



Coventry City Council

8.3

Public report

Report to

Scrutiny Board 1

Cabinet

Council

27th June 2006

27th June 2006

27th June 2006

Report of

Director of Finance & ICT

Title

2005/06 Revenue and Capital Outturn and Statement of Accounts

1 Purpose of the Report

1.1 The purpose of this report is to advise Cabinet and Council of the final revenue and capital outturn position for 2005/06 and seek approval for the 2005/06 Statement of Accounts. The report also reviews treasury management activity during the year, including borrowing, lending and investments. In addition, 2005/06 outturn Prudential Indicators are reported on under the Prudential Code for Capital Finance.

2 Recommendations

2.1 The Cabinet and Council is recommended to note that the final revenue outturn for 2005/06 is an overspend of £3.9m which is to be funded from corporate reserves.

2.2 Approve the "repeat" reserve requests (carry forwards) of reserves from years prior to 2004/05, as detailed in Section 5.3.

2.3 Note capital expenditure of £107.8m in 2005/06 against a final budget of £110.5m, a variance of £2.7m, as detailed in section 8.

2.4 Determine the resourcing of this capital expenditure as detailed in section 8.

2.5 Approve rescheduling of £6.8m of capital expenditure. This can be managed and will not result in any loss of resources.

2.6 Approve the Statement of Accounts for 2005/06 and to authorise the Leader to sign them on behalf of the City Council.

3 Information/Background

Revenue and Capital Outturn

- 3.1 The City Council's budget was approved by Cabinet on 22nd February 2005. The last formal monitoring report to Cabinet was on 7th February 2006, covering the position to Period 8. Management Board subsequently considered monthly revenue reports setting out the budgetary position to Period 10.

4 2005/06 Revenue Outturn Position

- 4.1 There was a forecast underspend of £0.7m at period 8 and this underlying level of under spending has increased at outturn. However, the Council needs to make one-off provisions in response to ongoing legal claims and the result of this is that the outturn for 2005/06 is an over spending of £3.9m. The over spending is to be funded from unallocated corporate reserves.
- 4.2 Appendix 1 provides detail, by Directorate, of outturn variations. Table 1 below summarises the variation and outturn position.

Table 1 Summary Variation and Outturn Position

Service Area	Revised Budget	Outturn after use of in year reserves	Net Variation
	£m	£m	£m
Chief Executive's Directorate	5.5	4.7	-0.8
City Development	35.1	34.7	-0.4
City Services	30.5	30.3	-0.2
Children and Young People	104.5	104.5	0.0
Community Services	71.2	70.8	-0.4
Culture & Leisure	15.4	15.3	-0.1
Finance & ICT	7.1	6.7	-0.4
Housing Policy	3.0	2.7	-0.3
Legal & Democratic Services	1.0	0.9	-0.1
Libraries & Information Services	6.1	6.0	-0.1
Schools	140.1	140.1	0.0
	419.5	416.7	-2.8
Contingency & Central Budgets	-52.2	-45.5	6.7
Levies	15.0	15.0	0.0
Total	382.3	386.2	3.9

- 4.3 The City Council is required to make provision in its budget for liabilities which can arise during the course of the financial year. In this context the City Council has received a number of legal claims for which it is prudent to make some provision. The extent of the City Council's liability will depend upon the outcome of the legal processes in relation to each claim and so the provision that has been recommended is simply an estimated amount. There are no specific resources held in relation to these claims and therefore this is being funded through provisions within central budgets.

- 4.4 Whilst there has been an increase in the level of under spending in some Directorates between the last report to members (Period 8) and the end of year position, two Directorates had no variations, eight had underspends of £0.4m or less and only one Directorate (Chief Executives) had an underspend of £0.8m.
- 4.5 Table 2 below summarises the resource movements by Directorates actioned during the year through the budget alignment process. Significant movement occurred in two Directorates. The Chief Executives Directorate contributed £1.3m mainly through underspends in the Corporate Warden Scheme, and the Children's and Young Peoples Directorate received an additional £2.4m of resources to support spending pressures in Children's Placements. City Services, City Development, and Culture and Leisure have also received additional resources during the year.

Table 2 : Resource Movements Through Budget Realignment

Directorate	Budget Alignment Period 6 £m	Budget Alignment Period 8 £m	Total Budget Alignment £m
Chief Executive's Directorate	-1.1	-0.2	-1.3
City Development	0.2	0.2	0.4
City Services	0.5	0	0.5
Children and Young People	1.7	0.7	2.4
Community Services	0	-0.6	-0.6
Culture & Leisure	0	0.2	0.2
Finance and ICT	-0.1	-0.2	-0.3
Housing Policy	-0.1	0	-0.1
Legal & Democratic Services	-0.7	-0.2	-0.9
Contingency & Central Budgets	-0.4	0.1	-0.3

5 Reserve Requests (Carry Forwards)

- 5.1 There are a number of underspendings in 2005/06 where work has not been completed in the anticipated timescale, or management action has been undertaken to defer spend, where it is advantageous to do so. The existing policy is to allow the resources to be carried forward for 12 months, to be available to meet the spend in 2006/07.
- 5.2 In line with the reserves policy, Management Board has agreed reserve requests totalling £1.1m for 2005/06.
- 5.3 There are also some "repeat" reserve requests (carry forwards) which represent 2004/05 underspendings that were not spent in 2005/06. These total £0.9m. Under the reserves policy the presumption is that these are to be re-categorised as corporate, unless the repeat reserve requests is approved by Members. Management Board has considered these and recommended that the repeat reserve requests listed in Appendix 2 be agreed, on the basis that the resources required are in-line with corporate priorities.

6. Hereward Debt

- 6.1 Council has on its Balance Sheet a debt of £1.66m which dates back to 1993 when Hereward College, along with all further education colleges were transferred from the City Council. This debt consists of £0.71 m principal and £0.95m notional accrued interest. The debt arose when the transfer of assets was completed and the accounts of the college were closed for the last time. Over the years, there have been attempts to engage the College and seek the input of external advice in order to resolve the debt position, however whilst interest and principal repayments of £0.8m were received up until 1995/96 no repayment has been received from the college since then.
- 6.2 As part of the 2005/06 closure of the accounts and advice from previous auditors, this debt has been written off. The Council has for some time made full provision on its balance sheet to cover the debt so there is no new impact on the Council's finances.

7. Reserves

- 7.1 The total reserve movement in 2005/06 is summarised below. As part of the forthcoming Policy and Budget setting process all reserves will be reviewed in order to assess the extent to which resources can be released.

Table 4 Summary of Reserve Movement in 2005/06

	Opening Balance £'000	Movement In year £'000	Closing Balance £'000
Directorate Reserves	14,718	-8,992	5,726
Corporate Reserves	29,421	-7,463	21,958
Capital Reserves	17,798	-836	16,962
Insurance Fund	5,059	1,119	6,178
Schools Reserves	9,776	-504	9,272
Total Reserves	76,772	-16,676	60,096

- 7.2 We continue to take a corporate and strategic approach to the management of these reserves within our financial planning activity. Our medium term revenue and capital financial plans assume the use of a significant amount of the uncommitted reserve balances as at 31st March 2006. The Corporate reserve balance of £22m shown in Table 4 above includes this years reserve requests and the repeat reserve requests (total value £2.0m) referred to in this report.
- 7.3 Going into the outturn process, the level of uncommitted corporate reserves stood at £8.6m. The following table shows the net level of available corporate reserves after the accounts have been closed.

Table 5 Level of available corporate reserves after closure of the accounts

	£m
Total uncommitted pre-outturn corporate reserves	(8.6)
Totals resources contributed from directorates to corporate reserves	(3.5)
Outturn position	3.9
Repeat carry-forwards	0.9
New carry forward requests	1.1
Net available Corporate Resources for Budget Setting Process	(6.2)

8. 2005/06 Capital Outturn

8.1 The capital outturn position for 2005/06 is shown in summary form below:

Final Budget	Final Spend	Variance	Rescheduling Now Reported	Overspend Now Reported	Previously Reported Variance
£110.5m	£107.8m	- £2.7m	- £6.8m	£4.1m	- £20.3m

8.2 The capital monitoring report to Cabinet on 7th February 2006 approved a revised capital budget of £115.9m for 2005/06. Since that report there have been further changes to the programme giving a final budget for the year of £110.5m. The changes to the budget are analysed in appendix 3.

8.3 The total variance for the year is £23m. This comprises £20.3m of variances that have already been reported to Cabinet in 2005/06, new rescheduling of £6.8m and new overspendings of £4.1m.

8.4 Most of the rescheduling that has arisen since February has occurred on the Urban Regeneration and Regional Planning (£3.5m), Children's Services (£2.2m) and Adult Education, Libraries, Sport & Leisure capital programmes (£1.8m). A detailed analysis is included in appendix 6.

8.5 Expenditure totalling £26.5m or 21% of the original 2005/06 capital budget, has now been rescheduled. As expressed in the previous monitoring report, Management Board regards this position as totally unacceptable. Although it is recognised that many of the reasons for the rescheduling are genuinely beyond our control, it is also considered that much more can be done to spend capital allocations within approved timescales. To achieve this, work has been undertaken to identify a range of measures designed to minimise future levels of rescheduling.

- The expenditure profile of future Capital programmes will be subject to greater challenge, managed through a project gateway approach.
- The level of rescheduling factor within the overall Capital Programme for 2007/08 will be reviewed and increased if appropriate.
- Finance Managers and project/programme managers will work together within Directorates to develop more robust monitoring processes, potentially including a project management based approach where this does not already exist.

- The Capital Working Group will assess ways to introduce more flexibility to the Capital Programme such as earmarking separate feasibility allocations and authorising rolling programmes of capital work to be accelerated between years.
- An immediate exercise is underway to assess the likely level of rescheduling from 2006/07 into 2007/08.

These measures will be monitored over the year and progress reported back to members on a regular basis.

It should be added that no resources have been lost as a result of the rescheduling that has taken place.

- 8.6 The overspending of £4.1m that has arisen at outturn is mostly funded from corporate resources. A detailed analysis is included in appendix 7.

9. Funding of the Capital Programme

- 9.1 The proposed financing arrangements in respect of City Council payments of £107.8m are summarised below:

	£ms
Prudential Borrowing	23.1
Other Borrowing	21.0
Grants and Other Contributions	29.5
Usable Capital Receipts	33.3
Leasing	0.9
Total Resourcing	107.8

10. Capital Receipts

- 10.1 Capital receipts provide an important source of funding of the capital programme. A total of £33.3m has been funded from capital receipts in 2005/06, comprising income generated during 2005/06, together with receipts brought forward from 2004/05. The remaining balance of receipts has been earmarked to fund 2006/07 capital programme schemes.

11. Treasury Management Activity in 2005/06

Interest Rates

- 11.1 For the latter half of the year the base rate stood at 4.5%, having started the year at 4.75%. Long term rates for PWLB loans of up to 30 years averaged out at a little over 4.35%, with a low of 3.85% and a high of 4.8%.

Long Term Funding

- 11.2 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 2005/06 report approved by Cabinet on 22rd February 2005. This entailed a combination of new borrowings and the use of investments.

- 11.3 In total, new long term borrowings of £77.0m were raised, whilst £18.4m were repaid. The increased net new borrowing reflected the requirement to fund the capital programme, together with delayed borrowing of £28m from 2004/05, which was drawn down early in the financial year. The average interest rate on new long term borrowings was 4.16%.

11.4 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.

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

	Balance at 1 st April 2005	Repaid in Year	Raised in Year	Balance at 31 st March 2006
	£000	£000	£000	£000
Source of Loan				
PWLB	180,127	-18,050	49,000	211,077
Money Market	42,022	0	28,001	70,023
Stock Issue	12,004	0	0	12,004
Other	4	0	0	4
	234,157	-18,050	77,001	293,108
Other Local Authorities	23,183	-362	0	22,821
Total	257,340	-18,412	77,001	315,929

Temporary Borrowing and Lending

11.6 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 2006, the City Council had £8.2m in temporary deposits and £22.45m in short term borrowings. During the year, the total volume of borrowing was £83.3m while temporary investments totalling £518.2m were made. Most transactions were for short periods of between one day and one month, reflecting the day to day cashflow requirements of the authority.

External Investments

11.7 The City Council had external investments at 31st March 2006 of £58.5m. The City Council has a policy of using external fund managers to invest medium-term cash balances. In summary the returns for 2005/06 are:-

Manager	Q4 Return	Full Year Return	Margin over/ - under Benchmark	Margin over/ - under Industry Average
Invesco	4.01%	4.50%	-0.16%	-0.09%
Alliance Capital	4.45%	4.62%	-0.04%	0.03%
Total	4.23%	4.57%	-0.09%	-0.02%

11.8 The net returns earned in the year totalled £2.1m, which represents a return of 4.57% on the time weighted balances invested during the year. The rate is lower than last year's 4.6%, reflecting limited movements in interest rates and a reversal of fortune of the worlds bond markets. This latter issue particularly affected the performance in the last 2 months of the year.

11.9 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.

12 Prudential Code and Indicators

- 12.1 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.
- 12.2 The indicators, together with the relevant figures as at 31st March 2006 are included in Appendix 8. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2005/06, other than for the operational boundary for borrowing. Total gross long and short term borrowing, before taking account of investments, was £316.3m compared to the operational boundary of £313.9m (Ref 60 Appendix 8). This was due to the high level of temporary borrowings at the 31st March 2006, reflecting cashflow movements around the year end. Once these were repaid in early April the level of borrowing fell below the operational boundary. This indicator, which is set by the authority, is designed as an internal monitoring tool. This is reflected in the the Prudential Code which recognises that actual borrowing may, for day to day cashflow reasons, vary around the operational boundary.

13 Statement of Accounts

- 13.1 The Accounts and Audit Regulations 2003 determine the preparation and presentation of the Council's Statement of Accounts. The Statement contains a summary of the Council's end of year accounts, including notes of explanation. The Council's auditors, The Audit Commission, will be auditing the statement over the next few months.

As required by the Regulations, we have closed our accounts within a far shorter time frame than has been required in previous years. We have met this challenging deadline, but as a result we have had to change some of our own practices such as relying more heavily on estimated figures and not always being able to seek confirmation from our Auditors as to their approach to certain technical accounting issues prior to preparation of the accounts.

One of the issues still being considered by the Auditors is the treatment of the reconciliation between the capital financing requirement and the closing credit ceiling (also referred to as the 'A factor calculation'). Although the calculation for this had been signed off by our previous auditors in our 2004/05 accounts, we are currently in discussion with our present auditors about this matter in the 2005/06 accounts. This is a highly technical matter and whilst officers are confident that it has been treated correctly in the accounts, there is a possibility that the auditors may take a different view.

Another issue still being considered is the Group Accounts. These are the accounts that group together Coventry City Council's accounts with companies such as Coventry North Regeneration (CNR) and North Coventry Holdings (NCH). Again these are technical areas, which we believe have been accounted for correctly, however the auditors are still working on some of the issues and they may present a different view.

The attached Statement of Accounts provides a set of accounts for the financial year 1st April 2005 to 31st March 2006 and a range of accompanying notes. The Statement is prepared in accordance with requirements of the Accounting Code of Practice (ACOP), which defines proper accounting practice for local authorities.

13.2 The key elements of the Statement are:

- The Consolidated Revenue Account or "CRA" (page 12) ~ This Account records how much the Council has spent and received for the day to day spending on its services (revenue expenditure and income). It also shows how that net expenditure has been funded – from the combination of Council Tax, National Non Domestic Rates and Central Government Grant (the Revenue Support Grant). Total City Council spend for 2005/06, as shown in the CRA, was £386.2m.
- The Collection Fund (page 44) ~ The Council is required to maintain a separate account that records the transactions the City Council undertakes in relation to the collection and distribution of Council Tax and National Non Domestic Rates. In broad terms, this accounts shows income from Council Tax payers, and expenditure on payments (called precepts) to the City Council, the West Midlands Fire and Civil Defence Authority and the West Midlands Police Authority.
- The Consolidated Balance Sheet (page 13) ~ This is a snap shot of the Council's financial position as at 31st March 2005. It shows the Council's assets, liabilities, and reserves and balances as at that date. At the end of 2005/06 the City Council's net assets were £562.2m.
- The Statement of Total Movement in Reserves (page 15) ~ This shows the opening balances on all of the Council's reserves, both capital and revenue at the beginning of the year (1st April 2005), the movement during the year, and the total available at the end of the year. At the end of 2005/06 the City Council's revenue reserves were £60.1m.
- The Cash Flow Statement (page 16) ~ This shows actual cash received and spent by the Council as a result of revenue and capital transactions with third parties.
- Group Accounts (page 47) ~ These statements consolidate the City Council's accounts with those companies considered to be part of our group. For 2005/06 those companies are North Coventry Holdings Ltd, Coventry North Regeneration and the Coventry and Solihull Waste Disposal Company.
- The Statement of Accounting Policies (page 61) ~ This explains the main accounting policies the City Council used to produce the figures in the accounts. The general principles applied are those set out in the Accounting Code of Practice.

13.3 In addition to the above statements a number of explanatory notes are included as specified in the Accounting Codes of Practice. The full Statement of Accounts is appended to this report.

13.4 Once the Statement of Accounts have been audited by The Audit Commission, any material changes made to the Statement, will be reported to Members, informing you of those changes. This is required by the Accounts & Audit Regulations 2003.

14 Other specific implications

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

15. Financial Implications

The final revenue outturn for 2005/06 is an overspend of £3.9m which is to be funded by unallocated corporate reserves.

The final capital outturn for 2005/06 is £107.8m against a final budget of £110.5m. The variance comprises net rescheduling of £6.8m and net overspends of £4.1m. This variance can be managed and the rescheduling of spend is not expected to result in any loss of resources.

16 Legal Implications

The City Council is required by the Accounts and Audit Regulations 2003 to approve, and subsequently publish, certain financial information in a document known as the Statement of Accounts. The Director of Finance and ICT must also certify that the document presents fairly the financial position of the City Council at the end of the financial year. The Regulations require that the statement is formally approved by elected Members, by no later than 30 June 2006.

The auditors interpretation of the Regulations is that formal approval of the Statement is given by a non-executive committee. Therefore we are seeking Council's approval of the Statement. It is a requirement of the Regulations that the person presiding at the meeting which approval is given, signs the Statement. This is reflected in the Recommendations in this report.

17 Timetable

The audited Statement of Accounts will be published by the end of October to meet the statutory requirement.

	Yes	No
Key Decision	√	
Scrutiny Consideration (if yes, which Scrutiny meeting and date)	Scrutiny Board 1 27th June 2006	√
Council Consideration (if yes, date of Council meeting)	27th June 2006	√

List of background papers

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Papers open to Public Inspection

Description of paper

Location

Final Accounts Files 2005/06

CRH3

Capital Monitoring Files 2005/06

CRH3

	Outturn Variation	
	£000	£000
Human Resources (annual budget £239k)		
Elm Bank - reduced costs	(53)	
Workforce Development - reduced costs	(53)	
Single Status - residual costs after implementation	(163)	
Others less than 50k - majority expenditure underspends	(244)	
Total Human Resources Underspend		(513)
Health & Housing (annual budget £1,836k)		
Others less than 50k - expenditure underspends	(46)	
Total Health & Housing Underspend		(46)
Finance & Equalities (annual budget £399k)		
Others less than 50k	7	
Total Finance & Equalities Overspend		7
Community Safety – Health & Housing (annual budget £1,146k)		
Others less than 50k - expenditure underspends	(42)	
Total Community Safety Underspend		(42)
Corp Comms – Policy, Leadership & Gov (annual budget £0k)		
Others less than 50k	(16)	
Total Corp Comms underspend		(16)
Policy, Leadership & Gov (annual budget £73k)		
Others less than 50k - majority salary underspends	(126)	
Total Policy, Leadership & Gov Underspend		(126)
Neighbourhood Mang - Finance & Equalities (annual budget £1,483k)		
Others less than 50k - expenditure underspends	(112)	
Total Finance & Equalities Underspend Neighbourhood Management		(112)
Total Chief Executives Directorate Forecast Underspend		(848)
Contribution to \ (from) Earmarked Reserves	0	
Total Management Action/Use of Reserves		0
Net Chief Executives Directorate Underspend		(848)

Description	Outturn Variation	
	£000	£000
<u>Planning & Transportation (Annual Budget £3.1m)</u>		
Decriminalisation of Car Parking – The introduction of this scheme in Coventry has been successful, preventing a lot of illegal parking. The year end overspend will be carried forward on the balance sheet to be recovered as part of the services three year plan to break even.	416	
Building Control - reduced income	80	
Minor Items - under £50k	21	
Total Planning & Transportation Overspend		517
<u>Regeneration Services (Annual Budget £3.8m)</u>		
Strategy & Resources - salary underspends and additional grant funding	-97	
Minor Items - under £50k	-198	
Total Regeneration Services Underspend		-295
<u>Projects (Annual Budget £2.2m)</u>		
Car Park Income - lower rental income than forecast	289	
Ricoh Arena Community & Learning Centre - delayed spend	-80	
Minor Items - under £50k	-192	
Total Projects Forecast Overspend		17
<u>Commercial Property (Annual Budget £4.7m)</u>		
Salary underspends - recruitment difficulties	-70	
Bad Debt Provision - write back of surplus	-183	
Capital Disposal - late income	-71	
Minor Items - under £50k	0	
Total Commercial Property Underspend		-324
<u>Operational Property (Annual Budget £5.8m)</u>		
Minor Items - under £50k	-18	
Total Operational Property Forecast Underspend		-18
<u>Support Services (Annual Budget £15.4m)</u>		
Recruitment costs - relating to the appointment of the Head of Property and the Head of Leisure posts	53	
Summer of Coventry - additional costs	74	
Minor Items - under £50k	-36	
Total Support Services Overspend		91
City Development Underspend		-12
Contribution from reserves for the Decriminalisation of Car Parking	-416	
Total Management Action/Use of Reserves		-416
Net City Development Directorate underspend		-428

City Services Appendix 1.3.1

	Outturn Variation	
	£000	£000
<u>Refuse Collection (annual budget £3.8m)</u>		
Others less than 50k	6	
Total Refuse Collection Overspend		6
<u>Highways & Lighting (annual budget £4.8m)</u>		
Lighting schemes – additional income	-110	
Others less than 50k	-55	
Total Highways & Lighting Underspend		-165
<u>Street Cleansing & Grounds Maintenance (annual budget £3.5m)</u>		
Others less than 50k	-63	
Total Street Cleansing & Grounds Underspend		-63
<u>Public Conveniences (annual budget £0.2m)</u>		
Others less than 50k	-27	
Total Public Conveniences Underspend		-27
<u>Public Protection (annual budget £5.4m)</u>		
Anticipated income in 2005/06 and 2006/07 used to fund the programme of improvement in infrastructure and purchase of memorial goods for re-sale.	134	
Accommodation Moves – rescheduling of essential investment to consolidate operations and improve working conditions	-95	
Telecare Initiative - investment in equipment within Social Services slipped into 2006/07 as more effective and efficient technology became available causing slippage into 2006/07	-50	
Others less than 50k	-10	
Total Public Protection Underspend		-21
<u>Building Services (annual turnover £6.6m)</u>		
Lower than expected income for the final 2 months of the year	160	
Others less than 50k	43	
Total Building Services Overspend		203
City Services carried forward		-67

City Services brought forward		-67
<u>Catering (annual turnover £6.3m)</u>		
School Meals - Improved Income (£46k) and reduction in provision costs (£83k) following detailed review with provider	-88	
Others less than 50k	-27	
Total Catering Underspend		-115
<u>Building Cleaning (annual turnover £4.6m)</u>		
Increased labour/agency costs to cover sickness and vacancies	91	
Total Building Cleaning Overspend		91
<u>Stores (annual budget £0.1m)</u>		
Others less than 50k	50	
Total Stores Overspend		50
<u>Fleet and Workshops (annual turnover £6.2m)</u>		
Others less than 50k	31	
Total Fleet and Workshops Overspend		31
<u>Directorate and Divisional Management & Support (annual budget £0.1m)</u>		
ITNet Contract – reduced costs	-122	
Others less than 50k	-104	
Total Directorate and Divisional Management & Support Underspend		-226
Total Directorates Underspend		-236
Total Management Action/Use of Reserves		0
City Services Directorate's Net Variation		-236

Children and Young People Appendix 1.4.1

Description	Outturn Variation	
	£000	£000
<u>Schools Block</u>		
NNDR (annual budget nil) - Rateable Value changes as well as changes to the Government's methodology for calculating Transitional Relief.	-62	
Special Educational Needs - Contingency - This contingency is held to meet unanticipated costs associated with Out of City and Extra District Placements which was not required in 2005/06.	-163	
Special Educational Needs - Hospital Education Service (annual budget £0.25m) - The projected additional pressure on staffing costs due to the development of the reintegration programme was less than anticipated, and was partly offset by reductions in running costs.	-62	
Special Educational Needs - Out of City Placements (annual budget £3.54m) - Six children who, at period 8, were expected to be placed during 2005/06, did not take up their places.	-327	
Special Educational Needs - Post 16 Corley (annual budget £0.18m) - Currently only 2 years (of the planned 3 years) sixth form in place.	-77	
Staffing Cover including Maternity (annual budget £0.25m) - Larger than anticipated number of teachers taking maternity leave.	52	
Other minor variances (<£50k)	-212	
Total Schools Block Underspend		-851
Contribution to Central Schools Reserve		851
Total Schools Block Variation		0
<u>Childrens Social Care</u>		
<u>Childrens Placements</u>		
Local Authority Fostering & Residential (annual budget £4.9m) - costs of In-House Fostering - additional children placed with friends or family. Periods 6 and 8 overspends resourced from corporate reserves. Out-turn saving against original prediction partly due to late agreement about children in foster care who became 18 years of age - their costs from that date have now been met by Adult Services.	-92	
Adoption Services (annual budget £1.1m) - Underspend in the use of resources for purchasing adoption placement with external agencies and other authorities. Forecast underspend as at period 6 contributed to corporate reserves as part of budget re-alignment exercise. Additional underspend achieved as a result of increased income generated from other local authorities for care of children from outside the authority being adopted by Coventry parents.	-162	
Other Placements variances (<£50k)	-48	
Total Childrens Social Care carried forward		-302

Children and Young People Appendix 1.4.2

Total Childrens Social Care brought forward		-302
<p>Transporting Children (annual budget £0.17m) - The reasons for the overspend are a combination of more journeys required (from 13,810 in 2004/05 to 17,228 in 2005/06), an increase in the number of children being transported, a 9% increase in fuel costs over and above the increase in the budget to cover inflation and an increase in the number of 'out of town' journeys required.</p> <p>An audit of the Children's Social Care transport was requested by managers during 2005/06 in order to ensure that effective arrangements are in place to manage the Service's transport needs. In response to the audit recommendations, steps are being taken to formalise current service provision arrangements with City Services by a new Service Level Agreement, the development of eligibility criteria to regulate demand of this service, and increasing the capacity of 'in house' provision to ensure that a cost effective, quality service is provided.</p>	350	
<p>Head of Group (annual budget £0.17m) - there is a cost pressure of £100k associated with the proposed deletion of a Service Manager and Support Staff posts, which will be resolved as part of the work to establish the new Directorate structures.</p>	91	
<p>Social Work and Family Support Team - West (annual budget £3.45m) - Ongoing recruitment difficulties being experienced locally are a reflection of a national shortage of suitably qualified Social Workers.</p>	-189	
<p>Other minor variances (<£50k)</p>	17	
		269
Total Children Social Care Underspend		-33
<u>LEA Block</u>		
<p>Early Years Service (annual budget £0.35m) - Staff vacancies</p>	-53	
<p>Home to School Transport (annual budget £2.1m) - 16 more school attendance days, new arrangements for SEN pupils requiring transport from various points across the City (e.g. to Wainbody Wood and Dartmouth) and the need to use taxis rather than minibuses for EBD pupils whose behaviour requires individual transport arrangements.</p>	279	
<p>Leasing (annual budget £0.14m) - Saving arises from decisions to purchase items of furniture and equipment outright rather than enter into leasing arrangements.</p>	-96	
<p>Planning - Central Admin (annual budget £0.06m) - One off saving on administrative costs of surplus places consultations.</p>	-64	
<p>Planning – New Schools Equipment Leasing (annual budget £0.01m) - leasing requirements met by a combination of schools using devolved capital for outright purchase of furniture and equipment and the costs of the Caludon scheme being met from within the financial envelope.</p>	-100	
<p>Policy - Management & Secretariat (annual budget £0.4m) - Vacant Director post and other staff vacancies. Underspend contributes towards recruitment costs, cost of Interim Director post and interim arrangements.</p>	-94	
Total Children & Young Peoples Directorate carried forward		-128

Children and Young People Appendix 1.4.3

Total Children & Young Peoples Directorate brought forward		-128
Wraparound (annual budget £0.37m) - Henley Green closed all year due to personnel issues which have now been resolved. In addition, claims from schools have been considerably lower than the allocated budget.	-121	
Youth Service (annual budget £2.59m) - Overspend due to contribution to Children's Games plus cost of secondment.	54	
Other minor variances (<£50k)	186	
Total LEA Block Underspend		-9
Total Children & Young Peoples Directorate Underspend		-42

Community Services Appendix 1.5

Description	Outturn Variation	
	£000	£000
Policy & Performance (annual budget £2.7m)		
Training and Development - Delayed completion of development projects due to staff capacity issues - carry forward requested.	-235	
Others less than £50k	18	
Total Policy & Performance Underspend		-217
Departmental Budgets (annual budget £11.5m)		
Information Systems - Serco charges and anticipated IT spend less than budgeted.	-158	
Others less than £50k	-47	
Total Departmental Budgets Underspend		-205
Older People (annual budget £31.0m)		
Housing with Care - increase due to re-casting of agency projections at two units	122	
Residential - expenditure on repairs and maintenance and equipment	116	
Commissioning and Partnerships - delay on telecare pilot project before government grant comes on stream in 2006/2007	-83	
Assessment and Care Management Purchasing Budget (net budget £15,9m) – reduced costs and additional income	-98	
Assessment and Care Management - allocations to establishment to improve grounds and maximising government grant supported expenditure	97	
Others less than £50k	-43	
Total Older People Overspend		111
Adults (annual budget £25.9m)		
Learning Disabilities:		
Community Care purchasing budget (net £9.1m) The outturn prediction based on number and cost of care packages is based on the latest available information, and is constantly reviewed. The outturn is 2.6% lower than the anticipated outturn due to these fluctuations	-243	
Provider services (net £0.8m) This is largely due to under occupancy and under achievement of supporting people income across many providers, together with high agency costs.	160	
Physical Disabilities		
Community Care purchasing budget (net £3.7m) The outturn prediction based on number and cost of care packages is based on the latest available information, and is constantly reviewed. The outturn is 2.3% higher than the anticipated outturn due to these fluctuations	86	
Others less than £50k	-45	
Total Adults Underspend		-42
Total Community Services (Social Services) Underspend		-353

Description	Outturn Variation	
	£000	£000
<u>Park Services (Annual Budget £3.4m)</u>		
<u>Parks & Open Spaces</u>		
Others less than £50k	2	
Total Parks Services Overspend		2
<u>Arts & Heritage Services (Annual Budget £3.9m)</u>		
Others less than £50k	63	
Total Arts & Heritage Services Overspend		63
<u>Sports (Annual Budget £3m)</u>		
Coventry Sports Trust - underspend against corporate resources for the production of a robust business plan. A request has been made to carry this forward.	-124	
Others less than £50k	36	
Total Sports Underspend		-88
<u>Central Areas (Annual Budget £5.0m)</u>		
Others less than £50k	-80	
Total Central Areas Underspend		-80
Total Community Services (Culture & Leisure) underspend		-103
Total Management Action/Use of Reserves		0
Net Community Services (Culture & Leisure) Underspend		-103

Description	Outturn Variation	
	£000	£000
Finance & ICT		
Subsidy Accounts This surplus has arisen due to a net increase in subsidy received on the combined Benefits/Council Tax subsidy accounts as well as a reduction in the bad debt provision being required due to the debt either being paid or written off. The surplus represents 0.14% of the turnover figure.	-139	
CBS - FIS Upgrade The FIS system upgrade had to be put back until the 2006-07 financial year as there was a risk of disruption to the FIS system during the crucial year end accounting period. A carry forward would be required for this.	-114	
Other The majority of the underspend relates to the Local Tax & Benefits Administration Accounts (£47k) of which (£34k) is specific to the Pathfinder Project. The money received must be used on this project otherwise it is required to be returned to the DWP, therefore it is subject to a carry forward bid. Other areas of underspend include Internal Audit/Special Projects (£41k) due to recruitment difficulties and vacant posts; Members Allowance budget (£9k) and several other areas where smaller savings have materialised on running expenses and savings due to recruitment difficulties.	-172	
Total DFICT Underspend		-425
Total Management Action/Use of Reserves		0
Net DFICT Underspend		-425

Housing Policy and Services Appendix 1.8

Description	Outturn Variation	
	£000	£000
<u>Housing Policy and Services</u>		
Homelessness - lower than expected instances of homelessness and costs of reviewing the Housing Register less than anticipated	-65	
Asylum Seekers - lower levels of Asylum Seeker council tax and utilities than anticipated	-60	
Management and Support Services - internal recharges significantly lower than expected	-59	
Supporting people - Recruitment difficulties leading to salary underspend and analysis of current bad debt levels shows sufficient provision on balance sheet for which £25k was earmarked in previous forecasts	-65	
Others less than £50k	-63	
Total Community Services (Housing Policy and Services) Underspend		-312
Total Management Action/Use of Reserves		0
Net Housing Policy and Services Underspend		-312

Legal & Democratic Services Appendix 1.9

Description	Outturn Variation	
	£000	£000
<u>Legal and Democratic Services</u>		
Other Savings due to recruitment difficulties as well as savings on running expenses. £25k is required as a carry forward to pay for the recruitment costs associated with the Head of Democratic Post.	-33	
Total Legal and Democratic Services Underspend		-33
Total Management Action/Use of Reserves		0
Net Legal and Democratic Underspend		-33

Libraries and Information Services Appendix 1.10

Description	Out-turn Variation	
	£000	£000
<u>Libraries & Information Service (annual budget £5.9m)</u>		
Staff costs - Delay in recruitment due to ongoing negotiations with Unions over proposed re-organisation.	-39	
Total Libraries Underspend		-39

Corporate Budgets Appendix 1.11

Description	Outturn Variation	
	£000	£000
Corporate Policy Budgets (annual budget £630k)		
Arena Community Facilities - this ongoing budget was for the Arena Partnership centre to cover Rent and premises costs. These costs are now not due to be incurred until 2006/7.	-100	
Total Corporate Policy Budgets Underspend		-100
Central Budgets (annual budget £12m)		
A combination of the budget realignment from period 6, provision for liabilities in response to a number of legal actions being taken against the Council, and other minor variations within central budgets.	6,983	
Total Central Budgets Overspend		6,983
Inflation and Financial Contingencies (annual budget £2.2m)		
Inflation Contingencies - this budget is to fund pay and price inflation and superannuation increases. The increase in budgets for 2005/6 due to the rise in employers superannuation and inflation was less than anticipated.	-179	
Total Inflation and Financial Contingencies Underspend		-179
Total Contingency & Central Budgets Overspend		6,704

Description and Explanation:	£'000	£'000
<p><u>Chief Executive's</u> <u>Neighbourhood Management</u> Accommodation moves and adaptations for disability access Some monies utilised in 2005/06 to undertake work on Barley Lea House premises in order to move Area Co-ordination from Willenhall into these Stoke Aldermoor premises. A programme of refurbishment for the Hillfields office is planned. Other work is needed for the Canley office to make the premises more accessible for disabled employees and customers. Alternative premises are actively being sought for Foleshill and therefore funding will be needed to support such a move.</p>	131	
<p>Total Area Coordination</p> <p><u>Community Wellbeing</u> African Caribbean Development Worker Required to review the work and support to the African Caribbean Community. Ref : Cabinet Member (Finance & Equalities) Report dated 16 March 2005.</p>	73	131
<p>Total Community Wellbeing</p> <p><u>Human Resources</u> HR Accommodation moves To support the business critical integration of City Pay into HR in 2006/07.</p> <p>Trade Union Learning Reps There is a legal obligation to Trade Union Learning Reps for the organisation fund. The equivalent of 3 FTE have been agreed through negotiation and are currently committed. This will be an ongoing requirement and a PPR bid will be made in 2006/07 to build into the IR base budget.</p> <p>Corporate Training Centre Infrastructure upgrades Heating - Tenants on second floor have refurbished their offices. Due to old heating systems and new layout obstructing the old heating equipment, £20k will address these issues. Increased storage - Due to an increase in centre usage, storage of operating materials and equipment has made our existing storage area a potential health and safety risk. The hut located in the car park would be ideal to use so the £9k will make the area secure, improve the lighting and to carry out remedial work. Catering - A refrigeration chiller has been ordered to replace an inefficient and failing chiller, this was not delivered in 2005 due to manufacturing availability. Due to the equipment in catering being a number of years old, the £6k will replace any sudden failure of equipment that would affect the health and safety of the catering operation and or trading of the centre. Car Park - The car park surface needs maintenance following the hard winter. Holes due to frost damage need repair. This will achieve due diligence in relation to our health and safety liabilities.</p> <p>Trade Union Accommodation Required for the Trade Union rep's to move from Koco Buildings into Broadgate House (as yet no timetable confirmed).</p>	35 100 42 25	73
Total Human Resources		202
Total Chief Executive's Repeat Carry Forwards		406

<p>City Development</p> <p>Employment & Skills Development - previously agreed funding (cabinet member report) to cover funding falling out of grant & PPR on the Construction Employment Unit. This will allow time to develop alternative funding. Approved through a JFR.</p>	32	
<p>Commercial Property - Agents fees for various lettings that are payable on completion of the contract. Financially committed.</p>	27	
<p>T I C undercroft - essential repairs that is funded through revenue & English Heritage - spend delayed in order to be programmed alongside the HAGM 2 development. Committed to grant &/or partners.</p>	40	
<p>Commercial Property review - the first part of the review was completed and approved by Cabinet on 2nd April 2006. It recommended disposal of £18m of income producing assets that have been programmed for disposal in 07/08 & 08/09. Private consultants will be engaged to advise us on how to bring these investments to market - it has been recognised by the member steering group that we will need external advice to progress the matter. Failure to action this could jeopardise the £18m potential capital receipts. Approved through a JFR.</p>	60	
<p>Civic Centre 4 Accommodation Changes - the finalisation of the recent accommodation moves associated with the re-organisation of property staff and the move of the Property Shop to the Reception area which leaves the minor alteration works to the main civic centre 4 reception.</p>	25	
<p>Total City Development Directorate</p>		184
<p>City Services Directorate</p> <p>Health and Safety - this is earmarked for the development and production of an employee corporate Health & Safety guide to increase employee health & safety awareness, thus reaching those employees without access to the Corporate intranet. Whilst considerable planning work has been undertaken, limited progress has been made in producing the document. This is due to unforeseen staff shortages and the need to redirect resource to more critical areas.</p>	18	
<p>Total City Services Directorate</p>		18
<p>Children, Learning and Young People</p> <p>Caludon PFI - Balance of budget specifically set aside to meet additional construction costs and to reduce the overall level of the monthly Unitary Charge. The project is organised over 2 distinct phases and the costs incurred thus far relate to Phase 1 completed in February 2006. The balance is intended to meet Phase 2 additional costs, scheduled to be completed in July 2007.</p>	277	
<p>Total Children, Learning and Young People</p>		277
<p>Total Repeat Reserve Requests</p>		885

FINAL CAPITAL BUDGET 2005/06

	Capital Budget February Monitoring Report £000s	Approved / Technical Changes Since February £000s	Final Budget 2005/06 £000s
Cabinet Member:			
Adult Education, Libraries, Sport & Leisure	11,287	46	11,333
Children's Services	26,672	-246	26,426
City Services	14,899	-472	14,427
Community Services	1,635	0	1,635
Corporate & Customer Services	11,508	245	11,753
Finance & Equalities	1,103	0	1,103
Health & Housing	7,333	0	7,333
Urban Regeneration & Regional Planning	41,491	-5,028	36,463
Total	115,928	-5,455	110,473

The above table shows a total programme reduction of £5.455m. Changes in excess of £50,000 are explained below.

ANALYSIS OF PROGRAMME BUDGET CHANGES

Scheme	Explanation	£000
<u>Adult Education, Libraries, Sport & Leisure</u>		
Miscellaneous	Net Programme Addition	46
Total - Adult Education, Libraries, Sport & Leisure		46
<u>Children's Services</u>		
Physical Education and Sports Prog	Technical adjustment correcting the budget reported at Quarter 3.	-306
Canley Regeneration	Virement to Urban Regeneration & Regional Planning.	-150
Cheylesmore Community Centre	Virement from the Central Repairs Fund.	120
Asset Management Plan	Virement from the Central Repairs Fund.	90
Total – Children's Services		-246
<u>City Services</u>		
Central Repairs Fund Programme (CRF) & Asbestos Programme	Virement of CRF resources to other Cabinet Member programmes: Plas Doly Moch (£10,000), Earlsdon Library (£25,000), Charter Primary (£10,000), Limbrick Wood (£80,000), Livingstone Rd Baths (£40,000), Central Accommodation refurbishment works (70,000), Cheylesmore Community Centre – Asbestos (£120,000).	-355
Leased Equipment	Reclassified as revenue expenditure within existing budget approval.	-117
Total – City Services		-472

<u>Corporate & Customer Services</u>		
Replacement	This spend was originally included in the Coventry Direct scheme.	209
Benefits & Local Tax	£0.1m represents a presentational change, the balance being additional grant monies not previously included in the programme.	
IT System		
Central	Virement from the Central Repairs Fund	70
Accommodation		
Coventry Direct	Net Programme reduction (including presentational change above).	-34
Total – Corporate & Customer Services		245
<u>Urban Regeneration & Regional Planning</u>		
Arena	These relate to technical changes of minus £5.7m relating to a receipt from the Isle of Capri which has gone directly to Arena Coventry Limited who have also incurred the related spend on fit-out. There is also a technical adjustment of an increase in prudential borrowing for this financial year to reach the total £21m already approved (£0.22m). The resourcing via ERDF has been adjusted to reflect the fact that grant is no longer being claimed for the railway station and a small amount of section 106 has been received (£0.15m). There has also been an increase in resources relating to an additional expected net receipt for the hotel developments (£0.52m).	-5,113
Integrated Transport	Reclassified as revenue expenditure within existing budget approval.	-329
Arena Community & Learning Centre	Education Partnership Centre at the Arena site (Cabinet 10 th January 2006)	250
Canley	Virement from Children's Services.	150
Regeneration		
Carriageway	Works needed to maintain safety at bridge structures (Cabinet 8 th March 2005).	72
Maintenance		
North East	Reclassified as revenue expenditure within existing budget approval.	-53
Regeneration & Riley Square		
Miscellaneous	Net Programme Reduction	-5
Total – Urban Regeneration & Regional Planning		-5,028
Total Programme Changes		-5,455

CAPITAL OUTTURN 2005/06 – ANALYSIS BY CABINET MEMBER

The final capital outturn for 2005/06 is £107.793m compared to the final budget at outturn of £110.473m.

	Final Budget 2005/06 £000s	Outturn 2005/06 £000s	Total Variation £000s	Rescheduling Now Reported £000s	Over/Under Spend Now Reported £000	Variations Previously Reported £000
Cabinet Member						
Adult Educ, Libraries, Sport & Leis	11,333	9,627	-1,706	-1,762	56	-3,968
Children's Services	26,426	24,070	-2,356	-2,158	-198	-5,635
City Services	14,427	14,585	158	88	70	-2,775
Community Services	1,635	1,887	252	-93	345	0
Corporate & Customer Services	11,753	12,354	601	580	21	-26
Finance & Equalities	1,103	797	-306	-292	-14	-65
Health & Housing	7,333	7,506	173	323	-150	0
Urban Regen & Regional Planning	36,463	36,967	504	-3,479	3,983	-7,791
Total	110,473	107,793	-2,680	-6,793	4,113	-20,260

The above table is presented in Directorate format at Appendix 5 below. Rescheduling is further analysed in Appendix 6.

APPENDIX 5

CAPITAL OUTTURN 2005/06 – ANALYSIS BY DIRECTORATE

	Final Budget 2005/06 £000s	Outturn 2005/06 £000s	Total Variation £000s	Rescheduling Now Reported £000s	Over/Under spend Now Reported £000s	Variations Previously Reported £000s
Directorate						
City Development	47,368	46,141	-1,227	-5,266	4,039	-10,765
City Services	14,427	14,585	158	88	70	-2,775
Chief Executive	1,403	1,070	-333	-318	-15	-91
Education & Libraries	26,854	24,523	-2,331	-2,133	-198	-6,629
Finance & ICT	10,725	11,641	916	917	-1	0
Legal & Democratic Services	844	550	-294	-316	22	0
Social Services & Housing	8,852	9,283	431	235	196	0
Total	110,473	107,793	-2,680	-6,793	4,113	-20,260

ANALYSIS OF RESCHEDULING REPORTED AT OUTTURN

Scheme	Explanation	£000s
<u>Adult Education, Libraries, Sport & Leisure</u>		
Coventry Sports Centre Repairs	The review of the Sports Trust Operational Business Plan was concluded in February 2006. The findings in the report has led to cessation of all non-essential H & S and DDA required works. This position will remain until issues around the business plan are resolved in the new financial year.	-609
Belgrade Theatre	There has been an underpayment to the theatre because the building programme has been delayed. The level of spending on the ISG building contract is less than predicted and the grant cannot be claimed due to the delayed start on site caused by damage to the sewer.	-492
Coventry Transport Museum	The contract has been extended by three months to allow additional works to be carried out. This also caused a delay in the museum carrying out fit-works to the new galleries.	-380
Coombe Play Area	Delays in the installation of play equipment together with problems on-site due to excessive rainfall.	-78
Herbert Art Gallery	Discussions between the City Council and the University have taken longer than expected, resulting in a delayed planning application for the Herbert and neighbouring new University building and the finalisation of the tender documentation.	-74
Coombe CCTV	The scheduled completion in April has been delayed due to the need to obtain planning conditions from Rugby Council.	-62
Miscellaneous	Net Rescheduling	-67
Total Adult Education, Libraries, Sport & Leisure		-1,762
<u>Children's Services</u>		
Schools Ring - Fenced Capital Allocation	Better than anticipated progress on School Capital projects.	1,662
Children's Centres	Bell Green has been delayed following changes to the original specification to include a further extension to the main entrance. Hillfields has been delayed due to the need to appoint new architects. Installation of a portacabin at Radford was delayed due to problems with ground preparation combined with the actual size of the unit. Valley House has been delayed by the discovery of a mine-shaft under the building.	-1,034
Physical Education & Sports Programme	Lyng Hall is four weeks behind schedule due to site work issues and asbestos related works.	-746
Moseley School	Accelerated spend of £1.7m was reported at Quarter 2. This was based on contractor's cash flow forecasts that have since proved to be over optimistic.	-508

Suitability Programme	"Open – Plan" issues have directly impacted on the delivery of this programme. Expected to commence in June/July to enable work to be progressed while schools are closed for the summer, thus minimising disturbance to pupils.	-501
Extension to Coundon Court School	Enabling works were started earlier than anticipated.	300
Charter Primary	Demolition of Sir Henry Parkes school has been delayed pending the relocation of the Minority Group Support Service. Also, traffic-calming measures in Mitchell Avenue await resurfacing works.	-257
Specialist Schools	The four schools receiving Specialist funding of £0.1m each had indicated that the monies would be spent in 2005/06. This has not materialised. The schools have the control to spend this allocation not the Local Authority, and have chosen to reschedule part of the allocation to meet the DFES deadline of August 2006.	-255
Sure Start	Due to inclement weather in December/January, concreting works at Stoke Heath were delayed by a month.	-182
Non-Schools	The virement from CRF will fund works at Cheylesmore Community Centre in 2006/07.	-162
Stivichall Primary	The appointment of design consultants was delayed pending approval of the overall project.	-142
Asset Management Plan	Health & Safety works pending agreed specifications by the Insurers and Risk Management.	-117
Schools Access	Additional schemes brought on-line to ensure DFES requirements are met.	86
Finham Park	Due to the timing of the closure of the LEA accounts compared to those for the school. This expenditure will be incurred early in 2006/07.	-84
Willenhall Wood / Chace	Discovery of contaminated earth following removal of an existing oil tank base has slowed progress on site.	-82
Annie Osborn	The making good of defects and outstanding works has prevented the release of retention monies on the main contract before the end of the financial year.	-65
Miscellaneous	Net Rescheduling	-71
Total Children's Services		-2,158
<u>City Services</u>		
Capitalised Highways Maintenance	In order to prepare programmes of work for subsequent years, technical investigations are undertaken in advance to provide necessary evaluation information. This spend directly relates to site investigations for work in the 2006/07 capital programme.	200
Central Repairs Fund - Asbestos Programme remedial works	Spend is highly dependent on the results of surveys and the contractors ability to carry out the works in the year. All surveys will be completed during 2006/07 enabling a clear programme of works to be devised to deal with all outstanding priority A works.	-106
ESU Digital Recording Facilities	This scheme has been deferred pending the development of the integrated traffic management project to ensure future compatibility with system development.	-77
Liveability	Spending on individual schemes have exceeded the previous forecast, reducing the level of rescheduling previously reported.	57
Miscellaneous	Net Accelerated Spend	14
Total - City Services		88

<u>Community Services</u>		
Miscellaneous	Net Rescheduling	-93
Total - Community Services		-93
<u>Corporate & Customer Services</u>		
Coventry Direct	Project streams initiated earlier than anticipated and reprofiling spend on the Contact Centre implementation as Consumer Direct West Midlands necessitated an earlier completion of this part of the project.	1,884
Replacement HR Payroll System	Due to the late delivery of hardware required for the project, the destruction of servers in Hemel Hempstead and retention monies held against the software supplier that were not built into the original project costing.	-468
Replacement SS IT System (SURFACS).	The profile of spend could not be accurately assessed until the engagement phase of the project had been completed.	-435
Central Accommodation	The commencement of two refurbishment schemes have been put back due to delays in the tender process. The schemes started in February and are due to complete by September.	-251
Council Wide - Wide Area Network	Difficulties scheduling the work to be completed before the end of the financial year.	-65
Miscellaneous	Net Rescheduling	-85
Total Corporate & Customer Services		580
<u>Finance & Equalities</u>		
John White Community Centre	Although construction is progressing, delays to electrical connections are likely to impact on other installations on site (£0.12m); a further £0.155m is due to the additional loan facility not being utilised at 31 st March 2006. The Centre is due to open on 19 th June 2006.	-275
Miscellaneous	Net Rescheduling	-17
Total – Finance & Equalities		-292
<u>Health & Housing</u>		
Disabled Facilities Grants (DFGs)	Accelerated spend in line with the Commission for Social Care Performance Review Report for Adult Social Care recommendation on DFGs, the key message being "Waiting times need to be significantly reduced".	328
Miscellaneous	Net Rescheduling	-5
Total – Health & Housing		323
<u>Urban Regeneration & Regional Planning</u>		
Primelines	Construction works delayed at Ansty Rd due to the additional designs required to upgrade services. This work is now due to complete in June 2006.	-843
Swanswell	Terms had been agreed on the 2 freehold interests to be acquired but there was insufficient time for the legal documentation to be completed.	-578
North East Regeneration & Riley Square	Negotiations with the related parties have taken longer than originally envisaged.	-445
Canley Regeneration	Delays in Masterplan caused by additional work required relating to new planning legislation (sustainability assessment), together with delays to building works at the Midlands Disabled Centre pending resolution of the S77 Application from DFES (Building on Playing Fields).	-258

Capitalised R & M	Consultation with the community led to delays in finalising the Jardine Crescent scheme. Also delays in procurement of a framework contract for refurbishment of vacant commercial properties, and late changes to project briefs.	-255
University of Warwick Science Park	The Riley Court transaction resulted in a stamp duty charge of approx £0.2m. The return to Customs & Excise has been sent in the new financial year.	-200
Pool Meadow	The installation of the duct works at Bishop St was delayed by 4 weeks due to ground conditions. A further 2 weeks were lost due to bad weather. Completion of the access road ready for the opening caused delays on some Bishop St works.	-189
Stoney Stanton Corridor	Delays to work on Bell Green Roundabout due to additional design works required for safety schemes.	-171
North South Road	Protracted negotiations on the last 3 land compensation settlements on Phase 1. One has just been agreed and will be paid in 2006/07. It is hoped that the 2 remaining settlements will be concluded later in the year.	-93
Loan to Spon End Preservation Trust	Final terms had not been agreed before the end of the financial year. However, agreement has now been reached and the first £50,000 tranche is expected to be paid on 1 st June 2006, with the balance following on 1 st December 2006.	-85
City Centre Package	Delays agreeing the final account with the contractor.	-85
Electric Wharf	The phase 3 contract had to be re-entered, causing 3-4 months delay. In addition, the canal bridge has been delayed by negotiations around the bridge design and construction detail.	-76
Arena Community & Learning Centre	Implementation works have progressed ahead of schedule. This scheme is well on course to complete on time and within the approved budget.	70
Perceived Safety	Construction on some Phase 2 schemes has been delayed as a result of late changes to designs following feedback from public consultation. All schemes are due to complete in the first half of 2006/07.	-66
High St/Burges	The major refurbishment of the City Services High St scheme has resulted in the work commissioned for this allocation being rescheduled.	-50
Miscellaneous	Net Rescheduling	-155
Total – Urban Regeneration & Regional Planning		-3,479
TOTAL RESCHEDULING		-6,793

APPENDIX 7

UNDER/OVERSPENDS REPORTED AT OUTTURN

Scheme	Explanation	£000s
<u>Adult Education, Libraries, Sport & Leisure</u>		
Coventry Transport Museum	Due to the undertaking of works provisionally included in the budget but held back until anticipated final costs could be confirmed. Taking into account the underspend of £0.2m reported at Quarter 3, the overall underspend is reduced to £0.14m. Inclusion of these works necessitated extension of the contract/building works by 3 months, resulting in the rescheduling of expenditure identified in appendix 7 above.	59
Miscellaneous	Net Underspend	-3
Total - Adult Education, Libraries, Sport & Leisure		56
<u>Childrens Services</u>		
Equipment	No catering equipment has been leased in 2005/06.	-110
Staff Workspaces	Work has been incorporated in other larger capital schemes.	-59
Miscellaneous	Net Underspend	-29
Total – Children's Services		-198
<u>City Services</u>		
Expansion of Whitley Depot	It has been necessary to carry out additional unforeseen tasks to complete e.g. demolishing certain facilities to enable works to proceed unhindered. Also, additional works were required to fire and security alarms that were not previously included.	76
Miscellaneous	Net Underspend	-6
Total – City Services		70
<u>Community Services</u>		
Minor Works	Older People's Services have carried out a programme of works to improve facilities at its premises, including kitchen upgrades, improvements to bathing and security works. These works are additional to those included in the programme, and have been funded from service revenue resources.	190
Aylesford House	Refurbishment works including a major kitchen upgrade. These works were not included in the programme, and have been funded from service revenue resources.	116
Miscellaneous	Net Overspend	39
Total Community Services		345
<u>Corporate & Customer Services</u>		
Miscellaneous	Net Overspend	21

Total - Corporate & Customer Services		21
<u>Finance & Equalities</u>		
Miscellaneous	Net Underspend	-14
Total – Finance & Equalities		-14
<u>Health & Housing</u>		
Kickstart	Kickstart is an equity release scheme designed to encourage homeowners to improve the standard of their accommodation. However, there has been a general reluctance from homeowners to participate in the scheme.	-150
Total – Health & Housing		-150
<u>Urban Regeneration & Regional Planning</u>		
Arena	The overspend relates mainly to additional expenditure incurred on the main contract and increases in the costs of fit out. There have also been additional costs already reported (Council 17 th January 2006) relating to the delay in opening and as a result the rent abatement given to Arena Coventry Limited (£0.4m) A further detailed report to Members is to be tabled at the meeting.	2,805
City Centre Package	The significant factor is due to the final compensation payment of £1.7m made to Gala Bingo.	1,151
Miscellaneous	Net Overspend	27
Total – Urban Regeneration & Regional Planning		3,983
Total Overspend		4,113

APPENDIX 8

Prudential Indicators

Indicator	Set as Part of Treasury Management Strategy	As at 31 st March 2006
Ratio of Financing Costs to Net Revenue Stream (Ref 35 – 38) , 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).	5.58%	5.31%
Net Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Ref 45) , 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 £367.2m	£249.5m net borrowing within the limit.
Authorised Limit for External Debt (Ref 59) , 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.	£375.5m	£316.3m is less than the authorised limit.
Operational Boundary for External Debt (Ref 60) , 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.	£313.9m	£316.3m is higher than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Ref 67 – 73) , 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%	91%
Upper Limit on Variable Rate Interest Rate Exposures (Ref 67 – 73) , as above highlighting interest rate exposure risk.	30%	9%
Maturity Structure Limits (Ref 74) , highlighting the risk arising from the requirement to refinance debt as loans mature:		
< 12 months	0% to 15%	1%
12 months – 24 months	0% to 10%	0%
24 months – 5 years	0% to 20%	0%
5 years – 10 years	0% to 30%	8%
10 years +	40% to 100%	91%
Investments Longer than 364 Days (Ref 77) , highlighting the risk that the authority faces from having investments tied up for this duration.	£30m	£3.6m

