

CAPITAL BUDGET – QUARTER 3 SUMMARY FINANCIAL REPORT 2013/14 (1 April 2013 to 31 December 2013)

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

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

This report details the progress on delivering the projects in the agreed 2013/14 capital programme and provides the capital spend and estimated outturn forecast based on the financial position for the 9 month period to 31 December 2013.

RECOMMENDATIONS:

- I. Note the approved gross capital budget of £3,872,464, £1,902,514 of which is funded by external income to give a net current capital budget of £1,969,950.
- II. Note the position as at 31 December 2013 (Quarter 3) of capital receipts for 2013/14 as set out in this report (See paragraph 5).
- III. Note the forecast year-end variance on the overall Capital Programme 2013/14 is a gross under spend of £2,431,960 at 31 December 2013. This will result in a £1,345,486 underspend in external income to give a total net variance of £1,086,474. The majority of this underspend is expected to be carried forward to complete projects in 2014/15.
- IV. Note the total anticipated capital spend in the next three months to 31 March 2014 is £881,122 depending on variables as detailed in paragraph 3.5.

1. INTRODUCTION

- 1.1. This report provides the monitoring of the capital programme 2013/14 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 31 December 2013 and an expected expenditure position for the next three 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 2013/14

- 2.1. The original Capital programme for 2013/14 funded by a gross Capital Programme budget of £1,599,524 was approved by Council on 21 February 2013.

- 2.2. Since the budget approval a number of adjustments have been approved to give a revised gross Capital Programme budget of £3,872,464 at 31 December 2013. The reasons for these amendments have been summarised for information at table A in Appendix A.
- 2.3. Another two variations to the Capital budget have been approved since quarter two but are not reflected in these figures:
- An additional £15k for the beacon lift replacement due to inflated costs to do the work since the budget was approved in the Q2 report at Executive on 19 November 2013;
 - An additional £35k in relation to the splitting of services at our Moresby site at Executive on 17 December 2013.
- These two adjustments have been adjusted to show for next period and will bring the revised Capital Programme 2013/14 budget to £3,922,464.

3. EXPENDITURE TO DATE AND FORECAST YEAR END POSITION

- 3.1 At quarter 3 the gross capital programme expenditure budget for 2013/14 is £3,872,464 as detailed above and in Table B at Appendix A.
- 3.2 External capital income budget totals £1,902,514 consisting of:
- £265,717 - Disabled Facilities Grants
 - £39,747 - Moor Row Play Area
 - £90,250 – St Bees Play Area
 - £1,053,800 – Whitehaven THI
 - £450,000 – Copeland Pool
 - £3,000 – Mount Pleasant

This gives a net capital programme budget of £1,969,950.

- 3.3 Members should note that the external income figures shown above include those that have been approved by the external body as at quarter 3, any additional external funding will be added to the capital programme upon receipt of confirmation from the grant funder.
- 3.4 It should also be noted that depending on spending patterns and grant conditions for reclaiming external funding, all external capital income usage quoted above is estimated and may be reclaimed in future financial years, as opposed to during 13/14. 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 bankroll the expenditure.
- 3.5 The forecast expenditure position at 31 December 2013 for financial year 2013/14 is gross capital expenditure of £1,440,504. Actual spend at quarter 3 amounts to £559,382 with an additional £881,122 (61%) forecast to be spent in the next three months of the year. For some projects (ie Disabled Facilities Grants, Beacon Lift, Moresby Generator and St Bees Play area) it could potentially be feasible that the £356k that is forecast to be spent prior to the year end, will be. But a number of other projects forecasting a further £525k of spend prior to year end will be dependent on numerous conditions – please refer to paragraph 4 for individual project details.
- 3.6 The gross income budget is £1,902,514 but the forecast income usage position at 31 December 2013 for financial year 2013/14 is £557,028 consisting of £265,717 towards the provision of Disabled Facilities Grants, £30,251 in relation to Moor Row Play Area, £90,250 for St Bees Play Area, £3,000 Mount Pleasant, £150,000 Copeland Pool Extension and £17,810 Whitehaven THI.

- 3.7 This results in forecast net expenditure of £883,476 to give a favourable variance against budget of £1,086,474 as detailed in table B at Appendix A.

4. PROGRESS AT 31 December 2013 (Quarter 3)

4.1 **Whitehaven THI – Total budget £1,353,900 (CBC Budget £250,000 plus £1,103,900 externally funded)**

This is a 5 year project funded by Copeland (£250,000) and external funding secured from BEC (£394,600), HLF (£659,300) & agreed in principal with Cumbria County Council (£50,000 – yet to be formally approved and so not yet added to capital programme). A THI Officer is now in post. This project is forecast to spend £19k in the next three months.

4.2 **Millom Cemetery Land Purchase – Total Budget £149,216 funded by CBC**

Ground water assessment has been completed and signed off by the Environment Agency, as have the principles of an access arrangement with the Church authorities. The project is currently awaiting planning approval which is anticipated at the Planning Panel meeting in March 2014, therefore all remaining budget will now need carried forward to implement the scheme subject to planning approval in 2014/15. This project is forecast to spend £15k in the next three months.

4.3 **ICT – Total CBC Budget £200,000**

This project is part of the implementation of the Change Programme Plan which was introduced by the Change Programme Board. The Plan is designed and released in phases and thus the capital project has been profiled in accordance with these plans. Phase One of the capital project is to put additional, more up to date, reliable and more energy efficient data storage solutions in place to assist our business continuity arrangements. The current anticipated spend of £35k to the year-end relates to storage solutions and an enhanced remote security tool and phase 2 mobile working capacity and capability. The remainder will be requested to be carried forward to complete the project in 2014/15, which will be tied in closely with the Councils accommodation strategy for offices.

4.4 **Customer Access Strategy – Total CBC Budget £142,041**

This project has already seen the provision of a small reception in the Crematorium and will also remodel the reception/customer meeting room areas in the Copeland Centre and implement self-service technology. Draft designs for the remodelling of the Copeland Centre reception and customer areas were approved in July by CLT. These designs have been signed off and a project manager appointed. Work across the project team is on-going to ensure that the design can fit with the reception space and then a tendering exercise will then be completed. This project is forecast to spend £67k in the next three months.

4.5 **Operational Buildings – Total CBC Budget £106,500**

The funding was requested to cover the cost of the following:-

St Bees Foreshore Car Park Resurfacing (£6,500) – The resurfacing part of the car park at St Bees foreshore was completed under budget with £330 to be returned to reserves. The new surface is expected to have a 15 year lifespan.

Beacon lift Replacement (£50,000) – Full replacement of the 18 year old lift at an estimated cost of £50,000 (plus an additional £15k approved at Executive). The project schedule has been sent out requesting quotations with the expectation that a contractor be nominated in December and work to commence in February 2014 - during the Beacon close down period. This project is forecast to spend the full budget in the next three months.

Moresby Depot Generator (£50,000) – Installation of a generator to provide power to the key operational site in the event of a power failure at a cost of £50k. Work is expected to commence in January 2014 having been delayed due to workload pressures in the Property Department. This project is forecast to spend the full budget in the next three months.

4.6 **Rottington Beck – Total CBC Budget £45,637**

The final inspection of the channel revealed some outstanding issues which will need to be addressed before the contract retention can be paid. The contract for the scour apron has been awarded but we are currently awaiting Flood Defence consent before works can commence. This project is forecast to spend £15k in the next three months.

4.7 **Regeneration Software – Total CBC Budget £40,912**

The implementation of a resilient and effective archive/data storage system to support the existing system with the necessary data security. To date, £20K has been spent on a server box, improvements to hardware in Development Control (graphics cards and monitors) and software required to link the Council's servers to Resolution Data Management Ltd, who will be scanning incoming planning applications and returning them via the link. The remainder of the budget is committed to a number of further service improvements including the capture of archived planning applications, setting up an online electronic payment facility for planning and building control applications, and virtualisation of our servers to improve business continuity. This project is forecast to spend £25k in the next three months.

4.8 **St Bees Playground – Total Budget £130,250 – (CBC Budget £40,000 plus £90,250 externally funded)**

The £40k awarded by the authority to renovate St Bees Play Area is now being used by St Bees Parish Council as match funding to secure other grant funding. So far additional grant funding of £30,250 has been approved from Copeland Community fund and £60k from WREN. This brings the total budget on the project of £130k with Copeland being the accountable body. The preferred contractor has been awarded the tender to carry out the works and the planning application was approved in January 2014. Work on the drainage of the site is to commence as soon as possible and once the formal offer letters have been received from the grant funders, an order for the play equipment will be placed followed up with a site visit with the contractor to discuss specific requirements. This project is forecast to spend £90k in the next three months.

4.9 **Moor Row Play Area – Total Budget £39,747 (100% externally funded)**

Moor Row Play area has been successfully renovated, improving 1130m² of open space that the whole community can enjoy at no monetary cost to the authority as the scheme was 100% funded through external grants, however the Council acted as accountable body for the project. The works were carried out under budget which meant less funding has been claimed from the external bodies. The long term maintenance costs for the authority will also be reduced as the Moor Row Community Group has raised funds to cover these type of costs.

4.10 **Fleet Replacement – Total CBC Budget £23,000**

An order was placed for the 3.5 tonne tipper vehicle in August and while the original expected delivery was mid-December there have been delays in manufacturing and in getting technical approvals meaning delivery is now likely to be end of February. Spend for 2013-14 is therefore anticipated on only one month's lease charges. This project is forecast to spend £0.5k in the next three months.

4.11 **Valuation Data Transfer – Total CBC Budget £20,000**

A PID detailing the proposed data transfer of the current spread sheet based property management system onto Cumbria County Councils computerised system was presented and approved at Executive on 22 October 2013. By joining with Cumbria County Council we don't have an initial capital outlay as Cumbria County Council do not wish to claw back any other set up costs of the system. Issues with the service provider has delayed the start of this project and it is now anticipated that the final implementation will roll over into the next financial year. However, it is still expected that a small portion of the capital budget will be spent in this financial year as the initial data checking is now complete and a minimal amount of work remains to finalise matters to allow the data to be uploaded.

4.12 Copeland Pool Fitness Extension – Total Budget £713,000, (CBC Budget £263,000 plus £450,000 externally funded)

The Copeland Pool extension was approved at Council 12th September 2013 with Copeland acting as project lead and accountable body to improve one of our assets. The Council has appointed a Quantity Surveyor and a full tender process has been completed. Work on site is anticipated to commence in February 2014 and be fully complete by June 2014 and so a carry forward of the remaining budget will be necessary at the year end. This project is forecast to spend £300k in the next three months.

4.13 Land Management – Total CBC Budget £175,000

This funding was allocated to provide resources to deal with any capital expenditure related to our land assets. A monitoring programme ensures our land assets are carefully examined.

HOUSING SERVICES

4.14 There has been an increase in the number of referrals from occupational therapists from last year. We have approved 69 new disabled facilities grants (DFG's) since April 2013 compared to 52 in the same period last year.

4.15 Housing Services this year have a total budget of £754,090. Of this, £154,090 was carried forward from 2012/13 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.

4.16 Of the estimated total forecast **commitment** of £600,000 forecast **spend** in year is approximately £588,000. The remaining £166,000 budget is forecast to be carried forward into 2014/15 to meet commitments approved and commenced in 2013/14.

4.17 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 14/15 to complete projects commenced in year as stated in 4.16 above.

4.18 From 2015 money for DFG's is to be transferred from DCLG to the Department of Health and will be included in the new Integration Transformation Fund. It is unclear at present how this will be distributed among local authorities, this will be the subject of a report to Executive at a later date as further information becomes available.

4.19 The details of spend and commitment is illustrated in table 1 overleaf, with the commitments continuing to be reviewed by Housing and Finance staff on a monthly basis:

Table 1: Housing budget and spend as at 31 December 2013

Housing Budget & Spend 2013/14	£	£
PERIOD 9 - QUARTER 3		
<u>EXPENDITURE BUDGET</u>		
Budget brought forward from 2012/13	154,090	
New budget 2013/14	600,000	
Total budget 2013/14		754,090
<u>FUNDING OF EXPENDITURE BUDGET</u>		
UCRR	- 488,373	
External income from DCLG (as per budget)	- 265,717	
Total funding of expenditure budget	-	754,090
<u>SPEND</u>		
Actual paid at Period 9	392,474	
Forecast spend to March 2014	196,013	
Total expected spend 2013/14		588,487
<u>FUNDING OF EXPECTED SPEND</u>		
External income from DCLG	-	265,717
Useable Capital Receipts Reserve	-	322,770
Total funding of expected spend	-	588,487
TOTAL FORECAST CARRY FORWARD TO 14/15 TO MEET COMMITMENTS APPROVED 13/14		165,603

5. CAPITAL RECEIPTS

- 5.1 The initial forecast capital receipts for 2013/14 was estimated at £515.5k but this has since been revised to receipts of approximately £672k.
- 5.2 Of the revised forecast capital receipts of £672k above, actual disposal proceeds received at Quarter 3, (31 December 2013) amount to £262k.
- 5.3 Of the £410k anticipated receipts (£672k estimate above less £262k already received) - £224k relates to the former Kells School Plots and the Legal Services Manager is actively progressing these sales. Additional receipts totalling £132k are very likely to complete with the remaining forecast receipts of £54k being identified to be sold this year. However, it should be noted that these may slip into the next financial year and not be realised this year.
- 5.4 Current forecast spend at 31 December 2013 is £1,440,504 which is £768k in excess of receipts from the sale of assets expected in year.
- 5.5 It is imperative that the Authority realises sufficient capital receipts to enable adequate funding of the future Capital Programme.

6. FINANCING

- 6.1 Table 2 below shows how the current 2013/14 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.

- 6.2 The current forecast 2013/14 capital programme expenditure of £1,440,504 is planned to be financed as follows:

Table 2: Financing of the 2013/14 Capital Programme

Funded by:	Forecast funding based on current forecast capital receipt
Useable Capital Receipts – General Capital Receipts	593,706
Useable Capital Receipts – Housing Capital Receipts	292,770
TOTAL INTERNAL FUNDING FROM THE UCRR	886,476
External Funding	554,028*
TOTAL INTERNAL & EXTERNAL FINANCING	1,440,504

* Please see paragraph 3.6 for the make-up of the external funding and 3.4 for details

- 6.3 The impact of forecast capital programme spending and capital receipts in 2013/14 would leave balances of approximately £2.2m in the General Capital Receipts and £1m in Housing Capital Receipts. After funding the current estimated carry forwards the balances on these accounts are anticipated to be £1.5m and £0.89m respectively available for new capital bids. This is also demonstrated in Table C at Appendix A.
- 6.4 New capital bids for the 2014/15 have been presented as part of the Capital Programme 2014/15+ Report to Executive on 9 January and has returned again to this Executive for recommendation to Council on 27 February 2014.

7. CONCLUSION

- 7.1 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.
- 7.2 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 outturn.

8. STATUTORY OFFICER COMMENTS

- 8.1 The Monitoring Officer's comments are: No further comment
- 8.2 The Section 151 Officer's comments are: Included within the report
- 8.3 EIA Comments: Capital projects are an important way in which the Council seeks to promote equality and tackle inequality. This is particularly evident within the discharge of our statutory duty regarding DFGs and our work to promote access to services.
- 8.4 Policy Framework: The capital programme forms an integral of the Council's corporate policy framework.
- 8.5 Other consultee comments, if any: None

9. RESOURCE REQUIREMENTS

- 9.1 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.
- 9.2 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. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 10.1 The capital programme will continue to be monitored monthly with the next report to Executive at outturn. 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.
- 10.2 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 Development Surveyor and Financial Management and Treasury Accountant meet quarterly and review asset sales. Additionally, the Legal Services Manager and the Estates and Valuations Manager are actively progressing sales to generate the required capital receipt prior to the financial year end.

List of Appendices:

Appendix A – Capital Financial Tables at Quarter 3

Appendix B – Capital Budget Monitoring Report from Total

Appendix A

Table A

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 - 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
Current Budget		3,872,464	

Table B: Spend & external income receipt to date and forecast for year as at 31 December 2013

Table 1: Spend to date and Forecast for year as at			PERIOD 9	Q3	
	Gross budget	Spend/Income to date	Forecast period	Total gross forecast	Variance
2013/14 Expenditure	3,872,464	559,382	881,122	1,440,504	-2,431,960
2013/14 External Income	-1,902,514	-313,706	-243,322	-557,028	1,345,486
TOTAL (Net)	1,969,950	245,676	637,800	883,476	-1,086,474

Table C: Impact of forecast capital programme spending and capital receipts in 2013/14 on the Useable Capital Receipts Reserve

USABLE CAPITAL RECEIPTS	General Capital Receipts Reserve £	Housing Capital Receipt Reserve £	Land Management £	TOTAL £				
Opening balance per audited accounts:	-2,017,976	-1,349,385		-3,367,361				
Forecast draw down to fund 13/14 capital programme	593,706	292,770		886,476				
VAT sharing receipts to date	-200,811			-200,811	* Anticipate £244k in total for the year			
Forecast Capital Receipts in year	-671,513			-671,513				
Forecast useable Capital Receipts closing balance	-2,296,594	-1,056,615	0	-3,353,209				
Revised closing balance:-	General Capital Reserve	Housing Capital Reserve	Land mgmt	TOTAL	DECEMBER		P9	
Current Opening Balance	-2,296,594	-1,056,615	0	-3,353,209				
Less total Carry Forwards	743,841	165,603		909,444	@ P9 total report	£175k Land Mgmt taken out		
Less just approved	55,000			55,000	Moresby Split Services	£40K & Beacon lift	£15k approved	Exec
Less any repayments (1st calls)			0	0				
Est balance at yr end for 14/15	-1,497,753	-891,012	0	-2,388,765				

Capital Expenditure Report

	Current Approved Budget 13/14	Profiled Budget 13/14	Current Net Expenditure	Profiled Variance	Year-End Forecast	Forecast Variance Year-End	Capital Underspend	Capital Carry Forward
Capital								
Expenditure								
07037 Regeneration Software	40,912	40,912	16,098	(24,814)	40,912	0	0	0
07046 Whitehaven - Mount Pleasant Park	3,000	3,000	0	(3,000)	3,000	0	0	0
07057 Cemeteries & Play Areas - Condition Repo	130,250	130,250	0	(130,250)	90,250	(40,000)	0	40,000
07058 Millom Cemetery Land Purchase	149,216	149,216	4,530	(144,686)	19,985	(129,231)	0	129,231
07066 Data Capture	1,146	1,146	1,146	0	1,146	0	0	0
07084 Copeland Pool	713,000	713,000	48,883	(664,117)	348,000	(365,000)	0	365,000
07112 Customer Service Strategy	142,041	142,041	292	(141,749)	67,041	(75,000)	0	75,000
07120 Operational Building Cond Survey Backlog	109,400	109,400	7,192	(102,208)	109,070	(330)	330	0
07285 Rottington Beck	45,637	45,637	30,825	(14,812)	45,637	0	0	0
07601 Housing Grants	754,090	754,090	392,474	(361,616)	588,487	(165,603)	0	165,603
07812 Former Kells School Site	14,600	14,600	14,600	0	14,600	0	0	0
07814 Valuation Data Transfer	20,000	20,000	0	(20,000)	20,000	0	0	0
07815 Fleet Replacement	23,000	23,000	0	(23,000)	500	(22,500)	1,700	20,800
07816 Dev Mgt E-Access	1,807	1,807	0	(1,807)	1,807	0	0	0
07817 Whitehaven THI	1,303,800	1,303,800	0	(1,303,800)	19,000	(1,284,800)	0	1,284,800
07818 Moor Row Play Area	39,747	39,747	30,250	(9,497)	30,251	(9,496)	9,496	0
07820 Gillfoot Shaft Work	5,818	5,818	(150)	(5,968)	5,818	0	0	0
07821 I.C.T.	200,000	200,000	13,243	(186,757)	35,000	(165,000)	0	165,000
07822 Land Management	175,000	175,000	0	(175,000)	0	(175,000)	175,000	0
Grand Totals	3,872,464	3,872,464	559,382	(3,313,082)	1,440,504	(2,431,960)	186,526	2,245,434

TREASURY MANAGEMENT – QUARTER 3 SUMMARY FINANCIAL REPORT 2013/14

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

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

To inform Executive of the Treasury Management activity to 31 December 2013 and provide a forecast estimated investment interest to year end.

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 31 December 2013 and provides an estimate of expected investment income to the year end.

2. TREASURY MANAGEMENT INCOME & EXPENDITURE BUDGET

- 2.1 The treasury management budget was set by Council alongside other revenue budgets on 21st February 2013. This is made up of two elements:-
- i) The treasury management expenditure budget of £388k (excluding SLA's) mainly consists of non-controllable costs. £378k 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.
 - ii) The treasury management income budget is approximately £206k mainly consisting of anticipated investment returns for 2013/14 (£203k) on our cash held deposits. This was set with the assumption that interest rates would remain at the low level of 2012/13 with a possibility that they may rise and taking into consideration the Councils anticipated potential to generate income from possible future investments (subject to the market conditions and forecasts at the time).

3. EXPENDITURE & INVESTMENT INCOME TO DATE & FORECAST YEAR END POSITION

- 3.1 The expenditure budget of £388k against an income budget of £206k results in a net budget for the treasury management function of £182k. The expenditure budget forecast is detailed overleaf:

Table 1 – Expenditure Budget (excluding SLA's)

Budget	Spent to Date	Forecast of expected payments to 31/03/14	Total Forecast position as at 31/03/14	Variance as at 31/03/14
£	£			£
387,775	137,213	250,562	387,775	0

- 3.2 Actual interest earned at 31 December 2013 was £185,211 (as shown in Table 2: £113,891 received to date + £71,320 outstanding guaranteed interest) against an annual budget of £202,822, which would result in a maximum deficit of £17,611 in the unexpected event of no further investment returns being achieved.
- 3.3 The full year forecast for investment interest at 31 December 2013 is £208,747, resulting in a possible income of £5,925 in excess of the budget as shown in table 2 below. This forecast includes the interest earned from the large upfront payment from one of our debtors. 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 January –March 2014 will impact on the interest received in that period.

Table 2 – Investment Interest Income

Investment Interest Budget	Received to Date	Interest on current outstanding investments	Forecast of expected investments to 31/03/14	Total Forecast position as at 31/03/14	Variance as at 31/03/14
£	£				£
202,822	113,891	71,320	23,536	208,747	5,925

- 3.4 The Treasury Management Strategy 2013/14 remains unchanged since its approval in February 2013. This has given the Council the opportunity to make a small return given the continuing low interest rates that have fallen further during the year as a result of the Funding for Lending Scheme. Although the Council previously achieved a reasonable return on our investments in 2012/13 of £61k in excess of budget, the probability of achieving the same in 2013/14 is low with a total £6k forecast in excess of budget as detailed in the table above.
- 3.5 The Treasury Management Strategy 2014/15 is currently being reviewed by Executive for recommendation to Council to give us more flexibility when placing investments to allow us to take advantage of marginally better rates with the part nationalised banks. However, it should be noted that rates achieved on our investments remain low and are dropping further. For instance the rate of 1.05% which we achieved for a one-year investment in May last year has dropped to 0.95% for the same investment this year, so although we are able to place more funds with these banks it is unlikely that we will be able to achieve the same investment returns. In monetary terms this would equate to a reduction in interest earned of approximately £7.5k.

- 3.6 Until 2013, the economic recovery in the UK from 2008 had been the worst and the slowest recovery in recent history. However in 2013 growth has surpassed all previous expectations, with the result that the Bank of England has upgraded growth forecasts in its last two quarterly inflation reports to 2.8% for 2014 (up from 1.7%).
- 3.7 However there is a major 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 unlikely to extend much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation so disposable income is being eroded.
- 3.8 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 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). This authority has achieved interest returns that average 0.44% during 2013/14, and in response to this, and the expected continuation of poor returns the 2014/15 budget includes an interest receivable income target that is reduced by £50k on the level of 2013/14 budget.
- 3.9 Attached at Appendix A shows the Councils investments as held at 31 December 2013 detailing each counterparty, principal invested, period of investment, maturity date and yield.

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

- 4.1 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.

5. STATUTORY OFFICER COMMENTS

- 5.1 The Monitoring Officer's comments are: No further comment
- 5.2 The Section 151 Officer's comments are: Included within the body of the report
- 5.3 EIA Comments: EIA was conducted as part of the budget setting process.
- 5.4 Policy Framework: The Council's financial policies and procedures form an integral part of the Council's corporate policy framework.

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

- 6.1 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.
- 6.2 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 31 December 2013

APPENDIX A

TEMPORARY INVESTMENTS AT 31/12/13

	AMOUNT	PERIOD OF LOAN	VALUE DATE	MATURITY DATE	RATE	BASE RATE
RBS MMF	3,566,000	CALL			0.33%	
IGNIS MMF	4,950,000	CALL			0.39%	
RBS	7,450,000	90 DAY NOTICE	13/11/2013	10/02/2014	0.80%	
INSIGHT MMF	1,950,000	CALL			0.34%	
LLOYDS DEPOSIT	7,450,000	364 DAYS	21/05/2013	20/05/2014	1.05%	
FEDERATED INVESTORS MMF	4,950,000	CALL			0.36%	
TOTAL	30,316,000				0.64%	0.50%

SUMMARY

	BALANCE	LIMIT	AVAILABLE
DMADF	0	Unlimited	Unlimited
BANK OF SCOTLAND/LLOYDS	7,450,000	10,000,000 *	2,550,000
RBS MMF	3,566,000	5,000,000	1,434,000
RBS	7,450,000	10,000,000 *	2,550,000
IGNIS MMF	4,950,000	5,000,000	50,000
INSIGHT MMF	1,950,000	5,000,000	3,050,000
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
	30,316,000	50,000,000	14,634,000

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

REVENUE BUDGET – PERIOD 9 SUMMARY FINANCIAL REPORT 2013/14 (1 October 2013 to 31 December 2013)

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

Summary:

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

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

This quarterly financial report is to update Executive on:-

- the performance of our funding and income streams,
- an estimated outturn forecast against the current approved 2013/14 budget, based on the financial position for the 9 month period to 31 December 2013,

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

Recommendations:

The Executive is asked to;

- (i) Note the risks to the budget as detailed in sections 2 and 4 and the income projections in section 3.
- (ii) Note the approved net current revenue budget of £11,658m as set out in paragraph 1.4
- (iii) Note at Q3 the projected year-end underspends as verified by CLT are:-
 - £258k underspend against one off earmarked reserves for project work and initiatives
 - £511k underspend against base budget
 - £179k underspend achieved as the council has managed to successfully bid for additional external income – see paragraph 1.7 for details.

This totals £948k against the current approved revenue budget of £11,658m. See Appendices A & C.

- (iv) Note the anticipated safety net position the authority will find itself in this financial year for NNDR, and the associated £165k cost, as detailed in paragraph 3.3.
- (v) Notes the decision taken by Head of Corporate Resources, on outstanding debts totalling £23k as set out in paragraphs 1.3 and 1.4 of Appendix E.

1 INTRODUCTION

1.1 In accordance with Council's Financial Regulations;

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

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

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

1.4 The Council approved its 2013/14 revenue budget in February 2013 at £10,362m, which included savings to be made of £1.76m. Subsequently amendments to the budget including carry forwards and further amounts released from ear marked reserves have been approved, bringing the total revenue budget for 2013/14 as at 31 December to £11,658m.

1.5 The inclusion of earmarked reserves in the budget (£1.006m), their forecast usage and any subsequent underspend is detailed in Appendix A.

1.6 The inclusion of carry forwards in the budget (£565k), their forecast usage and any subsequent underspend is detailed in Appendix B.

1.7 The forecast position recorded on the budget model, for year end, as at quarter 3, is an under spend of £948k and is primarily due to:

Table 1 – Main contributors to underspend

					£ 000s	Funded	Notes
Individual variances in excess of £20k:							
Corporate Management					(26)	GF	1
Coastal Management					(21)	EMR	2
NCL - repairs & civic					(217)	GF/EMR	3
Policy and Performance					(89)	GF/EMR	4
Car Park Income					59	GF	5
Crematorium					36	GF	6
Parks and Open Spaces					(37)	GF	7
Refuse Recycling					(32)	GF	8
Kerbside					(20)	GF	9
Refuse Green Waste					(47)	GF	10
Planning Policy					(94)	GF/EMR	11
Strategy for Seaside Success					(47)	EMR	12
GDF grant income					(179)	EXT	13
Head of Service - R&C					(85)	GF/EMR	14
Homelessness					(34)	GF	15
NCL - Project Management					(21)	GF	16
NNDR Safety Net					165	GF	17
Sum of Individual variances less than £20k (87 cost centres)						(259)	GF/EMR
Net forecast underspend at period 9						(948)	

Notes:

- 1 Corporate Management underspend is due to saving in District Audit Fees. This reduction has been built into 2014/15 budget.
- 2 A total of £35k funding was requested from reserves at Executive 19/11/2013, there is no further relevant spend anticipated at period 9 but should the need arise before year end this underspend will be reduced accordingly. Any underspend against this funding will be returned to EMR at year end.
- 3 NCL - £117k was carried forward into the current year budget for the installation of air handling units at the pool but cannot now be utilised until the next financial year when the pool project is further advanced. £100k that was released into the budget in September to support the NCL contract in respect of Civic Hall costs will be unspent in this financial year whilst the use of the building is determined. These amounts total £217k and need to be returned to an EMR to enable the funds to be available when needed.
- 4 Policy and Performance underspend includes £50k reserve funding which will be returned to reserve for use when the project matures. There are various other underspend with net salary underspend totaling £33k.

- 5 Car park income is down by £40k as notified to Executive throughout the year and highlighted in paragraph 3 to this report, rates are also overspent by £14k and water rates by £5k.
- 6 Overspend of crematorium is again primarily due to drop in income which again has been reported to Executive throughout the year and detailed in paragraph 3 of this report.
- 7 Parks and Open Spaces salary costs are underspent by £25k due to vacancies throughout the year and additional income of £11k.
- 8 Refuse Recycling increase in income £21k, 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 £11k from materials and bring site service costs.
- 9 Underspend on Kerbside Recycling includes savings of £10k on salary costs and materials. Estimated income from material sales is £45k lower than 2012-13 due to a general (global) downturn in market value but remains £24k higher than budgeted income. Due to poor participation in recycling and lower than expected tonnages, income from recycling credits is £16k less than budget.
- 10 Green Waste Recycling underspend is due to saving on transport costs of £11k from Nov-Feb. In the first year of providing a seasonal service estimated performance to date and projections for March indicates additional savings on processing costs of £14k and an increase of £18k in additional recycling credit income.
- 11 Planning policy is EMR £21k with £25k carry forward of EMR which relates to 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. The vacant planning manager post has also contributed £46k to this underspend.
- 12 Strategy seaside success unspent monies in this year will be returned to EMR for funding projects in future years.
- 13 Grant income from DECC to support nuclear activities this will fund salaries/costs – forecast within the current year figures. Any savings generated from using this unbudgeted income will be allocated to the nuclear issues EMR at year end to enable future funding of this activity.
- 14 The carry forward, approved at Council 20/6/13, of £74k for enabling growth strategy has no expenditure committed to date. There has also been income received for Accountable Body fees, if unspent at year end then both will be returned to general fund.
- 15 Under spend on Homelessness due to increased use of private sector over the use of temporary accommodation. Members are asked to note that whilst no significant impact relating to evictions as a result of the "bed room tax" have been experienced

to date, it is understood that some providers are currently preparing court papers which may lead to evictions and therefore increased homelessness.

- 16 Due to delays to the start of the swimming pool extension not all project management fees will be spent in this financial year, but will be required to allow the project to complete in 1st quarter of 2014/15.
- 17 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.

- 1.8 The forecast net underspend of £948k relies on £3.8m being spent in the 3 months to 31 March 2014. If more is spent the under spend will be smaller but if we do not spend as much the under spend will be larger.
- 1.9 As well as underspends forecast in the previous table above there is the potential for a further underspend on LABGI. Spend for the year, which is forecast at £21.5k, is subject to the recipients complying with certain conditions on which the grants were awarded. If these conditions are not met then the grants will not be paid resulting in a further in year underspend.
- 1.10 The table below shows the expected major spend classifications as based on an extrapolation of the past 3 months actuals:

Extrapolated possible spend Jan 2014 - March 2014	
Net salary costs	1,050,000
* Estimated creditor payments	2,650,253
	3,700,253

*This figure includes major contract figures and capital spend.

- 1.11 Some of the forecast underspend relates to saving in salaries and over achievement of income whilst still maintaining core services. The remaining underspends relate primarily to project works. The reasons for these underspends are invariably a lack of the necessary resources needed to carry them out. This is borne out by forecast vacancy savings of £391k offset by related legal and professional fees to carry out some works.
- 1.13 The breakdown of the net expenditure budget and forecast over corporate teams and its funding is shown in Appendix C. Appendix D shows the breakdown of the budget and forecast over cost centres.

2 ECONOMIC OUTLOOK

- 2.1 This report looks at and details the risks that exist in the financial environment in which we operate and the impact that this will have on our income and funding.

- 2.2 Until 2013, the economic recovery in the UK from 2008 had been the worst and the slowest recovery in recent history. However in 2013 growth has surpassed all previous expectations, with the result that the Bank of England has upgraded growth forecasts in its last two quarterly inflation reports to 2.8% for 2014 (up from 1.7%).
- 2.3 However there is a major 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 unlikely to extend much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation so disposable income is being eroded.
- 2.4 The bank rate remains unchanged at 0.5% and the Bank of England has stated they will not consider raising interest rates until the jobless rate (labour force survey/ILO not the claimant count measure) has fallen to 7% or below. This would require the creation of circa 750,000 jobs.
- 2.5 This in turn means the Government continuing its policy to require low short term interest rates to stimulate lending to the personal and business sectors which in turn mean the Council's investment returns remain low for the foreseeable future. This authority has achieved interest returns that average of 0.44% during 2013/14, and our Treasury management advisors, anticipate that the bank base rate will remain unchanged until quarter 3 2016
- 2.6 The continuing poor economy will be impacting not only on our investment returns but also on our ability to meet fees and charges income targets (as evidenced in Table 3 at 3.1), and possibly our local businesses ability to meet their NNDR obligations (Table 4) and our citizens ability to pay Council Tax (Table 5).

3 INCOME FORECASTS

3.1 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	(2,322,438)	(2,272,296)	50,142	Largest underachievement being at Crematorium and Refuse commercial
Car Parking income	(403,904)	(361,790)	42,114	Largest underachievement being the Egremont, Beckgreen and the Sports Centre parking areas
	(2,726,342)	(2,634,086)	92,256	

The most significant variances on income relate to our car parking and fees and income as detailed in table 3. As these income targets underpins our budget, if the authority spent to budget this may mean there is not be sufficient income to fund all of our expenditure:

Sundry debts to value of circa £6k have been written off in year to date compared to circa £36k in the whole of 2012/13.

3.2 NNDR collection rates

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

Figures provided by the Revs and Bens Shared Service show that we have recovered over 95% of our NNDR in the first nine months of the year but this is distorted by the collection of a significant rate payer in full in April. The exclusion of this account takes our collection rates to 88.9% cumulative to end of December 2013.

As detailed in paragraph 1.11 above, 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, at a cost to the authority of £165k which can be funded from the general fund.

Table 4 - National Non Domestic Rates Collection Data

<i>Without significant ratepayer figures</i>		2013_14 %	2012-13 %	2011-12 %	2010-11 %
10.84%	Apr	74.57	11.93	10.78	11.22
21.62%	May	78.37	21.65	21.04	21.59
31.61%	Jun	81.29	31.26	31.08	31.72
41.38%	Jul	83.95	40.97	40.28	41.14
50.97%	Aug	86.48	50.38	50.11	50.63
60.54%	Sep	88.95	60.19	59.99	60.07
70.27%	Oct	91.58	69.84	69.76	69.94
79.68%	Nov	93.88	79.34	79.09	79.46
88.90%	Dec	95.99	88.81	86.13	89.14
	Jan		98.43	98.37	98.30
	Feb		98.81	98.72	98.99
	Mar		99.03	98.92	99.14

3.3 Council Tax collection rates

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

Table 5 - Council Tax Collection Data

		2013-14	2012-13	2011-12
		Actual %	Actual %	Actual %
2013	April	11.41%	11.61%	
	May	20.98%	21.14%	20.57%
	June	29.84%	30.32%	29.90%
	July	39.31%	39.69%	39.18%
	August	48.54%	49.00%	48.54%
	September	58.02%	58.45%	58.02%
	October	67.89%	68.25%	67.88%
	November	77.30%	77.70%	77.46%
	December	86.36%	86.91%	86.72%
2014	January		96.12%	95.79%
	February		97.88%	97.84%
	March		98.20%	98.15%

4 EXPENDITURE FORECASTS

4.1 Achievement of Planned Savings

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

4.2 Progress on delivering the savings is generally good with the majority of the proposals now being delivered and the projects closed. There are a few that are significant to the budget position which are not yet delivered and at Q3 are considered by the board to be at risk. These are set out in the Table 7 at 4.5 below.

4.3 In the original £1.76m savings reduction the Business Basics target was £80k. As the saving had not been identified when the budget was set the £80k was put in as a credit budget, hosted on Choosing to Change, to ensure the budget balanced overall. As actual savings are achieved the cost centre that makes the saving has their budget removed (credited) and the £80k is reduced (debited) to keep an £80k saving within the budget. Table 6 below shows what savings have been identified to reduce this outstanding target from £80k to £2k, as at 31 December 2013 (although half of this saving is in year only). Further Business Basics savings for 2014/15 to be achieved through review of communications services, policy and transformation team and review of Corporate leadership Team (CLT) and Personal Assistants to be completed in this financial year.

Table 6 - Business Basics breakdown of budget

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
Adjusted budget savings target - still to be achieved in 13/14	(1,962)

4.4 The original £1.76m savings reduction also included a target of £287k reduction of NCL costs, however Council approval of an extension to the NCL contract in September 2013 resulted in an 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.

4.5 **Table 7- Savings Targets – Forecast as not achieved at Q3**

Description	Responsible Officer	Saving to be met	Adjusted forecast saving as at Q3	Forecast shortfall as at Q3	RAG Rating
INCREASE Crematorium fees	Head of Neighbourhoods	- 60,000	-24,276	35,724	Amber
INCREASE Car parking fees	Head of Neighbourhoods	- 40,000	-	40,364	Red
Stop CCTV	Head of Neighbourhoods	- 50,000	-32,206	17,794	Amber
REDUCE Council's running costs (Business Basics)	Chief Executive	- 80,000	-78,038	1,962	Amber*

4.6 Car parking fees - The income is currently down and forecast to remain so as at quarter 3. As income is related to usage it cannot be directly controlled, however the situation will continue to be monitored. It is anticipated when the local economy improves usage will return to historic levels.

4.7 At period 9 the original £80k Business basics savings target, has been reduced to £2k, (*albeit it some of this is in year only saving) as shown in table 7 above. Work is ongoing to establish how this budget target will be met on a permanent basis.

5 Discretionary Housing Payments

5.1 These provide customers with further financial assistance when a local authority considers that help with housing costs is needed. It was anticipated that requests for this help would increase this year as residents needs change as welfare reform changes are implemented. Accordingly this area is being specifically monitored to track the impact.

5.2 CBC share of original grant provided by the government is £95k with our Overall Limit being set at £235k. (The Overall Limit being the maximum allowable payment as prescribed by Government).

5.3 An additional £16k grant was notified to the authority in July, bringing the external funding to £111k, out of the permissible Overall Limit of £235k detailed in 5.2 above.

5.4 When the original budget was set, Council agreed to monitor the uptake of these payments and if necessary to utilise reserves to finance any gap. Table 8 below details the number of payments made in to 31 December (226) and the amount of money spent/committed to date (79k), although full spend of external income provided i.e. £111k by 31 March 2014 is anticipated. This means it should not be necessary to utilise the risk based general fund to further support this activity, however this funding needs to remain in case of future demands.

Table 8 Discretionary Housing Payments Data

Externally funded budget original	94,263.00	Overall Limit £ 235,658.00		
Externally funded budget new	16,493.00			
Total externally funded budget	110,756.00			
	Budget profile	Spend	% Spend	Claims Granted (cumulative)
<i>April</i>	£9,229.67	£1,259.22	1.14%	32
<i>May</i>	£18,459.33	£5,301.63	4.79%	65
<i>June</i>	£27,689.00	£10,637.86	9.60%	88
<i>July</i>	£36,918.67	£18,982.64	17.14%	125
<i>August</i>	£46,148.33	£26,741.32	24.14%	146
<i>September</i>	£55,378.00	£33,753.99	30.48%	154
<i>October</i>	£64,607.67	£45,333.70	40.93%	177
<i>November</i>	£73,837.33	£54,914.82	49.58%	215
<i>December</i>	£83,067.00	£62,441.47	56.38%	226
<i>January</i>	£92,296.67		0.00%	
<i>February</i>	£101,526.33		0.00%	
<i>March</i>	£110,756.00		0.00%	
Add future commitments	Not Yet Posted	£16,945.53	71.68%	

6 MANAGEMENT ACTION TAKEN TO DATE

- 6.1 Whilst there is no specific vacancy management target within this years savings targets, CLT are actively managing the vacancy management process and as a result only vacancies that are essential to the business needs of the council are being filled.
- 6.2 The net current levels of savings as detailed by budget managers, on the forecast model, to date are £391k (salaries, NI and Superann) but these are netted off with some use of legal and professional fees, to carry out work in some areas where vacancies exist.
- 6.3 Whilst one impact of strong vacancy management is a saving in the bottom line another, perhaps more significant one is the reduction in the Authority's capacity to operate and progress the changes required to reshape its services and redefine what it can do given the reducing resources, as is evidenced in the forecast underspend.

7 WRITE OFFS

- 7.1 Debts totalling £23k have been written off by the Head of Corporate Services in quarter 3, Members are asked to review the attached report in Appendix E and formally approve these.

8 MANAGEMENT ACCOUNTING

- 8.1 The Council approved its 2013/14 revenue budget in February 2013 at £10,362m, which included savings to be made of £1.76m. 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 2013/14 as at 31 December to £11,658m.

9. CONCLUSION

- 9.1 The spending forecast at period 9 is a year-end underspend of £948k against the current approved revenue budget of £11,658m, as detailed in Appendix D, and relates primarily to projects the authority is undertaking, as opposed to savings in the provision of core services.

10. RESOURCE REQUIREMENTS

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

11 STATUTORY OFFICER COMMENTS

- 11.1 The Monitoring Officer's comments are: No further Comment

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

11.3 EIA Comment:

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

11.4 Policy Framework: Contained within the report.

11.5 Other consultee comments, if any:

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

12.1 The budget monitoring process is carried out on a monthly basis. Management and finance staff work together to ensure financial reports are accurate and timely to assist the decision making process of the Council as a whole.

12.2 Budgets are monitored during the year with exceptions reported monthly through Corporate Leadership Team and to Executive on a quarterly basis. At the year- end, the draft outturn prior to the external audit process must be reported formally. It is also good financial practice to report the year-end position on revenue reserves as a consequence of the outturn.

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

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

13.2 Spending areas that vary significantly from the approved budget are also identified, which can then be fed into the budget planning process to enable informed decisions on changes to the Council's budget to be made.

List of Appendices

Appendix A – Earmarked reserve usage in budget

Appendix B – Carry forward usage in budget

Appendix C – Budget and forecast by Corporate Team

Appendix D - Budget and forecast by cost centre

Appendix E- Debts action report