

**Report to**

Scrutiny Board 1

Cabinet

**Report of**

Director of Finance & ICT

26<sup>th</sup> July 2005

26<sup>th</sup> July 2005

**Title**

Corporate Capital Outturn and Treasury Management Report 2004/2005

### 1 Purpose of the Report

1.1 This report informs Members of the actual capital outturn position for the 2004/05 financial year and reviews treasury management activity during the year, including borrowing, lending and investments. In addition, 2004/05 outturn Prudential Indicators are reported on under the Prudential Code for Capital Finance.

### 2. Recommendations

Cabinet is recommended to:

- 2.1 Note capital expenditure of £101.731m in 2004/05 against a final budget of £106.113m, giving a total variance for the year of £4.382m.
- 2.2 Determine the resourcing of this expenditure as detailed in section 4.
- 2.3 Approve net slippage of £0.576m into 2005/06. This slippage can be managed and is not expected to result in any loss of resources.

### 3. Capital Outturn 2004/05

3.1 The capital outturn position for 2004/05 is shown in summary form below:

Final Budget	Outturn	Total Variance	Slippage Now Reported	Overspend Now Reported	Previously Reported Variance
£106.1m	£101.7m	- £4.4m	- £0.6m	£35,000	- £3.8m

3.2 The capital monitoring report to Cabinet on 15<sup>th</sup> February 2005 approved a revised capital budget of £107.564m for 2004/05. Since that report there have been further changes to the programme giving a final budget for the year of £106.113m. The changes to the budget are presented in appendix 1.

- 3.3 The total variance of £4.4m comprises £3.8m of variances that have already been reported to Cabinet in 2004/05, new slippage of £0.6m and a very small overspend of £35,000. Slippage is analysed by Cabinet Member in appendix 4 and overspends in appendix 5.
- 3.4 Most of the slippage that has arisen since February has occurred on the Urban Regeneration and Regional Planning programmes (£4.342m); £1.4m relates to the Arena and £1.25m to the University of Warwick Science Park land acquisition (see Appendix 4 for further details). This slippage, together with £1.7m arising elsewhere, has been offset by accelerated spend of £5.5m on the Children's Services programme.
- 3.5 Total slippage for the year represents 3.4% of the final capital budget for 2004/05. This compares favourably with 5% in 2003/04, 22% in 2002/03 and 9% in 2001/02. It is important that capital schemes are managed in order to avoid significant slippage wherever possible, both to ensure that resources are not lost and to secure the delivery of policy decisions, although it needs to be recognised that the causes can sometimes be due to factors outside our control. The Capital Working Group will continue to monitor levels of slippage in 2005/06 and report any issues to Management Board as part of the capital management process.
- 3.6 The small overspending of £35,000 that has arisen at outturn is funded from departmental resources.

#### 4. Funding of the Capital Programme

- 4.1 The proposed financing arrangements in respect of City Council payments of £101.731m are summarised below:

	£000s
Borrowing	16,233
Prudential Borrowing	19,319
Grants and Other Contributions	24,337
Usable Capital Receipts	38,717
Leasing	3,125
<b>Total Resourcing</b>	<b>101,731</b>

- 4.2 The Director of Finance and ICT has delegated authority to make a number of accounting determinations in respect of capital financing to ensure that resources available to the City Council are maximised. In due course, such determinations will be made in line with the Table above (subject to any further adjustments which may be appropriate).

#### 5. Capital Receipts

- 5.1 Capital receipts provide an important source of funding of the capital programme. Income generated during 2004/05 amounted to £30m. This has contributed to financing expenditure in 2004/05 together with £24m receipts brought forward from 2003/04. The remaining balance of receipts has been earmarked to fund 2005/06 capital programme schemes.

#### 6 Treasury Management Activity in 2004/05

##### 6.1 Interest Rates

6.1.1 For the latter half of the year the base rate stood at 4.75%, having started the year at 4%. Long term rates for PWLB loans of up to 30 years averaged out at a little over 4.75%, with a low of 4.45% and a high of 5.1%.

## 6.2 Long Term Funding

6.2.1 The funding strategy was implemented as planned. This was detailed in the Treasury Management Strategy as included in the General Fund and Capital Budget Requirement 2004/05 report approved by Cabinet on 17<sup>th</sup> February 2004. This entailed a combination of new borrowings and the use of investments.

6.2.2 In total, new long term borrowings of £112.3m were raised, whilst £39.4m were repaid. The increased net new borrowing reflected, in the main, the replacement of 8.25% loan stock at the end of 2003/04 with £65m of new borrowings at lower interest rates. This redemption was partially funded from *short* term borrowings in 2003/04 pending the taking out of new *long* term loans in 2004/05. Further borrowings of £28m were agreed in 2004/05 to be drawn down in 2005/06, representing the need to fund both supported and unsupported or prudential capital investment.

6.2.3 During the year, opportunities have been taken to repay expensive borrowings at a relatively high rate of interest, replacing these with new borrowings at lower rates.

6.2.4 The movements in *long* term balances are shown below:-

	Balance at 1 <sup>st</sup> April 2004	Repaid in Year	Raised in Year	Balance at 31 <sup>st</sup> March 2005
	£000	£000	£000	£000
<b>Source of Loan</b>				
PWLB	100,759	-32,913	112,281	180,127
Money Market	48,221	-6,200	1	42,022
Stock Issue	12,004	0	0	12,004
Other	4	0	0	4
	160,988	-39,113	112,282	234,157
Other Local Authorities	23,512	-329	0	23,183
Total	184,500	-39,442	112,282	257,340

## 6.3 Temporary Borrowing and Lending

6.3.1 The Treasury Management Team acts on a daily basis to manage the City Council's bank balances, and undertakes short term borrowing or lending as necessary, short term being for less than 1 year. At the 31st March 2005, the City Council had £6.0m in temporary deposits and £14.3m in short term borrowing. During the year, the total volume of borrowing was £148.6m while temporary investments totalling £458.8m were made. Most deals were for short periods of between one day and one month, with occasional investments over longer periods of up to one year when interest rates were higher, and cash balances were not required in the short term.

## 6.4 External Investments

6.4.1 The City Council had external investments at 31st March 2005 of £36.8m. The City Council has a policy of using external fund managers to invest medium-term cash balances. In summary the returns for 2004/05 are:-

Manager	Q4 Return	Full Year Return	Margin over/ (under) Benchmark	Margin over/ (under) Industry Average
UBS	4.59%	4.45%	(0.36%)	0.03%
Invesco	4.62%	4.66%	(0.15%)	0.24%
Alliance Capital	4.87%	4.65%	(0.16%)	0.23%
<b>Total</b>	<b>4.70%</b>	<b>4.60%</b>	<b>(0.21%)</b>	<b>0.17%</b>

6.4.2 The net returns earned in the year totalled £2.5m, which represents a return of 4.6% on the time weighted balances invested during the year. The rate is higher than last year's 3.22%, reflecting in part the increase in short term interest rates over the past year.

6.4.3 The return is measured net of the fees charged by the manager, and includes changes in the book value of investments that have not yet matured. This is in line with current recommended practices for measuring fund manager performance amongst local authorities. The benchmark return against which managers are compared is the average 3-month London Inter-Bank Bid (LIBID) rate for the period.

6.4.4 One of the fund managers, UBS withdrew from providing the service at the end of 2004/05. The resources returned from the UBS have been utilised temporarily to offset short term borrowing required at the start of 2005/06. Fund Manager contracts are due for re-tendering in 2006.

## 6.5 Lending Policy

6.5.1 The City Council's current lending list is attached as Appendix 7. This is compiled based on the criteria set out in the Treasury Management Strategy.

## 6.6 Prudential Code and Indicators

6.6.1 The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance set the framework for the new local government capital finance system. From 2004/05 authorities have been able to borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

6.6.2 The indicators, together with the relevant figures as at 31<sup>st</sup> March 2005 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2004/05.

## 7. Other Specific Implications

7.1

	<b>Implications (See below)</b>	<b>No Implications</b>
Area Co-ordination		✓
Best Value		✓
Children and Young People		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
Health & Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications		✓
Property Implications		✓
Race Equality Scheme		✓
Risk Management		✓
Sustainable Development		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## 7.2 Financial Implications

The final capital outturn for 2004/05 is £101.7m against a final budget of £106.1m. The variance comprises net slippage of £3.7m and net underspends of £0.7m. The slippage can be managed and is not expected to result in any loss of resources.

## 8. **Timescales and Expected Outcomes**

	<b>Yes</b>	<b>No</b>
<b>Key Decision</b>		✓
<b>Scrutiny Consideration</b>	✓ <b>Scrutiny Board 1 – 26<sup>th</sup> July 2005</b>	
<b>Council Consideration</b>		✓

List of background papers

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Finance Managers

Capital Working Group

Management Board

Papers open to Public Inspection

**Description of paper**

Capital Monitoring Files 2004/05

**Location**

3<sup>rd</sup> Floor, Christchurch House

## **FINAL CAPITAL BUDGET 2004/05**

	Capital Budget February Monitoring Report  £000s	Approved / Technical Changes Since February £000s	Final Budget 2004/05  £000s
<b>Cabinet Member:</b>			
Adult Education, Libraries, Sport & Leisure	12,140	251	<b>12,391</b>
Children's Services	11,239	443	<b>11,682</b>
City Services	11,116	-343	<b>10,773</b>
Community Services	3,017	0	<b>3,017</b>
Corporate & Customer Services	5,024	0	<b>5,024</b>
Finance & Equalities	866	0	<b>866</b>
Health & Housing	5,867	104	<b>5,971</b>
Urban Regeneration & Regional Planning	58,295	-1,906	<b>56,389</b>
<b>Total</b>	<b>107,564</b>	<b>-1,451</b>	<b>106,113</b>

The above table shows a total programme reduction of £1.451m. Changes in excess of £50,000 are explained below.

The schemes marked \* are those where the City Council is acting as a guarantor.

### **ANALYSIS OF PROGRAMME BUDGET CHANGES**

<b>Scheme</b>	<b>Explanation</b>	<b>£000</b>
<b><u>Adult Education, Libraries, Sport &amp; Leisure</u></b>		
Museum of British Road Transport (MBRT) – Completion Project	At the end of the financial year £275,000 was vired to this scheme from the Central Repairs Fund. This amount had been separately identified to fund enabling works.	275
Weavers Green*	£76,000 ERDF grant to revitalise derelict and under-utilised land (CM Area Co-ordination & Leisure, Arts & Sport on 27 November 2003).	76
Bell Green Library*	The Bell Green Library Refurbishment has now been completed and has achieved a net £52,000 reduction in expenditure. A change to the programme has been actioned consisting of a £90,000 shortfall in unachievable grant from the learning skills council and a transfer of £32,000 from the Libraries refurbishment programme to balance the bottom line.	-52
Miscellaneous	Net Programme Reduction	-48
<b>Total - Adult Education, Libraries, Sport &amp; Leisure</b>		<b>251</b>
<b><u>Children's Services</u></b>		

Deedmore Fire	Re-instatement works to Deedmore school (Cabinet 7 <sup>th</sup> September 2004). Discussions are currently taking place with the City Council's Loss adjuster to finalise the insurance claim.	246
Physical Education and Sports Prog*	Approval was given by CM Children's Services (31 <sup>st</sup> March 2005) towards the Plas Doly Outdoor Education Centre. £90,000 has been transferred from the Central Repairs Fund and £10,000 from the Asbestos programme which will be used to contribute towards the replacement of the fire alarm system and asbestos removal.	100
African Caribbean Young People Centre	In 2002 the Youth Services secured funding of £200,000. This was earmarked to secure a permanent location for the Holyhead Youth Project. Approval to slip the funding was given by the Neighbourhood Renewal Fund in 2002 until suitable premises were acquired. This has been achieved at the end of 2004/05 when the Youth Service was able to acquire the property they currently leased.	85
Miscellaneous	Net Programme Reduction	12
<b>Total – Children's Services</b>		<b>443</b>
<b><u>City Services</u></b>		
Central Repairs Fund Programme (CRF)	Virement of CRF resources to other Cabinet Member programmes: Plas Doly Moch (£90,000), Foleshill Library (£25,000), MBRT (£275,000) and Primrose Hill Lodge (£12,000). Due to the ever-changing priorities of the Council Properties served by the CRF it was also necessary to increase the level of capital works by £146,000, funded from a reduction in revenue works.	-256
Electrical Wiring Works	Reclassified as revenue expenditure within existing budget approval.	-77
Miscellaneous	Net Programme Reduction	-10
<b>Total – City Services</b>		<b>-343</b>
<b><u>Health &amp; Housing</u></b>		
Disabled Facilities & Home Improvement Grants	Revenue monies vired to fund additional spending in the capital programme.	104
<b>Total – Health &amp; Housing</b>		<b>104</b>
<b><u>Urban Regeneration &amp; Regional Planning</u></b>		
NDC Before Masterplan	The total project cashflow of £2.5m was presented in the Urban Regeneration programme instead of just the Regeneration element of the project. This overstatement has now been corrected and is reflected in the final budget at outturn.	-2,041
Bus Showcase - East West	Transferred from the Primelines budget to fund additional costs of the revised scheme due to higher standard requirements, additional infrastructure and major landscaping works.	531
Bus Showcase - Wheelwright Lane	Transferred from the Primelines budget to fund additional costs due to higher standard requirements and additional infrastructure for green surface to bus lanes.	76
Primelines	Resources transferred to Bus Showcase schemes (see above).	-607

Phoenix Initiative	Transferred from Integrated Transport to fund highways related work.	285
Integrated Transport	£285,000 returned to City Centre package for use on highways works, £103,000 reclassified as revenue expenditure. Grant funded expenditure added to the programme £50,000 (Sustrans), £20,000 (Centro) & £48,000 (Miscellaneous).	-270
Carriageway Maintenance	Resurfacing works to the A45 carried out in 2004/05 funded by the detrunked capital allocation from the Department for Transport (DFT).	80
Residents Parking Scheme	Leasing has been used as part of the initial set up costs for the purchase of some of the equipment needed for the Decriminalisation of Parking Enforcement. This is a saving to the capital programme, but the cost will be to revenue from 2005/06 onwards. However, the revenue costs will be funded from the income generated by the fines paid (Cabinet - 9 December 2003).	74
Miscellaneous	Net Programme Reduction	-34
<b>Total – Urban Regeneration &amp; Regional Planning</b>		<b>-1,906</b>
<b>Total Programme Changes</b>		<b>-1,451</b>

**CAPITAL OUTTURN 2004/05 – ANALYSIS BY CABINET MEMBER**

The final capital outturn for 2004/05 is £101.731m compared to the final budget at outturn of £106.113m.

	<b>Final Budget 2004/05 £000s</b>	<b>Outturn 2004/05 £000s</b>	<b>Total Variation £000s</b>	<b>Slippage Now Reported £000s</b>	<b>Over/Under Spend Now Reported £000</b>	<b>Variations Previously Reported £000</b>
<b>Cabinet Member</b>						
Adult Educ, Libraries, Sport & Leis	12,391	6,821	-5,570	-627	97	-5,040
Children's Services	11,682	15,363	3,681	5,500	116	-1,935
City Services	10,773	9,867	-906	-250	-19	-637
Community Services	3,017	2,785	-232	-342	-4	114
Corporate & Customer Services	5,024	3,937	-1,087	-454	-250	-383
Finance & Equalities	866	0	-866	-45	0	-821
Health & Housing	5,971	5,972	1	-16	17	0
Urban Regen & Regional Planning	56,389	56,986	597	-4,342	78	4,861
<b>Total</b>	<b>106,113</b>	<b>101,731</b>	<b>-4,382</b>	<b>-576</b>	<b>35</b>	<b>-3,841</b>

The above table is presented in Directorate format at Appendix 3 below

**APPENDIX 3**

**CAPITAL OUTTURN 2004/05 – ANALYSIS BY DIRECTORATE**

	<b>Final Budget 2004/05 £000s</b>	<b>Outturn 2004/05 £000s</b>	<b>Total Variation £000s</b>	<b>Slippage Now Reported £000s</b>	<b>Over/Under spend Now Reported £000s</b>	<b>Variations Previously Reported £000s</b>
<b>Directorate</b>						
City Development	66,180	62,651	-3,529	-5,136	175	1,432
City Services	10,773	9,867	-906	-250	-19	-637
Chief Executive	1,128	136	-992	-171	0	-821
Education & Libraries	13,101	15,732	2,631	5,663	114	-3,146
Finance & ICT	2,222	2,121	-101	-101	0	0
Legal & Democratic Services	2,645	1,769	-876	-243	-250	-383
Social Services & Housing	10,064	9,455	-609	-338	15	-286
<b>Total</b>	<b>106,113</b>	<b>101,731</b>	<b>-4,382</b>	<b>-576</b>	<b>35</b>	<b>-3,841</b>

**ANALYSIS OF VARIATIONS REPORTED AT OUTTURN**

	Final Budget 2004/05 £000s	Outturn 2004/05 £000s	Total Variance £000s	Slippage Now Reported £000s	Over/Under Spend now Reported £000	Variance Previously Reported £000
<b>Cabinet Member</b>						
Adult Education, Libraries, Sport & Leisure	12,391	6,821	-5,570	-627	97	-5,040
Children's Services	11,682	15,363	3,681	5,500	116	-1,935
City Services	10,773	9,867	-906	-250	-19	-637
Community Services	3,017	2,785	-232	-342	-4	114
Corporate & Customer Services	5,024	3,937	-1,087	-454	-250	-383
Finance & Equalities	866	0	-866	-45	0	-821
Health & Housing	5,971	5,972	1	-16	17	0
Urban Regen & Regional Planning	56,389	56,986	597	-4,342	78	4,861
<b>Total</b>	<b>106,113</b>	<b>101,731</b>	<b>-4,382</b>	<b>-576</b>	<b>35</b>	<b>-3,841</b>

The above table identifies slippage totalling £0.576m that has arisen since the 3<sup>rd</sup> Quarter monitoring report in February. Instances of slippage/accelerated spend in excess of £50,000 are explained below (the net overspend of £35,000 is shown in Appendix 5).

**ANALYSIS OF SLIPPAGE REPORTED AT OUTTURN**

The schemes marked \* are those where the City Council is acting as a guarantor.

<b>Scheme</b>	<b>Explanation</b>	<b>£000s</b>
<b><u>Adult Education, Libraries, Sport &amp; Leisure</u></b>		
Museum of British Road Transport – Completion Project	At the end of the financial year £275,000 was vired to this scheme from the Central Repairs Fund. This amount had been separately identified to fund enabling works. Based on the Quarter 3 reported position, slippage of £67,000 represented 5% of the predicted spend for the year, and was due to the reprogramming of the enabling works prior to the commencement of the extension and alterations. The remaining £275,000 results from the associated cashflow for this spend being outside the control of CDD officers. The project continues to be managed by external project managers who hold regular monitoring meetings with all parties to the project.	-342
Libraries Refurbishment and Replacement Programme	The outfitting of the Arena library required additional resources sooner than anticipated, and additional costs have been incurred at Foleshill Library to ensure that the project can be progressed once the land purchase is complete.	193
Belgrade Theatre*	Slippage due to slower than anticipated progress by the Belgrade's external works contractor i.e. service diversions and works to create the new service yard.	-186

HAGM – Phase 1 & 2	Partly due to additional works and costs associated with time delays and ongoing contractual disputes on Phase 1 (Council 17 <sup>th</sup> May 2005). Phase 2 has progressed more quickly than anticipated.	155
Museum of British Road Transport	Some of the Exhibition/Display expenditure has been re-programmed to fit in with the work being undertaken as part of the Completion Project.	-137
Playground Refurbishment – Coombe	The commencement of the project was delayed to 11 April 2005 due to unforeseen circumstances affecting the key contractor.	-80
Longford Park Refurbishment	Slippage due to delayed work on the Skatepark as extra Cabinet approval was given on 3 <sup>rd</sup> March 2005 for single tender approval.	-68
Oak Farm Play Area	The project was delayed because of a petition against construction, which had to go to the Cabinet Member for consideration. Project completed in May 2005.	-50
Miscellaneous	Net Slippage	-112
<b>Total Adult Education, Libraries, Sport &amp; Leisure</b>		<b>-627</b>
<b><u>Children's Services</u></b>		
Suitability Programme		1,312
AMP Condition Programme	Each year Education and Libraries Services are awarded their capital allocations direct from the DFES. Over the last few years as allocations have increased, meeting the DFES requirements to spend allocations within the year allocated has proven to be difficult. These challenges occur through the contracting of other services, the timing of seeking Cabinet approval in Feb/March, to the ordering of goods and services to begin and finish within a single financial year. To ensure capital projects are viable and achievable and to reduce any element of slippage within the capital programme, we endeavour to manage the programme by cashflowing capital projects over two or more financial years.	898
Schools Access Programme		289
Staff Workspaces		222
Seed Challenge		202
Devolved Formula Challenge	Devolved capital is paid over to the schools on a quarterly basis to a total value of £3.6million in 04/05. Approval to spend the grant is managed throughout the year by the LEA, but as the actual expenditure is not incurred within the LEA accounts until the end of the financial year, it is difficult to predict throughout the year.	1,721
Charter Primary - New School and Surestart Unit	Once work started on site at Charter School it progressed better than anticipated. In comparison to the original plan to spend £1.53million in 2004/05, the actual outturn of £1.58 million by the end of the year has been achieved, bringing the project back to its original plan.	797
Surestart Programme	A further £182,000 slippage within the Surestart programme has been incurred since February. This is mainly due to delays within the project to ensure minimal disruption at three schools, where work is due to commence in August 2005.	-182

Annie Osborn Primary - Rebuild and MANDA Centre	To avoid extra work and disruption to the school and sports facility, the LEA agreed to put in basic wiring and hard surface to develop a netball facility for the school and community. Further work to develop the site into a multi-games area will continue subject to the success of external grant funding.	154
Coundon Primary Infants	Additional expenditure to a value of £165,000 was approved by Cabinet Member (Children's Services) on 24th April 2005, of which £119,000 has been incurred in 2004/05. Changes in design of the acoustics, ground conditions, and fencing have impacted on the overall costs of the project.	119
Miscellaneous	Net Slippage	-32
<b>Total Children's Services</b>		<b>5,500</b>
<b><u>City Services</u></b>		
Expansion of Whitley Depot	Delays in contractors providing all relevant documentation during the tender process led to a delay in the final tender award for a large proportion of the works. All works are expected to be complete during the second quarter of 2005/06.	-218
Capitalised Highways Maintenance	Works to improve the A45 highway were programmed to span parts of both the 2004/05 and 2005/06 financial years. As the work due for completion in 2004/05 was completed earlier than expected, to minimise the impact on road users and to maximise the cost benefit of the highways management arrangements already in place, the works were continued through to the end of the year.	210
Asbestos Programme - remedial works	Delays in the numbers of surveys conducted has meant less remedial works have been identified and carried out than were expected. Also, the differing ways that asbestos is managed means that until all Council properties have been surveyed the exact nature and cost of remedial works will be difficult to accurately predict and will be inherently subject to timing delays.	-131
Electrical wiring works	Until all Council Sites have been investigated it is difficult to clearly predict the cost of electrical remedial works. The timing of remedial works is further affected by the very nature of the works that require the electricity supply to be disabled at sites before works can be carried out. This has led to a number of delays as access to sites is not always possible throughout the year.	-100
Central Repairs Fund Programme	In February it was reported that the CRF would fund £76,000 of the Cremator Equipment works required. As it became clearer that this scheme would slip into the new financial year, further CRF schemes were identified which could be brought forward into the 2004/05 year to maximise the use of the available funds. The Cremator works are now to be funded from 2005/06 CRF monies.	76
Miscellaneous	Net Slippage	-87
<b>Total - City Services</b>		<b>-250</b>
<b><u>Community Services</u></b>		
CSDPA	During the year there was a change in the policy relating to cash limited grants in that they are now treated as Direct Payments. It was	-90

	agreed monies would be allocated from the 2004/5 programme with a reduced spend on minor works. The rescheduling is due to the longer lead in periods for this type of work.	
474 Woodway Lane	Delays in rehousing tenants and therefore actual demolition resulted in carry forward of demolition costs.	-89
Minor Works Programme	Rescheduling of Disability Discrimination Act monies to reflect change in priorities following cost of some jobs (Lifts) higher than expected.	-68
Frank Walsh House	Unforeseen difficulties in contract preparation and completion delayed start on site resulting in works being completed in May 2005.	-55
Miscellaneous	Net Slippage	-40
<b>Total - Community Services</b>		<b>-342</b>
<b><u>Corporate &amp; Customer Services</u></b>		
Central Accommodation - Working Environment Issues	This relates to the scheme to improve the Lower Studio in Civic Centre 2, which was delayed because of a late decision by the incumbent department to relocate staff to other accommodation to undertake the works, rather than remain in situ. The scheme was started on 24th March 2005 and will now be completed in July 2005.	-130
Council Wide - Wide Area Network	Due to the late delivery of equipment and delays to the installation of security controls and fibre optic cables.	-101
Corporate Training Centre Refurbishment	Late in 2004/05 it was identified that additional work was needed on emergency lighting, fire alarm, an upgrade of the ICT suite and provision of hot water throughout the building which will be funded from revenue via reserves. It took longer than anticipated to organise and obtain suitable quotes; the work has now started and will be completed in 2005/06.	-63
Central Reception Areas	Due to the need to continue to use two of the areas to meet operational demands during 2005. The Council House reception was delayed because of the need to use it for the Housing Benefits service, whilst the Housing Centre was refurbished, and for Education staff to operate from it whilst their reception in Civic Centre 1 was refurbished. The reception also needed to be operational to deal with general election enquires. Civic Centre 3 was delayed because of the need to use it for emergency alternative accommodation.	-56
Miscellaneous	Net Slippage	-104
<b>Total Corporate &amp; Customer Services</b>		<b>-454</b>
<b><u>Finance &amp; Equalities</u></b>		
Miscellaneous	Net Slippage	-45
<b>Total – Finance &amp; Equalities</b>		<b>-45</b>
<b><u>Health &amp; Housing</u></b>		
Miscellaneous	Net Slippage	-16
<b>Total – Health &amp; Housing</b>		<b>-16</b>
<b><u>Urban Regeneration &amp; Regional Planning</u></b>		

Arena	The slippage represents 3% of the approved budget for the year and is due to inclement weather during the summer of 2004 and a fire at the site earlier this year.	-1,419
University of Warwick Science Park	Between agreeing the deal and executing it, Stamp Duty Land Tax was imposed on property transactions. This meant a large transaction cost that changed the nature of the proposal on offer. Officers are meeting with the Science Park to agree revised parameters.	-1,250
Primelines	Due to the nature of the Primelines programme it has been possible to bring some works forward on bus stop boarders and bus lanes on London Road, Foleshill Road, Lockhurst Lane and Croft Road, this has resulted in an accelerated spend for 04/05.	409
Capitalised R & M	There was a longer than anticipated lead in time, the selected contractor failed to meet Health and Safety standards, and the discovery of asbestos resulted in delays whilst being removed.	-401
961 Foleshill Road Demolition	City Services will not be vacating the building until August 2005, therefore demolition will be after this date.	-325
Swanswell	Delays due to the ongoing public consultation on the Master Plan, which should be finalised by October 2005, and revisiting the Ring Road options (re Local Transport Plan bid money). Still awaiting reports on the Ring Road options from consultants, which should be received by the end of 2005/2006.	-250
Perceived Safety	Construction on a number of schemes has been delayed as a result of late changes to designs following feedback from the public consultation process. All schemes are programmed for completion in the 1st half of 2005/06 and therefore resources are committed.	-214
Annexe E CQBN	Claims to Centro reflecting the value of work completed in the year had to be finalised prior to the final closure of the accounts. Some charges did not materialise as anticipated.	-195
Westwood Heath Land Disposal	Initial delay due to length of time taken to obtain S102 agreement with Severn Trent Water, undertaken by Babtie on our behalf. Work to install twin sewer in connection with Westwood residential site being undertaken by private developer, specialist contractors required and Severn Trent have to approve proposed method of working before construction commences. Babtie, (on our behalf) is chasing the developer for commencement date for work to start.	-187
Phoenix Initiative	In predicting the cash flow for 2004/05, in addition to payments to contractors and consultants, an interim allowance was made for payment of compensation which when paid was higher than anticipated, giving rise to accelerated spending in the year.	185
Bus Showcase-East West	The landscaping scheme and finishing works have been delayed. These funds will be spent during the first quarter of 05/6.	-148
North South Road	Ph.1 - £55,000 slippage. This is for 3 final compensation claims. 2 were settled at the end of last year and will be paid in 2005/06. Agreement of the final claim is expected in 2005/06. Ph 2 - £67,000 slippage relates to land acquisition and compensation claims.	-122
City Centre Package	Slippage on several City Centre schemes	-119

Electric Wharf*	Delays in the construction of the canal bridge. The design requires approval from British Waterways and the developer has experienced extreme difficulty in progressing dialogue in this respect and has not received consent to date.	-97
Traffic Calming & Parking	Due to favourable weather conditions, the appointed framework contractor was able to complete the programme of work scheduled for 2004/05 ahead of time, therefore it was necessary to accelerate the 05/06 budget. Overall the project is still set to finish within the total budget but in a shorter timescale.	71
Integrated Transport	Due to late arrival of documentation from the external organisation and resolving the discrepancies of this claim. This was outside officers' control. The grant reimbursement was made in April 2005. A Safer Routes to Work scheme is planned for 2005/2006 utilising grant monies received late in 2004/2005.	-70
Corridor Regeneration Package*	The spend estimate of £654,000 was based on a series of projects that did not all complete by 31/3/05. This was due to delays in securing planning permissions and difficulty recruiting contractors, resulting in a £51,000 spend shortfall compared with the prediction. All expenditure is external grant funded.	-51
Miscellaneous	Net Slippage	-159
<b>Total – Urban Regeneration &amp; Regional Planning</b>		<b>-4,342</b>
<b>TOTAL SLIPPAGE</b>		<b>-576</b>

APPENDIX 5

**UNDER/OVERSPENDS REPORTED AT OUTTURN**

The schemes marked \* are those where the City Council is acting as a guarantor.

Scheme	Explanation	£000s
<b><u>Adult Education, Libraries, Sport &amp; Leisure</u></b>		
Memorial Park Improvements	This spend was partly approved in February 2003 but was not included in the capital programme. Legal advice is being sought on whether it can be recovered from the sub-contractor.	72
Miscellaneous	Net Overspend	25
<b>Total - Adult Education, Libraries, Sport &amp; Leisure</b>		<b>97</b>
<b><u>Childrens Services</u></b>		
Equipment	The cost of leased equipment was higher than anticipated in February	99
Miscellaneous	Net Overspend	17
<b>Total – Children's Services</b>		<b>116</b>
<b><u>City Services</u></b>		
Miscellaneous	Net Underspend	-19
<b>Total – City Services</b>		<b>-19</b>
<b><u>Community Services</u></b>		
Miscellaneous	Net Underspend	-4
<b>Total Community Services</b>		<b>-4</b>
<b><u>Corporate &amp; Customer Services</u></b>		
Refurbishment of Court House	This expenditure was incurred by the City Council on an agency basis on behalf of Her Majesty's Courts Service. This arrangement ceased at the 31st March, after which all expenditure will be undertaken by a new agency. This scheme comprises numerous smaller projects, many of which it was decided to delay as they would not complete prior to the aforementioned changeover.	-216
Miscellaneous	Net Underspend	-34
<b>Total - Corporate &amp; Customer Services</b>		<b>-250</b>

<b>Health &amp; Housing</b>		
Miscellaneous	Net Overspend	17
<b>Total – Health &amp; Housing</b>		<b>17</b>
<b>Urban Regeneration &amp; Regional Planning</b>		
Miscellaneous	Net Overspend	78
<b>Total – Urban Regeneration &amp; Regional Planning</b>		<b>78</b>
<b>Total Overspend</b>		<b>35</b>

## Appendix 6

### Prudential Indicators

Indicator	Set as Part of Treasury Management Strategy	As at 31 <sup>st</sup> March 2005
<b>Ratio of Financing Costs to Net Revenue Stream (Ref 35 – 38)</b> , illustrating the affordability of costs such as interest charges to the overall City Council bottom line resource (the amount to be met from government grant and local taxpayers).	5.36%	4.96%
<b>Net Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Ref 45)</b> , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme.	Year 3 estimate/limit of £304.9m	£203.9m net borrowing within the limit.
<b>Authorised Limit for External Debt (Ref 59)</b> , representing the "outer" boundary of the local authority's borrowing. Borrowing at the level of the authorised limit might be affordable in the short term, but would not be in the longer term. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.	£414.9m	£246.7m is less than the authorised limit.
<b>Operational Boundary for External Debt (Ref 60)</b> , representing an "early" warning system that the Authorised Limit is being approached. It is not in itself a limit, and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.	£394.9m	£246.7m is less than the operational limit.
<b>Upper Limit on Fixed Rate Interest Rate Exposures (Ref 67 – 73)</b> , highlighting interest rate exposure risk. The purpose of this indicator is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position.	110%	90%
<b>Upper Limit on Variable Rate Interest Rate Exposures (Ref 67 – 73)</b> , as above highlighting interest rate exposure risk.	30%	10%
<b>Maturity Structure Limits (Ref 74)</b> , highlighting the risk arising from the requirement to refinance debt as loans mature:		
< 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	0% to 15% 0% to 10% 0% to 20% 0% to 30% 40% to 100%	1% 1% 0% 12% 86%
<b>Investments Longer than 364 Days (Ref 77)</b> , highlighting the risk that the authority faces from having investments tied up for this duration.	0%	0%

## Appendix 7

### COVENTRY CITY COUNCIL LENDING LIST

15th April 2005

Institution	Country	Limit £m	Term Limit
Abbey National Treasury Services plc	UK	5	6 mths
ABN AMRO Bank NV	Netherlands	5	6 mths
Alliance & Leicester plc	UK	5	6 mths
Allied Irish Banks plc	Ireland	5	6 mths
Australia and New Zealand Banking Group Ltd	Australia	5	6 mths
Banco Bilbao Vizcaya Argentaria	Spain	5	6 mths
Banco Santander Central Hispano	Spain	5	6 mths
Bank of America NA	US	5	6 mths
Bank of Ireland	Ireland	5	6 mths
Bank of Montreal	Canada	5	6 mths
Bank of New York	US	5	6 mths
Bank of Nova Scotia	Canada	5	6 mths
Bank of Scotland plc	UK	10	12 mths
Barclays Bank plc	UK	10	12 mths
BNP Paribas	France	5	6 mths
Bristol & West plc	UK	5	6 mths
Britannia BS	UK	1	1 mth
Canadian Imperial Bank of Commerce	Canada	5	6 mths
Chelsea BS	UK	1	1 mth
Citibank NA	US	10	12 mths
Commonwealth Bank of Australia	Australia	10	12 mths
Coventry BS	UK	1	1 mth
Calyon	France	5	6 mths
Danske Bank AS	Denmark	5	6 mths
Deutsche Bank AG	Germany	3	3 mths
Development Bank of Singapore Ld (DBS)	Singapore	5	6 mths
Dexia Banque Internationale a Luxembourg SA	Luxembourg	10	12 mths
Fortis Bank NV	Belgium	5	6 mths
HBOS plc	UK	10	12 mths
HSBC Bank plc	UK	10	12 mths
HSH Nordbank	Germany	3	3 mths
ING Bank NV	Netherlands	5	6 mths
KBC Bank	Belgium	5	6 mths
Landesbank Baden-Wuerttemberg	Germany	5	6 mths
Landesbank Hessen Thuringen Girozentrale	Germany	3	3 mths
Lloyds TSB Bank	UK	10	12 mths
National Australia Bank Ltd	Australia	10	12 mths
Nationwide BS	UK	5	6 mths
Newcastle BS	UK	1	1 mth
Norddeutsche Landesbank Girozentrale	Germany	3	3 mths
Nordea Bank Finland Plc	Finland	5	6 mths
Portman BS	UK	1	1 mth
Principality BS	UK	1	1 mth
Rabobank Group	Netherlands	10	12 mths
Royal Bank of Canada	Canada	5	6 mths
Royal Bank of Scotland plc	UK	10	12 mths
Sanpaolo IMI	Italy	5	6 mths
Skipton BS	UK	1	1 mth
Société Générale	France	5	6 mths
Svenska Handelsbanken AB (publ)	Sweden	5	6 mths
Toronto Dominion Bank	Canada	5	6 mths
UBS AG	Switzerland	10	12 mths
UniCredito Italiano SpA	Italy	5	6 mths
West Bromwich	UK	1	1 mth
Westpac Banking Corporation	Australia	5	6 mths
Yorkshire BS	UK	1	1 mth