

Quarter 1 Financial Monitoring Reports 2014/15

EXECUTIVE MEMBER: Cllr Gillian Troughton
LEAD OFFICER: Angela George – Interim FMS
REPORT AUTHOR: Ann Treble, Accountant Financial Management and Treasury

SUMMARY:

The revenue forecast, capital forecast and treasury management forecast report were all considered by the Executive at their meeting on 26th August 2014 and this report summarises the recommendations to Executive (all of which were approved) with respect to:

- (i) Revenue forecast Q1 2014/15 (Appendix 1)
- (ii) Capital forecast Q1 2014/15 (Appendix 2)
- (iii) Treasury Management forecast 2014/15 (Appendix 3)

RECOMMENDATION:

That OSC note the recommendations approved by Executive:

1. Revenue forecast Q1 2014/15:

- (i) Note the approved net current revenue budget of £11,179m as set out in paragraph 1.4, **Appendix 1**
- (ii) Note at Q1 the projected year-end underspends as verified by CLT are:-
 - £10k underspend against one off earmarked reserves for project work and initiatives
 - £51k underspend against general fund

This totals £61k underspend against the current approved revenue budget of £11,179m. See paragraph 2 and Appendices A, C & D of **Appendix 1**
- (iii) Note the risks to the budget as detailed in section 5 and the income projections in section 4, **Appendix 1**
- (iv) Approve the release of £20k from Ear Marked Reserve as detailed in paragraph 6.4, **Appendix 1**
- (v) Notes the decision taken by the Chief Financial Officer (s151), on outstanding debts totalling £30k as set out in paragraphs 2.2 and 2.3 of Appendix E, of **Appendix 1**.

2. Capital Forecast Q1 2014/15:

- (i) Note the approved gross capital budget of £3,596,270, £1,162,649 of which is funded by external income to give a net current capital budget of £2,433,621.
- (ii) Note the total anticipated capital spend in the year to 31 March 2015 is £2.87m.
- (iii) Note the forecast year-end variance on the overall Capital Programme 2014/15 is a gross under spend of £730,911 at 30 June 2014. This, together with the additional £15,312 external income we have received to date (see paragraph 6.4 Appendix B) gives a total net variance of £746,224. As at quarter 1 it is expected that the majority of this underspend will need to be carried forward to complete projects in 2015/16.
- (iv) Note the position as at 30 June 2014 (Quarter 1) of capital receipts for 2014/15 as set out in paragraph 7, **Appendix 2**

3. Treasury Management Forecast Q1 2014/15:

- (i) Executive are asked to note the contents of this detailed Treasury Management Quarter 1 report. The forecast figures presented in this report are also reflected in the Revenue Budget Monitoring Report presented elsewhere on this agenda.

1. INTRODUCTION

- 1.1. The Revenue forecast Q1 2014/15, Capital forecast Q1 2014/15 and Treasury Management forecast 2014/15 reports were considered in detail by the Executive on 26 August 2014. This report summarises the main issues with full detailed reports attached as follows:

- **Appendix 1** – Revenue forecast Q1 2014/15
- **Appendix 2** – Capital forecast Q1 2014/15
- **Appendix 3** – Treasury Management forecast Q1 2014/15

2. REVENUE FORECAST Q1 2014/15 (APPENDIX 1)

FORECAST BUDGET POSITION AS AT QUARTER 1 – APRIL TO JUNE 2014

- 2.1 The forecast position recorded on the budget model, for year end, as at quarter 1, is an under spend of £61k and is analysed as primarily on the following cost centres:

Table 1 – Main contributors to underspend by Cost Centre

				£ 000s	Funded	Notes
Individual variances in excess of £20k:						
Property				49	GF	1
CBC Car Parks				65	GF	2
Refuse Collection				35	GF	3
Refuse re-cycling				(28)	GF/EMR	4
Kerbside re-cycling				28	GF	5
Refuse green waste				(52)	GF	6
Private Sector Housing Renewal				(21)	GF	7
Sum of individual variances less than £20k (184 cost centres)				(137)		
Net forecast underspend at period 3				(61)		

Notes:

- 1 A review of properties is underway and this forecast spend will be reviewed again at quarter 2.
- 2 Mainly underachievement of income forecast, see 4.1 for details.
- 3 It is anticipated that there will be an overall increase in staff costs of £18k and estimated further transport costs of £15k.
- 4 Refuse recycling, the majority of estimated saving of £22k due to reduced number of recycling bins requiring refurbishment in this year
- 5 It is anticipated that there will be a reduction in income for Kerbside Recycling Credits based on similar quantities recycled as 2013/14.
- 6 An estimated saving on salary costs against budget, together with anticipated additional income from Refuse Green Waste recycling credits based on similar amounts collected as 13/14.
- 7 Under spend within Private Sector Housing is mainly due to various vacant posts within the service

2.2 Fees and Charges

Table 3 - Main Income Variations

Income Source	13/14 Budget	Forecast to y/end	Forecast under achievement of income	Narrative
Fees & Charges	-2,100,638	-2,057,483	43,155	Mainly markets and bulk refuse
Car Park Income	-416,829	-357,835	58,994	Largest underachievement Sports Centre fees
	-2,517,467	-2,415,318	102,149	

The most significant variances on income relate to our car parking and fees and charges as detailed in table 3. As income is related to usage it cannot be directly controlled and these income streams will be continually monitored and reported to members as the year progresses.

2.3 Achievement of Planned Savings

Council approved actions resulting in savings of £662k for the year 2014/15 and the budget was reduced to reflect these.

There are risks involved in the delivery of any plan; accordingly the Delivering Differently Board regularly monitors the RAG (Red/ Amber/Green) status of these savings.

Progress on delivering the savings is generally good with the majority of the proposals now being delivered and the projects closed. Those that are significant to the budget position which are not yet delivered and at Q1 are considered by the board to be at risk are detailed in Table 4 below:

Table 4 – RAG for planned savings

Description	Responsible Officer	Saving to be met	Forecast saving as at Pd3	Forecast shortfall as at Pd3	RAG Rating
INCREASE Car parking fees	Head of Copeland Services	- 13,000	-	58,994	Red

The car parking fees forecast is based on an extrapolation of quarter 1 actual receipt. As income is related to usage it cannot be directly controlled and this income stream will be continually monitored and reported to members as the year progresses.

The £662k savings also included an in year target of £216k for the Beacon, which would result in it being cost neutral to the authority. This amount will be received as agreement exists within the beacon collaboration. An element of the business case hinges on the admissions income and these are currently down on the business plan projections, however current marketing activity is targeting the paid visitors over the busy summer holidays to enable an increase in paid admissions. The income and expenditure projections will continue to be monitored monthly by the Collaborative Steering Group and reported to Executive in quarter 2.

The new gym extension being constructed at the pool will generate additional income and this is incorporated into the pricing of the leisure contract with NCL. The extension was originally to be completed and open in June 2014 but this date is now currently October 2014. This delay will obviously impact on the

revenue fee income achievable by NCL in the year which may impact on the contract fee payable by the Council. This will be monitored and reported in quarter 2.

The first quarter of 2014 saw growth in the economy that surpassed previous expectations. As a result our Treasury Management Consultants (Capita Asset Services) brought forward their prediction of the first increase in Bank rate to Q1 2015. However there still remains a downside risk for the general economy in the UK as we are currently very dependent on consumer spending and recovery in the housing market. Any growth is likely to be limited as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation so disposable income is being eroded, so it is unlikely that the impact will be great within our borough.

The capital programme approved in principle by Council in February 2014 contained a bid for the extension of Whitehaven cemetery. A number of pieces of land have now been identified as possible sites and works must be undertaken to see if these are suitable. The estimated cost of these works are £10k, if none of these sites are suitable then this will be a revenue cost and will be covered within the current year budget. If one of the sites is suitable and progresses the cost relating to it can be funded through capital. Once a suitable piece of land is identified

3 CAPITAL FORECAST Q1 2014/15 (APPENDIX 2)

- 3.1 The original Capital programme for 2014/15 of £1,340,000 was approved by Council on 13 February 2014.
- 3.2 Since the original budget approval the budget carry forwards were approved at Council on 19 June 2014 to give a revised gross Capital Programme budget of £3,596,270 at 30 June 2014

CAPITAL PROGRAMME BUDGET 2014/15		
	£	£
Original Budget approved at Council 13/02/14		1,340,000
Approved amendments to budget:		
Capital Outturn EXE 27/05/14 (19/06/14 Council) carry forwards for 2014/15	2,256,270	
Current Budget		3,596,270

- 3.3 The forecast **expenditure** position at 30 June 2014 for financial year 2014/15 is gross capital expenditure of £2,865,358. Actual spend at quarter 1 amounts to £236,290 with £2,629,068 (92%) forecast to be spent in the next nine months of the year.

Table 1: Spend to date and Forecast for year as at			30th June 2014		
	Gross budget	Spend/Income to date	Forecast period	Total gross forecast	Variance
2014/15 Expenditure	3,596,270	236,290	2,629,068	2,865,358	-730,912
2014/15 External Income	-1,162,649	-276,312	-901,649	-1,177,961	-15,312
TOTAL TO FINANCE	2,433,621	-40,022	1,727,419	1,687,397	-746,224

The current forecast 2014/15 capital programme expenditure of £2,865,358 is planned to be financed as follows:

	Budget £	Forecast £
TOTAL FINANCING OF CAPITAL PROGRAMME 2014/15	-3,596,270	-2,865,358
Funded By:		
Useable Capital Receipts	-1,858,715	-1,297,464
Housing Capital Receipts Reserve	-574,906	-389,656
Other Reserves and Contributions	0	-277
TOTAL INTERNAL FUNDING	-2,433,621	-1,687,397
External Funding	-1,162,649	-1,177,961
TOTAL FINANCING INCL EXTERNAL INCOME	-3,596,270	-2,865,358

4 TREASURY MANAGEMENT FORECAST Q1 2014/15 (APPENDIX 3)

- 4.1 The treasury management budget was set by Council alongside other revenue budgets on 27th February 2014.
- 4.2 The treasury management expenditure budget of £392k (excluding SLA's) mainly consists of non-controllable costs. £379k of this relates to the annual interest repayments on the Authorities only remaining £5m loan

- 4.3 The expenditure budget of £392k against an income budget of £205k results in a net budget for the treasury management function of £187k.
- 4.4 Current forecast is income of £11k in excess of budget. Members should note that the financial markets remain very uncertain and the anticipated receipt is the forecast outcome and is not guaranteed. Any fluctuation in the estimated interest rate for July –March 2015 will impact on the interest received in that period

5. CONCLUSIONS

- 5.1 The report sets out the revenue forecast Q1, capital forecast Q1 and treasury management forecast Q1 reports for 2014/15 which were approved by Executive on 26 August 2014 and details the financial and resources requirements relating to the council's current budget and policy framework and provides a commentary of current performance.

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 budget monitoring process is carried out on a monthly basis. Management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole.
- 7.2 Budgets are monitored during the year with exceptions reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. At the year- end, the draft outturn prior to the external audit process must be reported formally. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

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

- 8.1 The measurement of revenue budget position for 2014/15 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 forecast Q1 2014/15 report

Appendix 2 – Capital forecast Q1 2014/15 report

Appendix 3 – Treasury Management forecast Q1 2014/15 report

List of Background Documents:

List of Consultees:

Corporate Team

Cllr G Troughton

REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2014/15 (1 April 2014 to 30 June 2014)

EXECUTIVE MEMBER: Cllr Gillian Troughton,
LEAD OFFICER: Angela George – Interim Finance Manager (s151 officer)
REPORT AUTHOR: Ann Treble – Financial Management and Treasury Accountant

Summary:

This quarterly financial report is to update Executive on:-

- the work undertaken since out turn to rebase the budget,
- the performance of our funding and income streams,
- an estimated outturn forecast against the current approved 2014/15 budget, based on the financial position for the 3 month period to 30 June 2014.

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

Recommendations:

The Executive is asked to;

- (i) Note the approved net current revenue budget of £11,179m as set out in paragraph 1.4
- (ii) Note at Q1 the projected year-end underspends as verified by CLT are:-
 - £10k underspend against one off earmarked reserves for project work and initiatives
 - £51k underspend against general fund

This totals £61k underspend against the current approved revenue budget of £11,179m. See paragraph 2 and Appendices A, C & D.

- (iii) Note the risks to the budget as detailed in section 5 and the income projections in section 4.
- (iv) Approve the release of £20k from Ear Marked Reserve as detailed in paragraph 6.4
- (v) Notes the decision taken by the Chief Financial Officer (s151), on outstanding debts totalling £30k as set out in paragraphs 2.2 and 2.3 of Appendix E.

1 INTRODUCTION

1.1 In accordance with Council's Financial Regulations;

- The Chief Financial Officer (s151) is required to report to the Executive on the overall budget position, and the monitoring and control of expenditure against budget allocations.
- It is the responsibility of the Corporate Leadership Team (CLT) and individual budget managers to control income and expenditure within their service areas and to monitor performance.

1.2 All the figures and explanations in this report have been provided by the relevant budget managers.

1.3 In this report figures within brackets denote budget savings, favourable variances or income figures.

1.4 The Council approved its 2014/15 revenue budget in February 2014 at £10,511m, which included savings to be made of £662k. Subsequently amendments to the budget including carry forwards and further amounts released from ear marked reserves have been approved, bringing the total revenue budget for 2014/15 as at 30 June to £11,179m.

1.5 The inclusion of earmarked reserves in the budget (£488k), their forecast usage and any subsequent underspend is detailed in Appendix A.

1.6 The inclusion of carry forwards in the budget (£572k), their forecast usage and any subsequent underspend is detailed in Appendix B.

2. FORECAST BUDGET POSITION AS AT QUARTER 1 – APRIL TO JUNE 2014

2.1 The forecast position recorded on the budget model, for year end, as at quarter 1, is an under spend of £61k and is analysed as primarily on the following cost centres:

Table 1 – Main contributors to underspend by Cost Centre

				£ 000s	Funded	Notes
Individual variances in excess of £20k:						
Property				49	GF	1
CBC Car Parks				65	GF	2
Refuse Collection				35	GF	3
Refuse re-cycling				(28)	GF/EMR	4
Kerbside re-cycling				28	GF	5
Refuse green waste				(52)	GF	6
Private Sector Housing Renewal				(21)	GF	7
Sum of individual variances less than £20k (184 cost centres)				(137)		
Net forecast underspend at period 3				(61)		

Notes:

- 1 A review of properties is underway and this forecast spend will be reviewed again at quarter 2.
- 2 Mainly underachievement of income forecast, see 4.1 for details.
- 3 It is anticipated that there will be an overall increase in staff costs of £18k and estimated further transport costs of £15k.
- 4 Refuse recycling, the majority of estimated saving of £22k due to reduced number of recycling bins requiring refurbishment in this year
- 5 It is anticipated that there will be a reduction in income for Kerbside Recycling Credits based on similar quantities recycled as 2013/14.
- 6 An estimated saving on salary costs against budget, together with anticipated additional income from Refuse Green Waste recycling credits based on similar amounts collected as 13/14.
- 7 Under spend within Private Sector Housing is mainly due to various vacant posts within the service

2.2 The forecast position of an under spend of £61k is analysed on activity as detailed below:

Table 2 – Main contributors to underspend by activity

	£000s	Notes
Detail variances in excess of £20K:		
Salaries	(225)	1
Other Government Grants	(144)	2
Specific Scheme Expenditure	(71)	3
Green Waste Recycle Cr	(30)	4
Car Park Income	59	5
Fees & Charges	43	6
General Repairs	49	7
Legal & Professional Services	258	8
Sum of detail variances (91 details)	0	
Net forecast underspend at period 3	(61)	

Notes:

- 1 Salary under spend due to staff turnover and vacancies which is offset by additional legal and professional cost at 8.
- 2 £105k of extra government grant funding has been secured which will be used to fund additional resources for Nuclear Issues, the costs of which are reflected in legal and professional.

- 3 Specific scheme expenditure – this is contained within Elections cost centre but it will have expenditure incurred to match this.
- 4 Green Waste recycling credits anticipated in addition to that budgeted (volume up).
- 5 Underachievement of income forecast, see 4.1 for details.
- 6 Fees and charges relates mainly to under achievement on Markets and Bulk Refuse.
- 7 A review of properties is underway and this forecast spend will be reviewed again at quarter 2.
- 8 Legal and Professional - £105k of this spend to be funded from the extra government grants received in point 2 above, the majority of the remaining overspend is linked to the underspend at salaries at 1 above.

2.3 The breakdown of the net expenditure budget and forecast over corporate teams and its funding is shown in Appendix C. Appendix D shows the breakdown of the budget and forecast over cost centres.

3 LOCALLY RAISED FUNDING

3.1 NNDR collection Data

The % collection rate is slightly down on quarter 1 last year at 80.95%, 31.02% excluding major rate payer (against 81.29% in 2013/14, 31.61% major rate payer) but are still on target, as discussed more fully in Corporate Plan Performance paper presented elsewhere on this agenda, with monies collected standing at £35m (£34.5m in 2013/14).

3.2 Council Tax Collection Data

The % collection rate is slightly up on quarter 1 last year at 30.10% (against 29.84% in 2013/14), with monies collected standing at £9.5m (£9.3m in 2013/14), but again on target for the year.

4 INCOME FORECASTS

4.1 Fees and Charges

Table 3 - Main Income Variations

<u>Income Source</u>	<u>13/14 Budget</u>	<u>Forecast to y/end</u>	<u>Forecast under achievement of income</u>	<u>Narrative</u>
Fees & Charges	-2,100,638	-2,057,483	43,155	Mainly markets and bulk refuse
Car Park Income	-416,829	-357,835	58,994	Largest underachievement Sports Centre fees
	-2,517,467	-2,415,318	102,149	

- 4.2 The most significant variances on income relate to our car parking and fees and charges as detailed in table 3. As income is related to usage it cannot be directly controlled and these income streams will be continually monitored and reported to members as the year progresses.

5 RISKS

5.1 Achievement of Planned Savings

Council approved actions resulting in savings of £662k for the year 2014/15 and the budget was reduced to reflect these.

There are risks involved in the delivery of any plan; accordingly the Delivering Differently Board regularly monitors the RAG (Red/ Amber/Green) status of these savings.

- 5.2 Progress on delivering the savings is generally good with the majority of the proposals now being delivered and the projects closed. Those that are significant to the budget position which are not yet delivered and at Q1 are considered by the board to be at risk are detailed in Table 4 below:

Table 4 – RAG for planned savings

Description	Responsible Officer	Saving to be met	Forecast saving as at Pd3	Forecast shortfall as at Pd3	RAG Rating
INCREASE Car parking fees	Head of Copeland Services	- 13,000	-	58,994	Red

- 5.3 The car parking fees forecast is based on an extrapolation of quarter 1 actual receipt. As income is related to usage it cannot be directly controlled and this income stream will be continually monitored and reported to members as the year progresses.
- 5.4 The £662k savings also included an in year target of £216k for the Beacon, which would result in it being cost neutral to the authority. This amount will be received as agreement exists within the beacon collaboration. An element of the business case hinges on the admissions income and these are currently down on the business plan projections, however current marketing activity is targeting the paid visitors over the busy summer holidays to enable an increase in paid admissions. The income and expenditure projections will continue to be monitored monthly by the Collaborative Steering Group and reported to Executive in quarter 2.
- 5.5 The new gym extension being constructed at the pool will generate additional income and this is incorporated into the pricing of the leisure contract with NCL. The extension was originally to be completed and open in June 2014 but this date is now currently October 2014. This delay will obviously impact on the revenue fee income achievable by NCL in the year which may impact on the contract fee payable by the Council. This will be monitored and reported in quarter 2.

- 5.6 The first quarter of 2014 saw growth in the economy that surpassed previous expectations. As a result our Treasury Management Consultants (Capita Asset Services) brought forward their prediction of the first increase in Bank rate to Q1 2015. However there still remains a downside risk for the general economy in the UK as we are currently very dependent on consumer spending and recovery in the housing market. Any growth is likely to be limited as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation so disposable income is being eroded, so it is unlikely that the impact will be great within our borough.
- 5.7 The capital programme approved in principle by Council in February 2014 contained a bid for the extension of Whitehaven cemetery. A number of pieces of land have now been identified as possible sites and works must be undertaken to see if these are suitable. The estimated cost of these works are £10k, if none of these sites are suitable then this will be a revenue cost and will be covered within the current year budget. If one of the sites is suitable and progresses the cost relating to it can be funded through capital. Once a suitable piece of land is identified a PID will be presented to Executive.

6 MANAGEMENT ACTION TAKEN TO DATE

- 6.1 Since the out turn for 2013/14, work has commenced to look at the base budget and re-align where necessary. To this end a number of virements (approved by the Chief Executive in line with financial regulations limits) have been carried out in quarter 1 resulting in the same net budget as approved in May 2014 of £11,179m.
- 6.2 This work will continue throughout the year with a revised estimate budget being submitted later in the year.
- 6.3 CLT is actively managing vacancies in line with resource issues identified in the performance reports.
- 6.4 Members are asked to release £20k from the Planning for Nuclear Reserve to fund part year on post of Nuclear and Planning Support Officer (£30k FYE). The requirement for post reflects increasing need to manage projects and programmes particularly related to Nuclear New Build.

7 WRITE OFFS

- 7.1 Debts totalling £30k have been written off by the Chief Financial Officer in quarter 1, Members are asked to review Appendix E and formally approve these.

8 CONCLUSION

- 8.1 The spending forecast at period 3 is a year-end underspend of £61k against the current approved revenue budget of £11,179m, as detailed in Appendix D.

9 RESOURCE REQUIREMENTS

- 9.1 This report details the financial and resources requirements relating to the council's current budget and policy framework and provides a commentary of current performance.

10 STATUTORY OFFICER COMMENTS

- 10.1 The Monitoring Officer's comments are: No further comment
- 10.2 The Section 151 Officer's comments are: Contained within this report
- 10.3 EIA Comment: EIA completed as part of the budget setting process in February 2013
- 10.4 Policy Framework: In accordance with MTFS approved in February 2014.
- 10.5 Other consultee comments, if any: CLT have considered this report.

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

- 11.1 The budget monitoring process is carried out on a monthly basis. Management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole.
- 11.2 Budgets are monitored during the year with exceptions reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. At the year-end, the draft outturn prior to the external audit process must be reported formally. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

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

- 12.1 The measurement of revenue budget position for 2014/15 is key to determining the required use of reserves for the year and the level of general and earmarked reserves the Council will have available to support its revenue budget in future years.
- 12.2 Spending areas that vary significantly from the approved budget are also identified, which can then be fed into the budget planning process to enable informed decisions on changes to the Council's budget to be made.

List of Appendices

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

REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2014/15 (1 April 2014 to 30 June 2014)

Appendix A – Earmarked reserve forecast

Cost Centre	Detail	Description	Cost Centre Description	Total 13/14 Earmarked Reserve	Total Forecast	Forecast Variance
<u>Resources & Strategic Commissioning</u>						
28100	0483	Asset management	Land Management	5,500	5,500	0
26215	1120	PFI	Copeland Centre	7,000	7,000	0
				0	0	0
				0	0	0
				0	0	0
				12,500	12,500	0
<u>Chief Executive</u>						
21114	0728	Approved as part of the £175k Transformational Fund	Performance & Transformation	190,036	190,036	0
				0	0	0
				0	0	0
				190,036	190,036	0
<u>Economic Growth</u>						
11031	0728	Seaside Success project	Strategy for seaside success	50,000	50,000	0
22201	0001	Salaries not included in original budget	Nuclear Issues	28,409	28,409	0
22201	0005			2,168	2,168	0
22201	0006			3,523	3,523	0
11002	0001	To fund salary protection	Planning Policy	8,037	8,037	0
11002	0005			1,109	1,109	0
11002	0006			997	997	0
11090	0800	To enable increased economic growth in the borough	Growth Strategy	25,000	25,000	0
				119,243	119,243	0
<u>Copeland Services</u>						
32900	0108	Catherine Street Car Park	CBC Car Parks	7,000	7,000	0
33200	0710	Bin Replacement	Refuse Collection	35,000	35,000	0
33204	0710	Recycling	Refuse Recycling	10,000	0	-10,000
48004	0100	Cremator maintenance contract	Crematorium	10,000	10,000	0
48004	0953	Tmac Levy (formerly CAMEO)	Crematorium	25,000	25,000	0
48009	0718	Knotweed for treatment during year	Misc Landscapes	7,000	7,000	0
				0	0	
				0	0	
				94,000	84,000	-10,000
<u>& Community Services</u>						
32201	0291	To complete Beacon Refurbishment	Beacon	43,014	43,014	0
11036	0728	Commitment to pay licence site	Advertising site Tangier Building	1,368	1,368	0
11065	0728	To underpin IAG apprenticeship scheme	Copeland Apprentice Initiative	7,988	7,988	0
33605	0727	Housing survey and business accommodation research	Housing Strategy	20,000	20,000	
				0	0	0
				0	0	0
				72,370	72,370	0
				488,149	478,149	-10,000

REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2014/15 (1 April 2014 to 30th June 2014)
Appendix B – Carry forward forecast

Department	Cost Code	Detail	14/15 Carry forward of budget	14/15 Forecast	14/15 Variance	Reason for C/F	Funded - GFR/EMR
Chief Executive							
	23304	0947	159	0	159	Leader requested hospitality budget carry forward	GFR
	23100	0800	12,000	12,000	0	estimate shortfall identified in 14/15 budget in connection with member investigation fees	GFR
	21114	0728	65,036	65,036	0	Phase 1 & 2 of change programme allocated not delivered in 13/14	EMR
Sub total			77,195	77,036	159		
Resources & Strategic Commissioning							
	26101	0150	117,000	117,000	0	Air handling unit work to be undertaken in 14/15 when pool shut down for extension works	GFR
	26101	0150	57,540	57,540	0	To fulfill obligations under contract for PMP	GFR
	26125	0100	48,500	48,500	0	To rectify dangerous structure, northern boundary on conservation area	GFR
	26107	0100	21,069	21,069	0	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
	38007	0800	30,000	30,000	0	Revs & Bens request - required to fund review work ro realise efficiencies	GFR
Sub total			274,109	274,109	0		
Economic Growth							
	11001	0001	3,082	3,082	0	Regeneration & youth team funding needs to match over time of external funding	GFR
	11001	0350	1,746	1,746	0		
	11001	0610	2,775	2,775	0		
	11001	0728	2,717	2,717	0		
	11001	0780	1,220	1,220	0		
	11001	0783	1,000	1,000	0		
	32546	0001	9,345	9,345	0	Regeneration & youth team funding needs to match over time of external funding	GFR
Sub total			21,885	21,885	0		
Copeland Services							
	26005	0200	12,800	12,800	0	Severe weather demands St Bees sink hole works	GFR
	48010	0001	28,000	28,000	0	Estimated wage & redundancy costs in connection with loss of Home Group contract *	GFR
	48010	0005	5,000	5,000	0		
	48010	0006	6,300	6,300	0		
	48003	0100	5,000	5,000	0	Drainage for Millom cemetery utilising current year u/spend	GFR
	46203	0111	7,690	7,690	0	To complete fire risk assessment work	GFR
Sub total			64,790	64,790	0		
Customer and Community Services							
	32201	0291	43,014	43,014	0	To complete Beacon refurbishment	EMR
	11036	0728	1,368	1,368	0	Commitments to pay licence site	EMR
	11065	0728	7,988	7,988	0	To underpin IAG apprenticeship scheme	EMR
	11044	0728	2,316	2,316	0	Required for 5 yr program	GFR
	43030	0317	23,726	23,726	0	To complete pool project QS fees	GFR
	34201	0001	32,097	32,097	0	To use to support housing MVM system upgrade	GFR
	34201	0005	3,477	3,477	0		
	34201	0006	3,979	3,979	0		
	22215	0900	16,289	16,289	0	Remainder of CAT pot needed each year to deal with transfers	GFR
Sub total			134,254	134,254	0		
Total			572,233	572,074	159		

REVENUE BUDGET - PERIOD 3 SUMMARY FINANCIAL REPORT 2013/14
(1 April 2014 to 30 June 2014)

APPENDIX C

	Original Budget 27 Feb 2014	Amended 27 May 2014 (includes cfwds)	Changes period 1-12	Current Approved Budget	Actual spend	14/15 Forecast at Period	Variance to Budget at Period 3
Department	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	2,294	77	138	2,509	283	2,467	(42)
Copeland Services	2,361	72	(22)	2,411	961	2,438	27
Customer & Community Services	1,336	154	0	1,490	559	1,449	(41)
Economic Growth	457	91	0	548	(49)	549	1
Resources & Strategic Commissioning	4,063	274	(116)	4,221	(32)	4,215	(6)
Total	10,511	668	0	11,179	1,722	11,118	(61)
Funding							
RSG	2,513	0	0	2,513		2,513	0
Baseline need	2081	0	0	2,081		2,081	0
New homes bonus	472	0	0	472		472	0
PFI Grant	837	0	0	837		837	0
Council Tax	3,666	0	0	3,666		3,666	0
Collection Fund Surplus	37	0	0	37		37	0
Specifc Grants	17	0	0	17		17	0
BEC Social Fund	400	0	0	400		400	0
Earmarked Reserves	275	213	0	488		478	(10)
General Fund Reserves	213	455	0	668		617	(51)
Total	10,511	668	0	11,179	0	11,118	(61)

Revenue Monitoring Pd 3
2014/15

REVENUE BUDGET – PERIOD 3 SUMMARY FINANCIAL REPORT 2014/15 (1 April 2014 to 30th June 2014)

Appendix D – Budget and Forecast by Cost Centre

Capital / Revenue	Revenue
Group	(Multiple Items)

				Current Approved Budget 14/15	Profiled Budget	Current Net Expenditure	Profiled Variance	Revised Projection	Forecast Year- End Variance
CLT Dir./HoS	CLT Department	Cost Centre	Cost Centre Description						
Chief Executive	Chief Executive	12000	Chief Executive	226,238	56,535	55,590	(945)	223,932	(2,306)
		12001	Chief Exec Prize Award Scheme	0	0	(1,050)	(1,050)	1,050	1,050
		12003	Director of Services	0	0	204	204	0	0
		12010	Head of Corporate Resources	0	0	0	0	0	0
		12011	Head Policy & Transformation	0	0	0	0	0	0
		12012	Head of Regeneration & Community	0	0	0	0	0	0
		12013	Head of Neighbourhoods	0	0	0	0	0	0
		12014	Head of Nuclear, Energy & Planning	0	0	0	0	0	0
		22200	Corporate Management	625,235	171,240	(103,233)	(274,473)	621,944	(3,291)
		22211	Copeland Pride Awards	0	0	(7,756)	(7,756)	0	0
		22213	Choosing to Change	90,829	2,254	0	(2,254)	90,829	0
		29200	Subscriptions	12,951	3,236	7,019	3,783	11,518	(1,433)
		29500	National Conferences	3,362	840	0	(840)	3,362	0
		Chief Executive Total			958,615	234,105	(49,227)	(283,332)	952,635
	Communications	21500	Website Maintenance	9,943	2,485	1,200	(1,285)	0	(9,943)
		22000	Communications (H/A)	103,784	25,942	10,466	(15,476)	93,084	(10,700)
	Communications Total			113,727	28,427	11,666	(16,761)	93,084	(20,643)
	Democratic & Electior	10001	Democratic Representation	3,091	772	2,428	1,656	3,091	0
		23001	Stationery (H/A)	0	0	6,583	6,583	0	0
		23100	Committee Services	195,683	48,902	49,009	107	196,268	585
		23300	Civic & Mayoral	292,783	73,165	61,895	(11,270)	292,935	152
		23302	Mayors Hospitality Account	2,060	515	(500)	(1,015)	2,060	0
		23303	Civic Hospitality Account	2,152	538	1,771	1,233	2,152	0
		23304	Leaders Hospitality Account	674	168	2	(166)	0	(674)
		27100	Elections	150,531	37,630	94,642	57,012	150,531	0
		27200	Electoral Registration	40,371	10,089	1,193	(8,896)	42,019	1,648
		27400	House & Street Naming & Numbering	0	0	(294)	(294)	0	0
		27150	Independant Electoral Registration (IER)	0	0	(37,753)	(37,753)	0	0
		Democratic & Election Services Total			687,345	171,779	178,974	7,196	689,056
	Human Resources	21110	Human Resources (H/A)	186,653	46,647	33,900	(12,747)	186,671	18
		21200	Training	59,441	14,854	169	(14,685)	59,441	0
		21209	Training - Finance	0	0	0	0	0	0
		21210	Training - Legal	0	0	300	300	0	0
		21223	Training - Property	0	0	137	137	0	0
		21231	Training - Beacon	0	0	0	0	0	0
		21234	Training - Building Control	0	0	280	280	0	0
		21236	Training - Open Spaces	0	0	3,740	3,740	0	0
		21237	Training - Refuse & Recycling	0	0	1,850	1,850	0	0
		21238	Training - Human Resources	0	0	(198)	(198)	0	0
		38001	Payroll Team H/A	38,413	9,600	10,059	459	38,413	0
		21235	Training - Environmental Health	0	0	26	26	0	0
		21205	Training - Neighbourhoods	0	0	0	0	0	0
		21240	Training: Democratic & Election Services	0	0	0	0	0	0
	Human Resources Total			284,507	71,101	50,262	(20,839)	284,525	18
	Policy & Transformati	21114	Performance and Transformation	334,909	93,789	33,940	(59,849)	318,950	(15,959)
		21115	Policy & Scrutiny	34,098	8,521	6,070	(2,451)	34,689	591
		21350	Geographic Information Systems (GIS)	50,913	12,723	17,071	4,348	49,082	(1,831)
		27002	Equality & Diversity AWAZ	6,181	1,545	(1,800)	(3,345)	6,181	0
		29000	Grants and Other Aids	39,178	9,791	36,000	26,209	39,178	0
	Policy & Transformation Total			465,279	126,369	91,280	(35,089)	448,080	(17,199)
Chief Executive Total				2,509,473	631,781	282,956	(348,824)	2,467,380	(42,093)
Dir. of Resources & Strat. Commissioning	Audit Department	28700	Audit Team H/A	106,705	26,665	(0)	(26,665)	106,705	0
	Audit Department Total		106,705	26,665	(0)	(26,665)	106,705	0	
	Financial Services	28601	Accountancy Team H/A	455,893	113,928	109,380	(4,548)	455,892	(1)
		29201	Subscriptions and Other Miscellaneous	0	0	(1,110)	(1,110)	0	0
		29250	Grants to Parish Councils	84,480	21,112	68,039	46,927	84,480	0
		29300	Treasury Management	186,368	46,553	(54,584)	(101,138)	175,368	(11,000)
		29400	Insurances	233,139	58,270	156,088	97,818	233,139	0
		33701	Housing Advances	(2,266)	(566)	0	566	(2,266)	0
	Financial Services Total			957,614	239,297	277,813	38,516	946,613	(11,001)
	ICT/MIS	25000	Management Information Systems	453,962	113,446	114,174	728	443,615	(10,347)
		25001	Photocopier H/A	0	0	9,549	9,549	0	0
		25004	Mobile Phone H/A	0	0	4,553	4,553	0	0
	ICT/MIS Total			453,962	113,446	128,275	14,829	443,615	(10,347)
	Legal Services	27001	Legal Services	179,596	44,880	48,508	3,628	181,136	1,540
		27300	Land Charges	(62,950)	(15,732)	(32,482)	(16,750)	(62,950)	0
		27500	Licensing General	9,806	2,450	7,957	5,507	9,806	0
		27501	Public Entertainment Licensing	(125)	(31)	(87)	(56)	(125)	0
		27502	Small Lotteries Licensing	(3,889)	(972)	(2,445)	(1,473)	(3,869)	20
		27508	Taxi Licensing	(22,596)	(5,647)	(24,449)	(18,802)	(22,596)	0
		27511	Private Hire Licensing	(20,178)	(5,042)	(15,149)	(10,107)	(20,178)	0
		27512	Liquor Licensing	(57,345)	(14,331)	(45,015)	(30,684)	(57,345)	0
		27513	Gambling Act 2005	(10,788)	(2,696)	(3,900)	(1,204)	(10,788)	0
		27544	Gaming Machines	(2,134)	(533)	(1,242)	(709)	(2,134)	0
	Legal Services Total			9,397	2,346	(68,302)	(70,648)	10,957	1,560
	Procurement	22210	Procurement	37,946	9,483	346	(9,137)	37,946	0
	Procurement Total			37,946	9,483	346	(9,137)	37,946	0
	Property Services	11101	Cleator Moor Business Centre	(8,911)	(489)	(16,398)	(15,910)	(8,911)	0
		26000	Property H/A	200,915	50,209	36,875	(13,334)	192,346	(8,569)
		26101	North Country Leisure	477,898	134,808	21,113	(113,696)	527,393	49,495
		26106	Crematorium	0	0	845	845	0	0
		26107	Moresby Parks / Beck Green Nursery	41,673	10,414	10,368	(46)	41,673	0
		26108	Community Buildings	0	0	869	869	0	0
		26109	Public Conveniences	0	0	556	556	0	0
		26110	Beacon / Museum Store	0	0	3,315	3,315	0	0
		26113	Miscellaneous Land	0	0	702	702	0	0
		26114	Phoenix Court	0	0	302	302	0	0
		26116	Repair Backlog	0	0	0	0	0	0
		26122	Wellington Pit Memorial	0	0	(2,828)	(2,828)	0	0
		26124	Gillfoot Shaft	0	0	(671)	(671)	0	0
		26125	Public Buildings General	304,674	76,137	4,547	(71,590)	304,674	0
		26126	Frizington Medical Group Practice	0	0	479	479	0	0
		26128	Cleator Moor Council Centre	0	0	878	878	0	0
		26204	Millom Offices	3,450	2,593	2,308	(285)	3,450	0
		26210	Cleator Moor Area Office	20,853	11,662	1,884	(9,778)	8,599	(12,254)
		26214	Moresby Parks Depot	112,651	64,578	68,071	3,493	107,874	(4,777)
		26215	Copeland Centre	1,145,290	350,202	70,253	(279,949)	1,149,389	4,099
		26217	INSURANCE REPAY LONDON & REGIONAL	0	0	(19,585)	(19,585)	0	0

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Dir. of Resources & Strat. Commissioning	Property Services	26221	Coastal Management	0	0	(150)	(150)	0	0	
		28100	Land Management	(124,513)	(29,949)	(10,390)	19,559	(124,513)	0	
		28200	Community Buildings	0	0	0	0	0	0	
		26112	Miscellaneous Buildings	0	0	(1,590)	(1,590)	0	0	
		26127	Market hall	0	0	(23,596)	(23,596)	0	0	
		26223	Swimming Pool Insurance Works	0	0	7,341	7,341	0	0	
		26102	Area Offices	0	0	0	0	0	0	
		Property Services Total		2,173,980	670,165	155,497	(514,668)	2,201,974	27,994	
	Resources & Strategic		12016	Dir of Resources & Strat. Commissioning	103,194	25,786	15,882	(9,904)	89,289	(13,905)
	Resources & Strategic Commissioning Total		103,194	25,786	15,882	(9,904)	89,289	(13,905)		
	Revenue's & Benefits	38007	Revenues and Benefits Shared Service	695,227	174,692	62,626	(112,066)	695,227	0	
		38009	New Burdon Business Rate Deferral Scheme	0	0	(6,220)	(6,220)	0	0	
		38100	National Non-Domestic Rates	(117,097)	(29,263)	570	29,833	(116,403)	694	
		38200	Council Tax	(112,988)	(28,234)	(189,129)	(160,895)	(112,988)	0	
		38300	Council Tax Benefits	0	0	0	0	0	0	
		38301	Housing Benefits	(87,300)	(21,817)	(409,817)	(388,000)	(87,300)	0	
	Revenue's & Benefits Shared Service Total		377,842	95,378	(541,970)	(637,348)	378,536	694		
Dir. of Resources & Strat. Commissioning Total										
				4,220,640	1,182,566	(32,460)	(1,215,026)	4,215,635	(5,005)	
Director of Economic Growth	Building Control	31401	Building Control Non Fee Based	108,839	27,197	25,061	(2,136)	108,839	0	
		31402	Building Control Fee Based	(53,846)	(13,455)	(17,273)	(3,818)	(53,846)	0	
		31400	Building Control H/A	0	0	0	0	0	0	
	Building Control Total		54,993	13,742	7,788	(5,954)	54,993	0		
	Development Control	31600	Development Control	(42,417)	(10,601)	(53,726)	(43,125)	(41,729)	688	
		31601	Dilapidated Buildings	0	0	0	0	0	0	
	Development Control Total		(42,417)	(10,601)	(53,726)	(43,125)	(41,729)	688		
	Economic Developme	11001	Economic Development	101,694	25,414	78,668	53,254	101,694	0	
		11005	Joint Health Improvement	0	0	(47,253)	(47,253)	0	0	
		11031	Strategy for seaside success	50,000	12,495	4,986	(7,509)	50,000	0	
		32546	Youth Engagement	18,806	4,702	13,207	8,505	18,806	0	
		32560	Arts Development	5,889	1,472	0	(1,472)	5,889	0	
		43020	Health & Sport	28,297	7,071	0	(7,071)	28,297	0	
		11250	Coastal Interpretation	0	0	(10,150)	(10,150)	0	0	
	Economic Development Total		204,686	51,154	39,458	(11,696)	204,686	0		
	Economic Growth		12015	Director of Economic Growth	99,075	24,757	23,228	(1,529)	99,075	0
	Economic Growth Total		99,075	24,757	23,228	(1,529)	99,075	0		
	Nuclear	12004	Managing Radioactive Waste Safely	0	0	0	0	0	0	
		12020	GRID PPA	0	0	0	0	0	0	
		12021	NuGen PPA	0	0	4,434	4,434	0	0	
		12022	DONG Energy PPA	0	0	2,670	2,670	0	0	
		12023	Sellafield PPA	0	0	0	0	0	0	
		22201	Nuclear Issues	34,100	8,521	(72,670)	(81,191)	30,951	(3,149)	
		22208	Localism Grants	0	0	(29,503)	(29,503)	0	0	
		22218	CoNE	0	0	0	0	0	0	
	Nuclear Total		34,100	8,521	(95,069)	(103,590)	30,951	(3,149)		
	Strategic Planning	11002	Planning Policy	163,283	40,804	29,123	(11,681)	163,509	226	
		11003	Environmental Works and Land Reclamation	12,240	3,059	0	(3,059)	12,240	0	
		31500	Conservation General	(2,841)	(710)	0	710	0	2,841	
		11090	Growth Strategy	25,000	6,248	0	(6,248)	25,000	0	
	Strategic Planning Total		197,682	49,401	29,123	(20,278)	200,749	3,067		
Director of Economic Growth Total										
				548,119	136,974	(49,199)	(186,173)	548,725	606	
Head of Copeland Services	Copeland Services	46200	Neighbourhood Support	87,836	21,948	19,958	(1,990)	81,507	(6,329)	
		12018	Head of Copeland Services	70,512	17,620	17,006	(614)	70,512	0	
	Copeland Services Total		158,348	39,568	36,964	(2,604)	152,019	(6,329)		
	Environmental Health	26005	Flooding & Coastal Defence	59,438	14,852	132,428	117,576	59,438	0	
		31101	Health & Safety	3,485	871	(96)	(967)	3,485	0	
		31110	Food Hygiene & Private Water Supplies	5,159	1,290	(4,542)	(5,832)	5,159	0	
		31204	Environmental Protection	15,222	3,803	5,368	1,565	15,221	(1)	
		31801	Peace Time Emergency Planning	5,421	1,355	0	(1,355)	5,421	0	
		31900	Works In Default H/A	0	0	4,640	4,640	0	0	
		46202	Environmental Health	539,855	134,911	128,025	(6,886)	539,855	0	
		46203	Corporate Health & Safety	53,477	13,365	6,086	(7,279)	53,477	0	
	Environmental Health Total		682,057	170,447	271,909	101,462	682,056	(1)		
	Parks & Open Spaces	32802	Street Scene	179,673	44,900	(11,810)	(56,710)	171,553	(8,120)	
		46201	Open Spaces	116,809	29,189	50,891	21,702	116,818	9	
		48001	Allotments & Pigeon Lofts	6,632	1,657	(2,692)	(4,349)	5,837	(795)	
		48002	Sport Pitches	6,510	1,626	850	(776)	7,360	850	
		48003	Cemeteries	(41,775)	(5,752)	(12,241)	(6,490)	(41,079)	696	
		48004	Crematorium	(583,267)	(126,775)	(86,312)	40,463	(598,720)	(15,453)	
		48005	Trees (GM)	39,824	9,953	48	(9,906)	39,824	0	
		48006	Play Areas & Teen Spaces	28,802	7,198	6,380	(818)	30,900	2,098	
		48007	Nursery	0	0	0	0	0	0	
		48008	Parks and Open Spaces	155,089	38,756	600	(38,156)	148,897	(6,192)	
		48009	General Landscapes and Misc Works	100,400	25,090	71,986	46,896	100,400	0	
		48010	Home Group Ltd	5,527	1,381	5,311	3,930	9,672	4,145	
		48011	County Weedspraying and Grass	(8,838)	(2,210)	0	2,210	(9,489)	(651)	
		48012	Parishes and Small Works	(26,254)	(6,562)	(10,829)	(4,267)	(26,254)	0	
		48013	Home Housing	(5,000)	(1,250)	(350)	900	(5,000)	0	
		48014	Floral Maintenance	4,825	1,205	0	(1,205)	0	(4,825)	
	Parks & Open Spaces Total		(21,043)	18,406	11,832	(6,575)	(49,281)	(28,238)		
	Waste Management & Enforcement	32700	Markets	(26,767)	2,290	4,673	2,384	(13,514)	13,253	
		32701	Dogs Enforcement	11,093	2,773	(467)	(3,240)	10,931	(162)	
		32702	Licensing Enforcement	83	21	0	(21)	83	0	
		32703	Other Environmental Enforcement	103,854	25,953	26,234	281	108,026	4,172	
		32900	CBC Car Parks	(245,942)	(21,124)	(21,419)	(295)	(180,964)	64,978	
		32905	On Street DPE Parking	0	0	(32)	(32)	0	0	
		33000	Environmental Cleansing	603,161	151,376	148,033	(3,343)	594,598	(8,563)	
		33100	Public Conveniences	11,324	4,006	(2,389)	(6,395)	11,324	0	
		33200	Refuse Collection	678,359	169,520	194,122	24,602	713,646	35,287	
		33202	Refuse - Bulk	(7,673)	(1,918)	(171)	1,747	5,921	13,594	
		33203	Refuse - Commercial	(72,885)	(18,233)	(36,052)	(18,492)	(71,972)	913	
		33204	Refuse - Recycling	(19,682)	(4,931)	40,516	45,447	(47,790)	(28,108)	
		33206	Refuse - Fuel Issues	0	0	7,992	7,992	0	0	
		33208	Kerbside Recycling	91,420	22,844	107,532	84,688	119,658	28,238	
		33209	Plastic and Cardboard Recycling Scheme	0	0	0	0	0	0	
		33211	Waste Services - Holding A/C	345,760	86,405	79,958	(6,447)	351,519	5,759	
		33212	Refuse - Green Waste	104,400	26,089	133,390	107,301	51,583	(52,817)	
		33300	Building Cleaning	15,163	3,789	4,051	262	0	(15,163)	
		33213	Food Waste Digesters	0	0	(45,372)	(45,372)	0	0	
	Waste Management & Enforcement Total		1,591,668	448,860	640,599	191,066	1,653,049	61,381		
Head of Copeland Services Total										
				2,411,030	677,281	961,304	283,350	2,437,843	26,813	
Head of Customer and Community Services	Beacon Museum	32201	Beacon	43,014	67,879	179,897	112,018	43,014	0	
		32202	Tourist Information Centre	0	0	0	0	0	0	
		32203	Beacon Grants	0	(1)	16,113	16,114	0	0	
		32204	Beacon Collection	74,508	18,620	0	(18,620)	63,331	(11,177)	
	Beacon Museum Total		117,522	86,498	196,010	109,512	106,345	(11,177)		
	Copeland Community		11040	CCF Development Team	0	2	22,775	22,773	0	
	Copeland Community Fund Total		0	2	22,775	22,773	0	0		
	Customer and Commu	11036	Advertising site Tangier Building	1,368	342	134	(208)	1,368	0	
		11044	Whitehaven THI	2,316	579	(4,177)	(4,756)	2,316	0	
		11056	Tourism	0	0	20,169	20,169	0	0	
		11065	Copeland Apprentice Initiative	7,988	1,996	(7,119)	(9,115)	7,988	0	

Revenue Monitoring Pd 3									
2014/15									
Head of Customer and Community Services	Customer and Commu	22215	CAT - Community Asset Transfer	33,323	8,327	322	(8,005)	33,323	0
		11070	Works 4 U Initiative	0	0	75,000	75,000	0	0
		12017	Head of Customer and Community Services	52,693	13,168	16,296	3,128	52,693	0
		38399	Local Growth	0	0	600	600	0	0
	Customer and Community Services Total			97,688	24,412	101,225	76,813	97,688	0
	Customer Services	25003	Copeland Direct	306,361	76,559	70,123	(6,436)	306,490	129
		29100	Concessions	0	0	0	0	0	0
		38004	Cash Collection H/A	82,545	20,627	10,544	(10,083)	82,545	0
	Customer Services Total			388,906	97,186	80,667	(16,519)	389,035	129
	Leisure Management	43030	NCL Contract	383,947	95,948	96,772	824	383,947	0
	Leisure Management Contract Total			383,947	95,948	96,772	824	383,947	0
	Strategic Housing	33605	Housing Strategy	100,697	25,163	20,771	(4,392)	100,697	0
		34201	Private Sector Housing Renewal	144,445	30,750	36,760	6,010	123,049	(21,396)
		35202	Homelessness	256,772	64,163	4,515	(59,648)	247,601	(9,171)
	Strategic Housing Total			501,914	120,076	62,046	(58,030)	471,347	(30,567)
Head of Customer and Community Services Total				1,489,977	424,122	559,495	135,373	1,448,362	(41,615)
Grand Total				11,179,239	3,052,724	1,722,096	(1,331,301)	11,117,945	(61,294)

APPENDIX E
DEBT ACTION 2014/15

It is good practice to write off debts that are irrecoverable and all write offs must be approved in accordance with the Council's Scheme of Delegation and be reported in summary to Executive.

This is the report from 1st April 2014 to 30th June 2014 and details the write off of debt totalling £30,472 for those three months, as set out in Paragraphs 2.2 and 2.3, bringing the year to date write offs to a total of £30,472

1 SCHEME OF DELEGATION

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

- Chief Financial Officer (s151) – 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 Appendix is that summary.

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

2 DEBT ACTION THIS QUARTER

2.1 The debts written off in this appendix have been authorised by the Chief Financial Officer, as they are all below £50,000 in value.

2.2 £23,675 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 19 this period and a total of 19 in year (compared to 92 during the whole of the Financial Year 2013/14).

2.3 The remaining balance of £6,797 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

3 DEBT ACTION THIS YEAR 2014/15

3.1 A summary of the position in year (2014/15)

Type of Charge	Number of Accounts 1.04.14 to 30.06.14	Amount Written Off 1.04.14 to 30.06.14
Council Tax	12	6,086
National Non Domestic Rates	8	10,757
Housing Benefit Overpayments	22	12,363
Sundry Debt	6	1,266
Total	48	30,472

3.2 Analysis of type of debt written off in quarter 1 2014/15 and total 2013/14

Type of Charge	Number of Accounts 1.04.14 to 30.06.14	Amount Written Off 1.04.14 to 30.06.14		Number of Accounts for whole of 2013/14	Amount Written Off for whole of 2013/14
Council Tax	12	6,086		144	57,206
National Non Domestic Rates	8	10,757		12	31,417
Housing Benefit Overpayments	22	12,363		105	21,507
Sundry Debt	6	1,266		61	18,582
Total	48	30,472		322	128,712

4 FINANCIAL IMPACT ON COUNCIL

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

- i. Debts in respect of NNDR 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. This ratio would mean the amount of debt falling to Copeland Borough Council would be 40% or circa £4k to date, subject to a safety net payment limiting our overall loss on NNDR to £168k in 2014/15.
- ii. Debts in respect of Council Tax total fall on the Collection Fund, of which any surplus or deficit is shared by the relevant authorities in the ratio of their precepts on the Collection Fund in the previous year. This ratio for 2014/15 could mean that the amount of debt falling to Copeland Borough Council would be 12% or circa £730 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.

5 CURRENT DEBT MANAGEMENT ARRANGEMENTS

5.1 Recovery

The recovery of: Council Tax arrears, National Non Domestic Rates arrears, 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.

5.2 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.

5.3 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.

5.4 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.

5.5 Recommendation for write off

Approving recommendations to write-off bad debts is an internal accounting decision based on recommended good practice.

The debtor is still liable for the amount outstanding and recovery action can be resumed if circumstances change.

CAPITAL BUDGET – QUARTER 1 SUMMARY FINANCIAL REPORT 2014/15 (1 April 2014 to 30 June 2014)

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Angela George, Interim Finance Manager (S151 Officer)
REPORT AUTHOR: Leanne Barwise - Senior Accounting Officer

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

This report details the progress on delivering the projects in the agreed 2014/15 capital programme and provides the capital spend and estimated outturn forecast based on the financial position for the 3 month period to 30 June 2014.

RECOMMENDATIONS:

- I. Note the approved gross capital budget of £3,596,270, £1,162,649 of which is funded by external income to give a net current capital budget of £2,433,621.
- II. Note the total anticipated capital spend in the year to 31 March 2015 is £2.87m.
- III. Note the forecast year-end variance on the overall Capital Programme 2014/15 is a gross underspend of £730,911 at 30 June 2014. This, together with the additional £15,312 external income we have received to date (see paragraph 6.4) gives a total net variance of £746,224. As at quarter 1 it is expected that the majority of this underspend will need to be carried forward to complete projects in 2015/16.
- IV. Note the position as at 30 June 2014 (Quarter 1) of capital receipts for 2014/15 as set out in paragraph 7.

1. INTRODUCTION

- 1.1. This report provides the monitoring of the capital programme 2014/15 both in terms of capital expenditure and capital income, ensuring that anticipated expenditure is in line with budget; and that the whole capital programme is fully funded, either from external contributions or through use of our own resources (i.e. capital receipts – receipts from the sale of assets).
- 1.2. This report provides the actual expenditure position to 30 June 2014 and an expected expenditure position for the next nine months to give the total forecast outturn (final) position at the financial year-end.
- 1.3. The monitoring of the capital programme is undertaken and reported to CLT monthly and Executive on a quarterly basis.

2. REVISIONS TO THE CAPITAL PROGRAMME 2014/15

- 2.1. The original Capital programme for 2014/15 of £1,340,000 was approved by Council on 13 February 2014.
- 2.2. Since the original budget approval the budget carry forwards were approved at Council on 19 June 2014 to give a revised gross Capital Programme budget of £3,596,270 at 30 June 2014. This has been summarised for information at table A in Appendix A.

- 2.3. A £22k addition to the capital programme (in excess of £3.596m budget reported above) was approved at Executive on 27 May 2014 relating to ventilation/extraction of exhaust fumes at the Moresby Depot but is not at this stage reflected in the budget figures. An assessment at a cost of £3k to ascertain the impact of diesel engine exhaust emissions from vehicles parking within the Moresby Parks depot will be completed. Should this assessment identify a need, the project would then be added to the Capital Programme to allow the installation of a suitable ventilation/extraction system at a cost of £19k to manage the emissions.

3. EXPENDITURE TO DATE AND FORECAST YEAR END POSITION

- 3.1 At quarter 1 the gross capital programme expenditure **budget** for 2014/15 is £3,596,270 as detailed above and in Table A at Appendix A.
- 3.2 External capital income **budget** totals £1,162,649 and consisting of:
- £261,000 - Disabled Facilities Grants
 - £96,947 – St Bees Play Area
 - £400,000 – Whitehaven THI
 - £401,702 – Copeland Pool
 - £3,000 – Mount Pleasant

This gives a net capital programme budget of £2,433,621 as shown in Table B.

- 3.3 It should be noted that depending on spending patterns and grant conditions for reclaiming external funding, all external capital income usage during 2014/15 is estimated as it may be claimed in future financial years, as opposed to during 14/15. Therefore it may be necessary to use our own approved resources prior to the approved external income being accessed. This is purely in relation to the conditions of the grant which is standard with external income and although claims will continually be processed there may be a period of time which the authority will need to bankroll the expenditure.
- 3.4 The forecast **expenditure** position at 30 June 2014 for financial year 2014/15 is gross capital expenditure of £2,865,358. Actual spend at quarter 1 amounts to £236,290 with £2,629,068 (92%) forecast to be spent in the next nine months of the year.
- 3.5 The gross income budget is £1,162,649 but the actual income received as at 30 June 2014 for financial year 2014/15 is £276,312 from DCLG towards the provision of Disabled Facilities Grants (£15,312 more than originally budgeted). The remaining external income of £901,649 forecasted for receipt in 2014/15 is expected to be claimed from the external funders within the financial year, subject to spending patterns on each project.
- 3.6 This results in forecast favourable variance against budget of £746,224 (Gross Expenditure variance £730,912 + gross income variance £15,312 = £746,224) as detailed in table B at Appendix A.

4. PROJECTS COMPLETED SINCE YEAR END

- 4.1 Beacon lift Replacement - The project successfully installed a new lift within the Beacon replacing the previous 18 year old lift which had passed its useful life. The project was completed under budget; with an estimated underspend of just over £3k to be returned to reserves for use on other projects.
- 4.2 St Bees Play Area - The new play area on St Bees Foreshore was officially opened to the public on 10 July 2014. St Bees Parish Council utilised £40k awarded by the authority as match funding to secure external grant funding to total just over £138k and allow a large renovation of the original play area

which had well passed its design life. The play area has doubled in size and offers improved access and a wide range of play equipment for ages 0-14 benefitting the local community and visitors to the area.

5. PROJECT UPDATES AS AT 30 JUNE 2014

- 5.1 Copeland Pool Fitness Extension – Works on the Gym Extension at Copeland Pool are progressing with an estimated completion date of October 2014 when the facility will be open for use not only to current gym members but to encourage additional members within the Borough to promote and maintain an active lifestyle. The new extension will house a new 35 station gym, two activity rooms for delivery of fitness classes, improved changing facilities as well as creating additional car parking.
- 5.2 Fleet Replacement – The bulk of this budget (£90k) was to provide a recycling vehicle but due to the expected introduction of new waste regulations in January 2015, which require 4 types of kerbside recycling materials to be collected by Local Authorities in place of the current 3 collected in Copeland, it is anticipated that the purchase of a recycling vehicle may not be complete in 2014/15. Before replacing recycling vehicles, we need to assess whether our current recycling service complies with the new regulations and if not what needs to be done to be compliant. A vehicle specification will come from that piece of work, which will then enable an options appraisal (lease or purchase) to be completed. The £90k budget has therefore been recorded as an under spend to be carried forward within the model to reflect the current position.
- 5.3 Customer Service Strategy - A capital budget to enable reception redesign as part of the customer services strategy was carried forward into 2014/15. Delivering Differently will impact on the customer access requirements. The projected spend is at zero until the new requirements are finalised.
- 5.4 Whitehaven Cemetery Extension - A number of pieces of land have now been identified as possible sites and works must be undertaken to see if these are suitable. The estimated cost of these works are £10k, if none of these sites are suitable then this will be a revenue cost and will be covered within the current year revenue budget. If one of the sites is suitable and progresses, the costs relating to it can be funded through the capital budget. Once a suitable piece of land is identified a PID will be presented to Executive.

6. HOUSING SERVICES

- 6.1 Housing Services this year have a total **budget** of £757,337 inclusive of £157,337 carried forward from 2013/14 to fund commitments made in that year leaving £600,000 available to commit in the current year. It is *currently* anticipated that the level of commitments will be in line with budget this financial year. Members are asked to note that the current position is subject to change as it is impossible to predict with certainty the number or value of referrals that may be received before the financial year end.
- 6.2 Of the £757,337 budget, forecast **spend** in year is approximately £587,000. The remaining £170,000 unspent budget is forecast to be carried forward into 2015/16 to meet commitments approved this year.
- 6.3 Members are asked to note that DFG's are not an annual programme. They are a responsive statutory duty that rolls over year on year to qualifying people who are referred from Occupational Therapy at any time, as and when their need arises. The majority of spend occurs at end of each individual project so spend subsequently follows the date the commitment was granted. This will necessitate some of the funding to be carried forward into 15/16 to complete projects commenced in year as stated in 6.2 above.

- 6.4 Income from DCLG was budgeted at £261,000 being the best estimate at the time the budget was set. We have, however, received £276,312 which is £15,312 in excess of the original budget. This will reduce the need to call on our own funding from the Useable Capital Receipts Reserve by the same amount of £15,312.
- 6.5 The details of anticipated spend is illustrated in table 1 below, with the commitments continuing to be reviewed by Housing and Finance staff on a monthly basis:

Table 1: Housing budget and spend as at 30 June 2014

Housing Budget & Spend 2014/15	£	£
FORECAST POSITION		
<u>EXPENDITURE BUDGET</u>		
Budget brought forward from 2013/14	157,337	
New budget 2014/15	600,000	
Total budget 2014/15		757,337
<u>FUNDING OF EXPENDITURE BUDGET</u>		
UCRR (Reduced by £15,312 add. income see below)	- 481,025	
External income from DCLG (as per budget)	- 261,000	
Additional external income from DCLG (not budgeted)	- 15,312	
Total funding of expenditure budget	-	757,337
<u>FORECAST EXPENDITURE 2014/15</u>		
Actual paid to date	146,850	
Forecast Spend to March 2015	440,549	
Total Expenditure 2014/15		587,399
<u>FUNDING OF FORECAST EXPENDITURE</u>		
External income from DCLG	- 261,000	
Additional income from DCLG	- 15,312	
Useable Capital Receipts Reserve	- 311,087	
Total funding of Expenditure	-	587,399
Budget Forecast Underspend		169,938
Underspend usage:		
Comittments made 2014/15 to be carried forward & paid in 2015/16		169,938
To be returned to the Housing Reserve for future Disabled Facilities Grant awards		-
		169,938

7. CAPITAL RECEIPTS

- 7.1 The initial forecast capital receipts for 2014/15 was estimated at £351k but this has since been revised to receipts of approximately £638k.
- 7.1 Of the revised forecast capital receipts of £638k above, actual disposal proceeds received at Quarter 1, (30 June 2014) amounted to £29.2k.
- 7.2 Of the remaining £609k anticipated receipts (£638k estimate above less £29k already received) - £382k relates to the former Kells School Plots and the Legal Services Manager is actively progressing these sales. However, it should be noted that these may slip into the next financial year and not be realised

this year. The remaining £227k relates to ad-hoc sales of land and property which are currently anticipated to be sold within year.

- 7.3 The timing and value of capital receipts is imperative to enable the Authority to realise sufficient capital receipts and provide adequate funding of the future Capital Programme.

8. FINANCING

- 8.1 Table 2 below shows how the current 2014/15 Capital Programme will be funded. It is important that the funding of the Capital Programme is fully understood and can be demonstrated in particular the identification of external resources to support capital expenditure. This will contribute to improving the quality of the Financial Accounts, and on-going budget management.
- 8.2 The current forecast 2014/15 capital programme expenditure of £2,865,358 is planned to be financed as follows:

Table 2: Financing of the 2014/15 Capital Programme

Funded by:	Forecast funding based on current forecast capital receipt
Useable Capital Receipts – General Capital Receipts	1,297,741
Useable Capital Receipts – Housing Capital Receipts	389,656
TOTAL INTERNAL FUNDING FROM THE UCRR	1,687,397
External Funding	*1,177,961
TOTAL INTERNAL & EXTERNAL FINANCING	2,865,358

* Please see paragraph 3.2 for the make-up of the external funding and 3.5 for further details

- 8.3 The impact of forecast capital programme spending and capital receipts in 2014/15 would leave a balance of approximately £2.878m in the Useable Capital Receipts reserve as at 31 March 2015 including £1.8m in the General Capital Receipts and £0.9m in Housing Capital Receipts. This is also shown in Table C at Appendix A.

9. CONCLUSION

- 9.1 It is identified that there remains a strong risk that we may not realise all of the forecast capital receipts this financial year as they are dependent upon circumstances outside the Authorities control. This will be continually reviewed and Members updated accordingly.
- 9.2 The capital programme will continue to be robustly monitored over the coming months with the next report to be presented to Executive detailing the updated position at Quarter 2 – to 30 September 2014.

10. STATUTORY OFFICER COMMENTS

- 10.1 The Monitoring Officer's comments are: No further comment
- 10.2 The Section 151 Officer's comments are: Included within this report
- 10.3 EIA Comments: None
- 10.4 Policy Framework: Details are in accordance with the approved capital strategy & programme approved at Council.

10.5 Other consultee comments, if any: None

11 RESOURCE REQUIREMENTS

- 11.1 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.
- 11.2 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.

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

- 12.1 The capital programme will continue to be monitored monthly with the next report to Executive at Quarter 2. The budget monitoring process continues to be refined to provide members and officers with the up-to-date financial information needed to make key decisions on resource allocations during the year to feed into the Council's budget process.
- 12.2 The capital programme assumes funding from the sale of assets. Generation of capital receipts presents risks in terms of the timing and value of receipt. The Interim Estates & Valuation Manager and the Finance Team meet quarterly and review asset sales.

List of Appendices:

Appendix A – Capital Financial Tables at Quarter 1

Appendix B – Capital Budget Monitoring Report from Total

Appendix A

Table A: Capital Programme Budget 2014/15

CAPITAL PROGRAMME BUDGET 2014/15		
	£	£
Original Budget approved at Council 13/02/14		1,340,000
Approved amendments to budget:		
Capital Outturn EXE 27/05/14 (19/06/14 Council) carry forwards for 2014/15	2,256,270	
Current Budget		3,596,270

Table B: Spend & external income receipt to date and forecast for year as at 30 June 2014

Table 1: Spend to date and Forecast for year as at			30th June 2014		
	Gross budget	Spend/Income to date	Forecast period	Total gross forecast	Variance
2014/15 Expenditure	3,596,270	236,290	2,629,068	2,865,358	-730,912
2014/15 External Income	-1,162,649	-276,312	-901,649	-1,177,961	-15,312
TOTAL TO FINANCE	2,433,621	-40,022	1,727,419	1,687,397	-746,224

Table C: Impact of forecast capital programme spending and capital receipts in 2014/15 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts Reserve £	Housing Capital Receipt Reserve £	Land Management £	TOTAL £
Opening balance per unaudited accounts:	-2,164,925	-1,258,075	-200,000	-3,623,000
Forecast draw down to fund 14/15 capital programme	1,297,741	389,656	0	1,687,397
Forecast VAT Share receipts in year	-305,000	0	0	-305,000
Forecast Capital Receipts in year	-637,565	0	0	-637,565
Forecast useable Capital Receipts closing balance	-1,809,749	-868,419	-200,000	-2,878,168

Table D: Financing of the 2014/15 Capital Programme

	Budget £	Forecast £
TOTAL FINANCING OF CAPITAL PROGRAMME 2014/15	-3,596,270	-2,865,358
Funded By:		
Useable Capital Receipts	-1,858,715	-1,297,464
Housing Capital Receipts Reserve	-574,906	-389,656
Other Reserves and Contributions	0	-277
TOTAL INTERNAL FUNDING	-2,433,621	-1,687,397
External Funding	-1,162,649	-1,177,961
TOTAL FINANCING INCL EXTERNAL INCOME	-3,596,270	-2,865,358

TREASURY MANAGEMENT – QUARTER 1 SUMMARY FINANCIAL REPORT 2014/15

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Angela George, Interim Finance Manager (S151 officer)
REPORT AUTHOR: Leanne Barwise, Senior Accounting Officer

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

To inform Executive of the Treasury Management activity to 30 June 2014 and provide a forecast estimated investment interest to year end. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members are updated on treasury management activities regularly. This report therefore ensures this Council is implementing best practice in accordance with the Code.

RECOMMENDATIONS:-

- I. Executive are asked to note the contents of this detailed Treasury Management Quarter 1 report. The forecast figures presented in this report are also reflected in the Revenue Budget Monitoring Report presented elsewhere on this agenda.

1. INTRODUCTION

- 1.1 The Treasury Management budget is subject to a detailed monthly review and forms part of the Revenue Budget Monitoring report presented to Executive on a quarterly basis. This report further details the monitoring position at 30 June 2014 and provides an estimate of expected investment income to the year end.

2. ECONOMIC OUTLOOK

- 2.1 Until 2013, the economic recovery in the UK from 2008 had been the worst and the slowest recovery in recent history. However in the first quarter of 2014 growth has surpassed all previous expectations, with interest rate forecasts shifting significantly from previously indicating an early 2015 first increase, to a recently predicted Q4 2014 (Capita Asset Services have since moved forward their first increase in Bank rate to Q1 2015). The medium term increases in bank rate will be “limited and gradual” and it is anticipated that rates will not return to around 5% as before the financial crisis.
- 2.2 However there remains a downside risk for our economy, as in the UK we are currently very dependent on consumer spending and recovery in the housing market. This is likely to be limited as many consumers have maximised their borrowing and wage inflation is less than CPI inflation so disposable income is being eroded.

- 2.3 We continue to forecast anticipated future investment returns and speaking with our Treasury Advisors, Capita Asset Services to consider alternative options in an attempt to maximise investment returns given the current and expected conditions. The Council has a low-risk appetite and it should be noted that our main priority is the security of the principal investment ahead of yield (although the return is still a key consideration).

3. TREASURY MANAGEMENT EXPENDITURE BUDGET & FORECAST 2014/15

- 3.1 The treasury management budget was set by Council alongside other revenue budgets on 27th February 2014.
- 3.2 The treasury management expenditure budget of £392k (excluding SLA's) mainly consists of non-controllable costs. £379k of this relates to the annual interest repayments on the Authorities only remaining £5m loan. These repayments of interest are made bi-annually in August and February each year. At the current time, the advice is to leave this loan in its present form as the penalty for repaying early (currently estimated at £3m penalty plus the £5m loan) would be prohibitive. This is however, continually reviewed with our Treasury Consultants, Capita Asset Services, and more details are presented at Appendix B.
- 3.3 The expenditure budget of £392k against an income budget of £205k results in a net budget for the treasury management function of £187k.
- 3.4 The expenditure budget forecast is detailed in the table below:

Table 1 – Expenditure Budget (excluding SLA's)

Budget	Spent to Date	Forecast of expected payments to 31/03/15	Total Forecast position as at 31/03/15	Variance as at 31/03/15
£	£			£
391,991	0	389,356	389,356	(2.635)

4. TREASURY MANAGEMENT INCOME BUDGET & FORECAST 2014/15

- 4.1 The treasury management income budget for anticipated investment returns for 2014/15 (£201k) on our cash held deposits. When this income budget was approved in February 2014, the budget was set at £50k lower than the previous year at £153k, with the assumption that interest rates could potentially fall further than they were in 2013/14. Due to the retention of the monies received from a major ratepayer and revisions to the strategy (see paragraph 3.3) we now anticipate that this will result in increased balances and better returns for this financial year. Work to rebase the revenue budget is underway (see Revenue Quarter 1 report elsewhere on this agenda) and as part of this work the Treasury Management target investment income budget has been restated back to its original position of £201k (from £153k) through a budget virement.

4.2 The income budget forecast is detailed in the table below:

Table 2 – Investment Interest Income

Investment Interest Budget revised at Quarter 1 £	Interest received to Date £	Interest on current outstanding investments	Forecast of expected investments to 31/03/15	Total Forecast position as at 31/03/15	Variance as at 31/03/15 £
201,822	45,835	104,465	62,522	212,822	11,000

4.3 As shown in the above table, a prudent full year forecast for investment interest at 30 June 2014 is £212,822, resulting in a possible income of £11k in excess of the budget as shown in table 2 above. Members should note that the financial markets remain very uncertain and the anticipated receipt is the forecast outcome and is not guaranteed. Any fluctuation in the estimated interest rate for July –March 2015 will impact on the interest received in that period.

4.4 Actual interest earned at 30 June 2014 was £150,300 (as shown in Table 2: £45,835 received to date + £104,465 outstanding guaranteed interest) against an annual budget of £201,822, which would result in a maximum deficit of £51,522 in the unexpected event of no further investment returns being achieved.

4.5 Whilst we took a prudent view when setting the income target for interest within the budget, the Treasury Management Strategy 2014/15 (which was approved by Council in February 2014) was also reviewed in light of the significant upfront NNDR (National Non Domestic Rates) receipt that we were due to receive. Other changes were also made to the strategy to maximise the Council's potential to earn more interest in the current economic climate. These changes and their impact include:-

- Increasing the limits on the part nationalised banks to £10m allowing the Authority the ability to place an additional £5m in total at a higher rate than within a call account.
- The introduction of additional counterparties (through a minor adjustment to the minimum credit ratings that Council agreed acceptable resulting in Barclays & Santander being included in our counterparty list for 2014/15). Any potential increase in risk is mitigated by the restriction on the length of investment to a maximum of 100 days. The use of these two additional banks (investments of up to £5m each) allows the Council to secure healthier returns than the alternative of overnight in Money Market Funds.
- Placing additional longer term investments in the first 6 months of the financial year as we have increased cash flow*, this, coupled with the higher values of investments placed results in an improved rate over that period.

*Cash receipts are up due to :

- i) the upfront receipt of NNDR from a major ratepayer **and**
- ii) a major ratepayer appeal and the change to the NNDR system means we are holding monies back to repay the ratepayer in the event of the appeal being successful

(historically, this money would have been passed straight to Central Government who would have held the funds pending repayment).

- 4.6 Attached at Appendix A shows the Councils investments as held at 30 June 2014 detailing each counterparty, principal invested, period of investment, maturity date and yield.

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

- 5.1 Investment income will continue to be monitored and reported to Members on a quarterly basis in the Revenue monitoring report, and explicitly in this report, also on a quarterly basis.

6. STATUTORY OFFICER COMMENTS

- 6.1 The Monitoring Officer's comments are: No further comment
- 6.2 The Section 151 Officer's comments are: Included within the report
- 6.3 EIA Comments: None
- 6.4 Policy Framework: Within the Treasury Management Strategy 2014/15 approved by Council in February 2014.

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

- 7.1 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.
- 7.2 The Treasury Management function will continue to be monitored and reported to Members. The budget monitoring process continues to be refined to provide members and officers with the up-to-date financial information needed to make key decisions on resource allocations during the year to feed into the Council's budget process.

List of Appendices:

Appendix A – List of Investments as at 30 June 2014

Appendix B – Detail on cost of repaying Copeland's outstanding loan of £5m

APPENDIX A

TEMPORARY INVESTMENTS AT 30th JUNE 2014

	AMOUNT	PERIOD OF LOAN	VALUE DATE	MATURITY DATE	RATE	VARIABLE/ FIXED	BASE RATE
						-	
BARCLAYS	4,990,000	INSTANT CALL			0.25%	VAR	**
BLACKROCK MMF	483,000	INSTANT MMF			0.32%	VAR	
FEDERATED INVESTORS MMF	4,990,000	INSTANT MMF			0.36%	VAR	
IGNIS MMF	4,990,000	INSTANT MMF			0.39%	VAR	
INSIGHT MMF	4,990,000	INSTANT MMF			0.35%	VAR	
LGIM MMF	4,990,000	INSTANT MMF			0.34%	VAR	
GOLDMAN SACHS MMF	2,182,000	INSTANT MMF			0.30%	VAR	
LLOYDS GROUP	7,450,000	364 DAYS FIXED	21/05/2014	20/05/2015	0.95%	FIX	
LLOYDS GROUP	2,540,000	364 DAYS FIXED	01/04/2014	31/03/2015	0.95%	FIX	
RBS CALL	0	INSTANT CALL					
RBS	7,440,000	90 DAYS FIXED	10/06/2014	18/09/2014	0.60%	FIX	
RBS	2,540,000	90 DAYS NOTICE	30/06/2014	03/10/2014	0.60%	VAR	
SANTANDER	5,000,000	90 DAYS FIXED	25/04/2014	25/07/2014	0.45%	FIX	
TOTAL	52,585,000				0.39%		0.50%

SUMMARY

	BALANCE	LIMIT	AVAILABLE
BARCLAYS	4,990,000	5,000,000	10,000
BLACKROCK MMF	483,000	5,000,000	4,517,000
FEDERATED INVESTORS MMF	4,990,000	5,000,000	10,000
IGNIS MMF	4,990,000	5,000,000	10,000
INSIGHT MMF	4,990,000	5,000,000	10,000
LGIM	4,990,000	5,000,000	10,000
GOLDMAN SACHS MMF	2,182,000	5,000,000	2,818,000
DMADF	0	Unlimited	Unlimited
LLOYDS GROUP	9,990,000	10,000,000	10,000
RBS	9,980,000	10,000,000	20,000
SANTANDER	5,000,000	5,000,000	0
	52,585,000		7,415,000

APPENDIX B

Detail and cost of repaying Copeland's outstanding loan of £5m – as assessed at May 2014

The possible repayment of debt is something that we keep under constant review and will continue to do so.

The reason the loan is so expensive to repay is the premium due to the loan provider, who loaned to us at 7.55% and would receive a much lower rate of interest if they allowed us to repay and then tried to re-lend the monies.

The repayment premium has been calculated by Capita (our Treasury Management Advisors) using the Public Work Loans Board (PWLB) discount rate as a proxy for the interest charged – currently at 3.33% - in simple terms this is the difference between the rate we borrowed at, being 7.55% and the rate we would borrow from the PWLB today, for a similar 28 year loan.

So £5m loan x (7.55%-3.33%) = £211kpa x 27.8 years remaining = £5.86m premium, discounted back to £3.807m – the actual premium calculated by the lender may differ slightly but this is not expected to be material.

As interest rates increase (and they are expected to as economy recovers) then the premium will fall and delaying repayment gives us less cost or conversely repaying now will cost us more. In addition, as short term interest rates increase, this will push up investment income earned on the cash we would use to repay the loan and the premium.

When the long term interest rates rise (expected to be slower than short term) this will reduce the differential between the rate we borrowed at and the current rate and will result in a smaller premium. Every 0.25% increase would save us £300k on the premium or every 1% rise would save us £1.2m of the redemption premium.

Ideally, we need to redeem at the peak of interest rate cycle, which is not now, but could be expected within 5 years.

To repay the loan today, will cost us £8.8m (£5m principal + £3.8m premium)

This will;

- 1) Deplete our interest earning capacity.
With current rates we would expect to achieve 0.5% on £8.8m or £44k a year, when the short term interest rate rise this income will increase. If the rate achievable is 1% this will be £88k lost in that year.
- 2) The premium paid at £3.8m would need to spread over life of loan for accounting purposes resulting in a charge of £136k per annum to revenue.
- 3) Remove the need for the yearly loan repayment of £377k.
So in the first year we would make a net saving of:

£136k charge to revenue
£ 44k interest lost
(£377k) yearly loan repayment
£197k in that year

If we assume the short term interest rate rises in 2015/16 the net saving would reduce to:

£136k charge to revenue
£ 88k interest lost
(£377k) yearly loan repayment
£153k in that year

So if we went forward say 5 years and ASSSUMED short term interest rates had moved to 2.5% and long term interest rates moved by 1% (so the assumed proxy discount would be: $7.55\% - (3.33+1)\% = 3.22\%$

The table below shows that as short term interest rate increases it will cost us more to repay early and as long term interest rate increases it will cost us less to repay the premium.

Table 1 - Repay loan now with premium of £3.8m

year	Financial year	average short term int rate	investment income lost on £8.8m	total charged to revenue *	estimated cost years 1 -5	current revenue budget	estimated saving years 1-5
1	2014/15	0.5	44,000	135,714	179,714	377,000	- 197,286
2	2015/16	1	88,000	135,714	223,714	377,000	- 153,286
3	2016/17	1.5	132,000	135,714	267,714	377,000	- 109,286
4	2017/18	2	176,000	135,714	311,714	377,000	- 65,286
5	2018/19	2.5	220,000	135,714	355,714	377,000	- 21,286
Totals			660,000	678,571	1,338,571	1,885,000	- 546,429
6	2019/20	3	264,000	135,714	399,714	377,000	22,714
7	2020/21	3	264,000	135,714	399,714	377,000	22,714
8	2021/22	3	264,000	135,714	399,714	377,000	22,714
			792,000	407,143	1,199,143	1,131,000	68,143
estimated totals years 1-8			1,452,000	1,085,714	2,537,714	3,016,000	- 478,286

*- premium of £3.8/28 years

Table 2 - Repay loan in 5 years with premium of £2.6m

year	Financial year	average short term int rate	investment income earned £8.8m	total charged to revenue	estimated cost years 1 -5	current revenue budget	estimated saving years 1-5
1	2014/15	0.5	44,000	377,000	333,000	377,000	- 44,000
2	2015/16	1	88,000	377,000	289,000	377,000	- 88,000
3	2016/17	1.5	132,000	377,000	245,000	377,000	- 132,000
4	2017/18	2	176,000	377,000	201,000	377,000	- 176,000
5	2018/19	2.5	220,000	377,000	157,000	377,000	- 220,000
Totals			660,000	1,885,000	1,225,000	1,885,000	- 660,000
repay loan with 3.22% proxy			investment income LOST on £7.6m	total charged to revenue **	estimated costs years 6-8	current revenue budget	estimated saving years 6-8
6	2019/20	3	228,000	113,985	341,985	377,000	- 35,015
7	2020/21	3	228,000	113,985	341,985	377,000	- 35,015
8	2021/22	3	228,000	113,985	341,985	377,000	- 35,015
			684,000	341,955	1,025,955	1,131,000	- 105,045
estimated totals years 1-8			1,344,000	2,226,955	2,250,955	3,016,000	- 765,045

** - £5m loan x (7.55%-4.33%) = £161k a year x (27.81 years less 5 = 22.81 years) = £3.672m then discount this down to £2.6m – note this may be reduced further as have assumed a 1% increase which will save £1.2m on premium but have not taken account of discounted 5 years less. This is charged to revenue over the remaining period of the loan.

The conclusion being that repaying the loan would save money for a few years but then would become more costly overall, to delay repaying now with a view to repaying when the interest rate rises will not reduce costs in the next few years but will save the authority the most overall.

The worst case scenario for Copeland is that interest rates don't rise and that we therefore don't repay now and make savings immediately, however our adviser and economists are forecasting that rates will rise as the economy recovers.