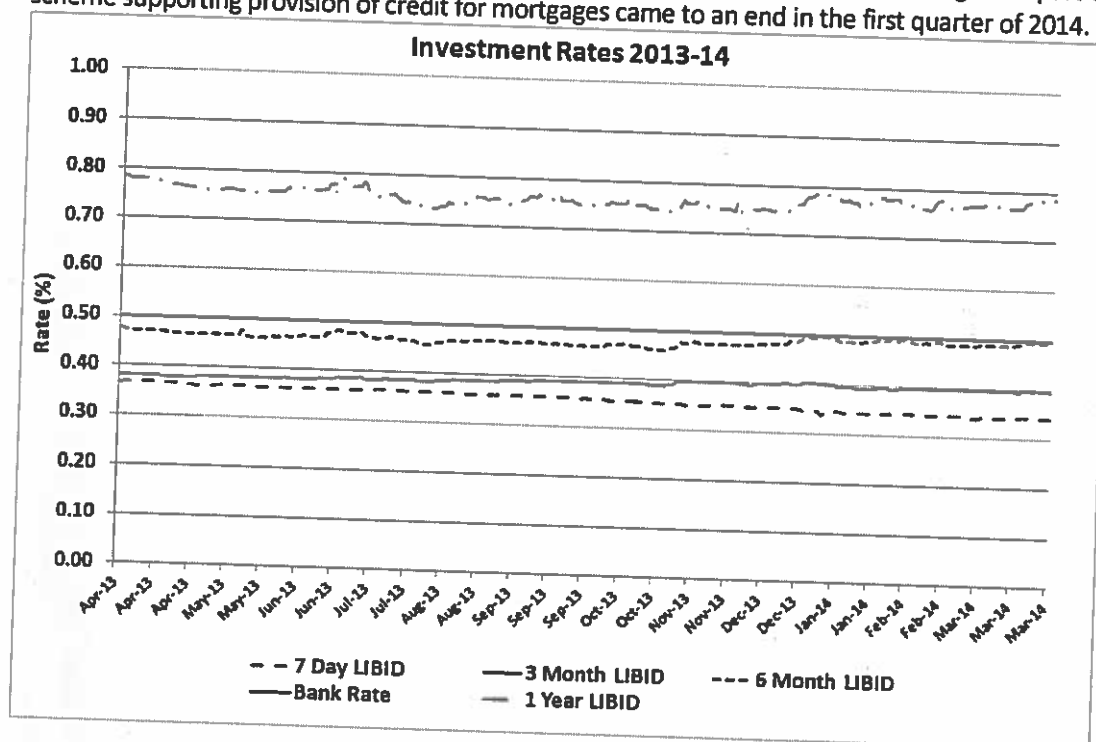
7. Borrowing Outturn for 2013/14

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, Capita, 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. It is anticipated as interest rates rise it will become economically beneficial to repay the loan but the timing of this is not predictable.

Lender	Principal	Date Advanced	Type	Interest Rate	Years to Maturity	Date of Maturity
Market	£5.00m	01/02/2002	Fixed interest rate	7.55%	28 years	01/02/2042

8. Investment Rates in 2013/14

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for five years. Market expectations are that this will remain unchanged until early 2015. The Funding for Lending Scheme depressed deposit rates during the whole of the year, although the part of the scheme supporting provision of credit for mortgages came to an end in the first quarter of 2014.



9. Investment Outturn for 2013/14

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 21st February 2013. This policy set out the approach for choosing investment counterparties, and 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 temporarily restricted the use of Building Societies (removed from 2014/15 Strategy) and other lower rated institutions and ensured funds were 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 error with one of our Money Market Funds processing two transactions incorrectly resulted in the return of our investment to our Natwest Account. As the receipt was only discovered/received after the trading deadline of 1pm the balance had to remain in our Natwest Account overnight. The funds were transferred to our Special Interest Bearing Account at a rate of 0.25% until the Money Market Fund opened for trading 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 £40m of internally managed funds (not all of which are Copeland's, please see paragraph 1). The actual interest earned for 2013/14 was £212,783 (as reported in the Revenue Out-turn Report) against a budgeted return of £202,822, resulting in a small net improvement against the budgeted return on investments for 2013/14 of £9,961. The Treasury Management Strategy 2013/14 remained unchanged since its approval in February 2013. The continuing low interest rates which fell further during the year as a result of the Funding for Lending Scheme afforded the small return. This compares to actual interest earned in 2012/13 of £288,585 against a budget estimate of £227,822, resulting in an overachievement of income of £60,763.

The internally managed funds earned an average rate of return of 0.54% over the 2013/14 financial year. Whilst above base rate at 0.50%, it is much lower than historical trends. This is due to the economic climate and the reduction in rates offered by the banks whilst they have access to cheaper borrowing through the Funding for Lending Scheme. In light of the continued reduction in investment income over the years the 2014/15 budget for investment returns has been reduced by £50k to £152,822 with the expectation that the rates that were achieved in previous years (highest rate achieved 2013/14 was 1.05%) will not be available in 2014/15.

10. The Treasury Management Strategy 2014/15

The Treasury Management Strategy Statement 2014/15 (TMSS) was approved at Council 27th February 2014 with some revisions to aid the placing of funds in the current climate. One revision (recommendation (iv) of the TMSS 14/15) was the change in our criteria requiring counterparties we use to have a Financial Strength rating of C- (long term viability rating) as opposed to C to allow investments with two further counterparties (Barclays & Santander). To mitigate any potential risk to the authority by widening these criteria; it was approved that all investments placed with these counterparties would be restricted to 100 days.

The banks to be used are classed as medium quality and the table that appeared in the TMSS 2014/15 is detailed below:

Sector Limits	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AA-	£5m	3yrs
Banks 1 medium quality	A-	£3m	1yr
Banks 2 – part nationalised	-	£10m	1yr
Limit 3 category – Council's banker (not meeting Banks 1)	-	£10k	1 day
Other institutions limit	-	£2m	1yr
DMADF	AAA	unlimited	6 months
Local authorities	N/A	£5m	1yr
Money market funds (SNAV and VNAV)	AAA	£5m	liquid
Enhanced money market funds	AAA	5 / 10%	liquid

However, the correct interpretation of this change in strategy in February 2014 is as detailed below:-

Sector Limits	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AA-	£5m	3yrs
Banks 1 medium quality	A-	£5m	100 days
Banks 2 – part nationalised	-	£10m	1yr
Limit 3 category – Council's banker (not meeting Banks 1)	-	£10k	1 day
Other institutions limit	-	£2m	1yr
DMADF	AAA	unlimited	6 months
Local authorities	N/A	£5m	1yr
Money market funds (SNAV and VNAV)	AAA	£5m	liquid
Enhanced money market funds	AAA	5 / 10%	liquid

This will allow investments with any counterparties that fall within these limits of up to £5m but restricted to no longer than 100 days.

11. 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 very low risk approach.

12. Statutory Officer Comments

12.1 The Monitoring Officer's comments are: No further comment

12.2 The Section 151 Officer's comments are: Included in this report

12.3 Other consultee comments, if any: None

13. 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 2014

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 2013/14, 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 2013/14 on 21st February 2013. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

- A. **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and are only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2012/13) plus the estimates of any additional capital financing requirement for the current (2013/14) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2013/14. *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. Once this has been set, the Council does not have the power to borrow above this level. *Table B demonstrates that during 2013/14 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 2013/14 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	2012/13 Actual £m	2013/14 Original Estimate* £m	2013/14 Actual* £m
Capital expenditure		£1.52m	£1.60m	£0.78m
Capital Financing Requirement		£8.47m	£7.91m	£7.93m
Gross borrowing - External debt	(a)	£11.94m	£10.83m	£11.38m
Investments - Under 1 year	(b)	£18.45m	£14.60m	£25.67m
Net Investments	(a-b)	(£6.51m)	(£3.77m)	(£14.29m)

*Prior to approval of Final Accounts

Table B

Prudential Indicator	2013/14
Authorised limit	£17.00m
Maximum gross borrowing position	£11.94m
Operational boundary	£12.00m
Average gross borrowing position	£11.66m
Financing costs as a proportion of net revenue stream	6.55%

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 2013 Actual	2013/14 Estimate	31 March 2014 Actual
Ratio	7.16%	7.73%	6.55%

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 21st February 2013 compared to the Council's existing approved commitments and current plans.

Table D

Incremental impact of capital investment decisions	31 March 2013 Actual	2013/14 Original Limits	31 March 2014 Actual
Increase in Council Tax (Band D) per annum	0%	0%	0%

The maturity structure of the debt portfolio was as follows:

	31 March 2013 Actual	2013/14 Original Limits	31 March 2014 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%
21 years and within 30 years	100%	100%	100%
31 years and within 40 years	0	0	0
41 years and above	0	0	0

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 2013 Actual	31 March 2014 Actual
Fixed rate (Principal)	£7.40m	£14.90m
Variable rate (Principal)	£11.05m	£10.77m
TOTAL INVESTMENT	£18.45m	£25.67m

APPENDIX B

TEMPORARY INVESTMENTS AT 31/03/14

	AMOUNT	PERIOD OF LOAN	VALUE DATE	MATURITY DATE	RATE	BASE RATE
RBS CALL	0	CALL			0.60%	
RBS MMF	868,000	CALL			0.34%	
IGNIS MMF	4,950,000	CALL			0.38%	
BLACKROCK MMF	0	CALL			0.30%	
RBS	7,450,000	90 DAYS FIXED	12/03/2014	10/06/2014	0.80%	
INSIGHT MMF	0	CALL			0.35%	
LLOYDS DEPOSIT	7,450,000	364 DAYS	21/05/2013	20/05/2014	1.05%	
FEDERATED INVESTORS MMF	4,950,000	CALL			0.35%	
LGIM MMF	0	CALL			0.31%	
TOTAL	25,668,000				0.69%	0.50%

SUMMARY

	BALANCE	LIMIT	AVAILABLE
DWADF	0	Unlimited	Unlimited
BANK OF SCOTLAND/LLOYDS	7,450,000	10,000,000 *	2,550,000
RBS MMF	868,000	5,000,000	4,132,000
RBS	7,450,000	10,000,000 *	2,550,000
IGNIS MMF	4,950,000	5,000,000	50,000
INSIGHT MMF	0	5,000,000	5,000,000
BLACKROCK MMF	0	5,000,000	5,000,000
FEDERATED INVESTORS MMF	4,950,000	5,000,000	50,000
LGIM	0	5,000,000	5,000,000
	25,668,000	50,000,000	24,332,000

* Investment limit of £7.5m, however ultimate limit of upto £10m with prior approval of S151 and for short term investments only. This has been amended to £10m from 01/04/14 in TMSS 2014/15 approved February 2014.