Coventry City Council

Public report
Cabinet

Cabinet	17th June 2015
Audit and Procurement Committee	22nd June 2015
Council	23rd June 2015
Scrutiny Board 1(Finance and Corporate Services)	1st July 2015

Name of Cabinet Member:
Strategic Finance and Resources – Councillor D Gannon

Director Approving Submission of the report:
Executive Director of Resources

Ward(s) affected: All

Title:
Revenue and Capital Outturn 2014/15

Is this a key decision?
Yes
The Council's final outturn position for the year relates to financial matters in excess of £1.0m in one financial year.

Executive Summary:

This report outlines the final revenue and capital outturn position for 2014/15 and reviews treasury management activity and 2014/15 Prudential Indicators reported under the Prudential Code for Capital Finance.

The overall financial position includes the following headline items:
- Revenue overspending of £2.2m which will be balanced to nil after a planned contribution from the General Fund Balance.
- £10.3m of costs due to early retirement and voluntary redundancy. This follows and is consistent with approval of the programme of staffing reductions agreed by Cabinet in August 2014.
- Headline variations including an over-spend of £6.4m within the People Directorate and an under-spend of £5.7m within the Asset Management Revenue Account.
- Capital Programme expenditure of £101m and capital spending of £22m rescheduled into 2015/16.
- Overall reserve balances increasing from £81m to £84.5m

Recommendations:

Cabinet is requested to:
1. Approve the final revenue outturn position of a £2.2m overspend, balanced to nil by a £2.2m contribution from the General Fund Balance.

2. Recommend to Council that it approves £3m in-year funding of redundancy and retirement costs
3. Approve the final capital expenditure and resourcing position, incorporating expenditure of £101m against a final budget of £124m, borrowing to fund the programme of £0.3m and £22m expenditure rescheduled into 2015/16.
4. Approve the outturn Prudential Indicators position in section 2.4.4 and Appendix 3.

Audit and Procurement Committee is recommended to:
1. Consider the contents of the report and determine whether there are any issues which it wants to refer to the Cabinet Member for Strategic Finance and Resources.

Council is requested to:
1. Approve £3m in-year funding of redundancy and retirement costs.

List of Appendices included:

Appendix 1	Detailed breakdown of Directorate Revenue Variations
Appendix 2	Capital Programme Changes and Analysis of Rescheduling
Appendix 3	Prudential Indicators

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

Yes – Scrutiny Board 1, 1st July 2015

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes - Audit and Procurement Committee 22nd June

Will this report go to Council?

Yes – 23rd June 2015

Report title: Revenue and Capital Outturn 2014/15

1. Context (or background)

1.1 This report sets out the Council's revenue and capital outturn position in 2014/15 and performance against its Prudential Indicators for the year. The City Council set a revenue budget for the year of £259m and a Capital Programme of £142m.

1.2 The reported figures show the Council's financial position in relation to management accounts used to monitor performance through the year. The Audit and Procurement Committee will consider separately the Council's Statement of Accounts that shows the financial position in a statutorily prescribed format including technical accounting adjustments that do not reflect how the Council's day to day finances are managed.

2. Options considered and recommended proposal

2.1 Revenue Outturn

2.1.1 Table 1 below summarises the outturn position - an overspend of £2.2m prior to a planned contribution from the General Fund Balance which then brings the overall position to a nil variation.

Table 1 Summary Outturn Position

Directorate	Net Budget £m	Outturn £m	Variance £m	Variance %
Chief Executives	2.0	2.0	0.0	0.0%
Public Health	0.1	0.1	0.0	0.0%
Place	33.5	33.0	(0.5)	(1.4%)
People	155.0	161.4	6.4	4.1%
Resources	13.7	11.5	(2.2)	16.0%
	204.3	208.0	3.7	1.8%
Contingency & Central Budgets	54.2	52.7	(1.5)	2.7%
Resourcing of Net Budget	(258.5)	(258.5)	0.0	0%
Bottom Line Variance	**0.0**	**2.2**	**2.2**	**0.9%**
General Fund Balance Contribution	**0.0**	**(2.2)**	**(2.2)**	
Final Outturn	**0.0**	**0.0**	**0.0**	

2.1.2 A projected underspend of £0.6m was reported at quarter 3. The underlying movements between quarter 3 and outturn are as follows:

- People Directorate - £2.9m over-spend
- Place Directorate - £0.4m under-spend
- Resources - £1.2m under-spend
- Contingency and Central - £1.5m over-spend

This results in an overall underlying adverse movement of £2.8 in the final quarter and an overall overspend of £2.2m.

It is important to note that the Contingency and Central Budgets position incorporates additional contributions of £5.2m to fund redundancy and early retirement costs that were not in the original budget but have been the result of subsequent decisions made by Cabinet during the year when considering budgetary control reports. Further detail is set out in section 2.1.4 below.

2.1.3 Directorate Positions

Place

Place Directorate is reporting a net £0.5m surplus. This has been delivered by a combination of one-off and on-going savings and higher income generation including over achievements in Planning Fee Income, Highways Trading Income and use of specific grant resources, plus a variety of smaller one off underspends due to vacant posts.

These have off-set a number of pressures. In particular, the projected cost of waste disposal is significantly in excess of available budget (£0.8m), the main cause being an increase in the level of disposal tonnages. This shortfall has been addressed within the 2015/16 Budget. Other adverse variations exist which relate to achievement of income targets for Monitoring & Response Services, project management, Building Cleaning and Corporate Catering. Initiatives are on-going to address these pressures which currently represent an underlying deficit position of £0.5m going forward.

People

The People Directorate is reporting a net overspend of £6.4M. The two most significant pressures across the People Directorate, continue to be Adult Social Care and Looked After Children (LAC) placement and package costs (overspend of £5.7M in the 2014/15 financial year). The pressure in LAC placements is due to continued levels of high activity, and an increase in the average costs of a placement. The pressure in Adult Social Care is also driven by continued levels of high activity within Older People’s services, and increasing numbers of adults with learning disabilities.

A further £2.3M of pressure is as a result of costs linked to the OFSTED Action plan, largely additional social work staffing to lower caseloads as per OFSTED recommendations.

Resources

Resources is showing an under-spend of £2.2m. This is largely a result of non-recurrent underspends relating to Community Support Grant of £0.7m, Agency Rebate £0.9m, ICT, Major Projects and Transformation £0.7m and the Talent & Skills Team £0.9m. These offset against some non-recurrent overspends including professional fees relating to the judicial review, and one-off refund of land charge income to customers due to changes in legislation. Where there are significant underspends these are either addressed as part of the medium term financial strategy from 2015/16, or as part of a service restructure. There are no underlying areas of pressure or underspend that are not being addressed; however, there are a number of volatile areas that impact upon the Resources Directorate position largely within Revenues and Benefits, such as Housing Benefit Subsidy, Community Support grant, and level of court fees income.

Contingency and Central

Central budgets reflect key under-spends of £5.7m within the Asset Management Revenue Account and £5.9m across inflation contingencies and pensions budgets. These are enabling contributions to reserves and in-year redundancy and retirement costs which overall are excess of £10m. These are detailed in Appendix 1 and the new proposals for funding redundancy and retirement costs in this report are set out at 2.1.4 below.

Previous monitoring reports have reflected the rescheduling of capital spend and early repayment of debt that has reduced the Council's planned borrowing needs and consequent debt costs. These circumstances have continued, combining to deliver a final underspend of £5.7m within the Asset Management Revenue Account (AMRA), an increase of £0.3m in the final quarter.

Underspends for pay, price and energy contingencies and pensions totalling £5.9m represent an increase of £2.6m in the final quarter. Tighter central control is now being applied to salary budgets enabling the Executive Director of Resources to capture salary savings where vacancies occur and where employees leave through early retirement or redundancy ahead of schedule. In addition, calls on energy and other inflation contingencies have continued to be relatively subdued.

Underlying on-going underspends amounting to £10m within the AMRA and contingencies have already been factored into the 2015/16 Budget.

The overall £2.2m whole-authority over-spend is generated by £2.2m of planned funding of ER/VR costs as part of the overall strategy set out in the August 2014 report on staffing reductions. This is neutralised by an equivalent contribution from the General Fund Balance.

2.1.4 Members will be aware that the Council has been subject to very large cuts in government resources in recent years. This has required wide-ranging measures to reduce the Council's cost base with the most important element of this being large-scale reductions in the Council's employee numbers. Cabinet approved a new round of staff reductions in August 2014 which it is anticipated will bring the total level of post reductions between 2010 and 2017 to around 2,000 (the current level stands at c1,300). Delivery of on-going savings in this manner continues to have significant one-off financial consequences for the Council in the form of redundancy and pension strain costs and costs of £10.3m relating to over 400 individuals have been accounted for in 2014/15. Due to the high-level of staff departures and associated costs within 2014/15, this report recommends additional £3m in-year funding of these costs in 2014/15 which has been factored into the figures as reported. This results in an overall funding package as follows:

- Existing revenue budgets £2.6m
- Further contribution from 2014/15 revenue position £3m
- ER/VR reserves £4.7m – these were established as part of the August 2014 report

Despite the very significant level of costs incurred, the proposed £3m funding of ER/VR from the 2014/15 revenue position allows the ER/VR reserve to grow to £5.1m at the end of the financial year. Taken together with 2015/16 revenue budgets of £2.5m this provides for £7.6m to fund ER/VR in 2015/16. However, if the 2014/15 cost profile is repeated this will leave insufficient funding in the new financial year and therefore it will be necessary to ensure that further resources are earmarked at an early stage in the financial monitoring cycle to allow the required level of staffing reductions to continue.

2.1.5 The Council has incurred no further Equal Pay claims in 2014/15 and it is now likely that no further claims will be received, meaning that the Council's costs, all incurred in the years prior to 2014/15, will be capped at £7m. As a result, the remaining modest residual level of provision to pay for future claims of £0.5m will be written out of the council's accounts. Due to the capitalised nature of the provision – which spreads the cost over a number of years – its part reversal now does not affect the Council's 2014/15 outturn position reported here.

2.2 Reserves

2.2.1 The total reserve balance at the end of 2014/15 is £84.5m, compared with £81m at the end of 2013/14. The total reserve movement in 2014/15 is summarised in the table below.

Table 2 Summary of Reserve Movements in 2014/15

	1st April 2014 £000	(Increase)/ Decrease £000	31st March 2015 £000
General Fund Balance	(7,328)	2,168	(5,160)
Private Finance Initiatives	(10,333)	(728)	(11,061)
Potential Loss of Business Rates Income	(6,400)	(700)	(7,100)
Early Retirement and Voluntary Redundancy	(2,800)	(2,309)	(5,109)
Achievement of Future Savings	(2,800)	(624)	(3,424)
Children's Social Care	(4,000)	1,000	(3,000)
Leisure Development	(3,181)	1,722	(1,459)
Public Health	(2,527)	1,125	(1,402)

Health and Social Care Schemes	(1,785)	368	(1,417)
Vehicle Purchase Programme	(1,290)	(257)	(1,547)
Troubled Families	(1,088)	378	(710)
Schools (specific to individual schools)	(18,499)	449	(18,050)
Schools (related to expenditure retained centrally)	(3,645)	(2,826)	(6,471)
Insurance Fund	(3,348)	436	(2,912)
Management of Capital	(1,869)	(143)	(2,012)
Other Corporate	(1,988)	(382)	(2,369)
Other Directorate	(4,878)	(1,555)	(6,434)
Other Directorate funded by Grant	(2,480)	(1,997)	(4,478)
Capital Grant Unapplied Account	(756)	372	(384)
Total Usable Reserves	(80,995)	(3,503)	(84,499)

*Overall opening balances are £2.4m lower than reported at 2013/14 outturn position following an adjustment resulting from compilation of the statutory 2013/14 Statement of Accounts.

2.2.2 In overall terms the level of reserve balances has increased by £3.5m. This includes an increase of £2.3m to fund future ER/VR costs and £2.8m in relation to centrally retained schools expenditure.

2.3 Capital Outturn

2.3.1 The capital outturn position for 2014/15 is shown in summary form below and in greater detail in Appendix 2:

Table 3: Capital Outturn Summary

Final Budget £m	Final Spend £m	Net Rescheduling Now Reported £m	Under-spends £m	Total Variance £m
123.9	101.1	21.8	1.0	22.8

The period 8 monitoring report to Cabinet on 10th February 2015 approved a revised capital budget of £124.2m for 2014/15. Since then there has been a net programme reduction of £0.355m giving a final budget for the year of £123.9m. Since February, a total of £21.8m net rescheduled spending has arisen on directorate capital programmes. A scheme by scheme analysis is included in Appendix 2 and this is summarised in the table below.

Table 4: Summary of Rescheduling and Accelerated Spend

Project	(Rescheduling)/ Accelerated Spend £m	Explanations
Accelerated Spend	3.4	• Growing Places Fund (£1m) - additional loans and grants awarded and applied sooner than originally forecast across all projects. • Friargate Bridgedeck (£1.4m) - Additional costs on design; issues around piling and drainage works. • Whitley Junction (£1m) – Unexpected need to raise the level of the carriageway, including extra piling

		and Traffic management requirements.
Transportation & Public Realm	(5.6)	• Nuckle (£1m) - Re-engineering issues in connection to designs; piling; earthworks and tamping works and Arena signal relocation. • Far Gosford Street (£1m) – Grant fund to be applied across remainder of restoration programme. • Public Realm (£1.8m) – slippage of Gosford Street/Coventry University scheme not on site till March 2015 • South West Coventry Junction Improvement (£1.8m) - Delays in construction works around Warwick University campus area.
Vehicle & Plant Replacement	(1.30)	Vehicles not replaced due to reductions in service requirements or identification of alternatives.
Schools	(11.90)	Efficiencies in Project Procurement; late starts in construction on 3 schools sites, in addition to the poor take up of the Early Years Grant
ICT	(2.30)	Re-organisation of the ICT Team and the reprioritisation of workload towards the development of Unified Comms has delayed other ICT Projects going forward.
Other	(4.10)	Slow take up of Grants covering Disabled Facilities Grant and Business Grants
TOTAL	(21.80)	

2.3.2 The 2014/15 Programme is one of the largest in the Council's recent history and has incorporated expenditure on the following key programmes and schemes:

- Highways and Public Realm. The City Council has made significant investment in specific Public Realm schemes including the Council House Square and Gosford Gate including joint working with Coventry University. These schemes have improved accessibility to the City Centre and Pedestrianized links and have improved the attractiveness of the City Centre and its future aspirations for business growth.
- Friargate Bridgedeck – The Bridgedeck and surrounding works are now nearing completion with the Bridgedeck itself being officially opened at the end of May 2015.
- Schools – the primary expansion programme is now nearing completion, with a levelling of the demand for places and leaving only the construction of Edgewick to complete the programme. This will leave a full focus on the completion of outstanding schemes and the development of smaller condition related schemes to reflect the significant reduction in funding available from 2015/16 to 2017/18 with a nil Basic Need allocation and a move towards the immediate priority around the creation of a second SEN primary broad spectrum school and longer term priorities in additional secondary places.
- Regeneration – The regeneration of Far Gosford Street has continued to develop the sites at FARGO Village and the links with Gosford Gate utilising external and Coventry Investment Fund funding, 2014/15 has also seen the completion of the replacement of the AT7 Sports Centre, and the early stages of the regeneration at Cathedral Lanes.

2.3.3 The funding in respect of this capital expenditure of £101.1m is summarised below:

Table 5: Capital Funding

	£m
Prudential Borrowing	0.3
Grants and Other Contributions	
- Growth Deal 1	0.0

- Sub-regional & Government funding for the NUCKLE rail project and Highways	4.9
- European Regional Development Fund	10.9
- Education Funding Agency	18.3
- Regional Growth Fund	20.6
- All Other Grants/Contributions	26.0
Revenue Contributions	6.8
Capital Receipts	13.3
Total Resourcing	**101.1**

2.4 Treasury Management Activity

2.4.1 Economic Activity and Interest Rates - Annual economic growth has increased recently and stood at 3% at the end of 2014. This, in addition to resurgent house prices, improved consumer confidence & healthy retail sales added to the positive outlook for the UK economy. In contrast, the Eurozone has struggled to show sustainable growth. In the light of this the European Central Bank reduced interest rates to 0.05% and have undertaken quantitative easing, expanding the ECB balance sheet by €1.1 trillion in an attempt to steer the Eurozone away from deflation & improve its economies. Of other indicators, CPI inflation fell from 1.6% (March 2014) to -0.1% (Feb 2015). The Bank of England has explained that this negative turn is temporary and will rebound around the end of 2015. In addition, the unemployment rate fell to 5.7% at the start of 2015.

The UK base rate has remained at 0.5% since 2009. There are suggestions that this rate will rise in 0.25% increments from mid to late 2016. Linked to this, market investment and borrowing rates for up to 12 month periods stood at less than 1% through the year.

Longer term rates, at which local authorities borrow from the Public Works Loans Board (PWLB), were:-

Table 6: PWLB Interest Rates

PWLB Loan Duration (standard rates)	Minimum in 2014/15	Maximum in 2014/15	Average in 2014/15
5 year	1.91%	3.07%	2.56%
20 year	2.94%	4.42%	3.85%
50 year	3.02%	4.48%	3.92%

Given the above rates it has continued to be cheaper for local authorities to use short rather than long term funds for financing.

2.4.2 Long Term Funding - At outturn, the Capital Financing Requirement (CFR), which indicates the authority's underlying need to borrow for capital purposes, has reduced by £7.3m:-

Table 7: 2014/15 Capital Financing Requirement (CFR)

	£m
Capital Financing Requirement at 1st April 2014	407.7
Borrowing to finance 2014/15 Capital Programme	0.3
PFI & Finance Leases liabilities	8.8
Provision to Repay Debt (Minimum Revenue Provision)	(14.1)

Provision to Repay Debt (Capital Receipts Set Aside)	(1.0)
Repayment of Transferred Debt	(0.8)
Reduction of Provision and other restatements	(0.5)
Capital Financing Requirement at 1st April 2015	**400.4**

The CFR includes a reduction of £0.5m in respect of the remaining Equal Pay provision which was capitalised in 2008/09, but is now no longer required.

No new long term borrowing was taken out during 2014/15, but £5.5m PWLB loans were repaid on maturity. However, some borrowing will be required in the future to support current capital expenditure plans and the need for any such borrowing will be kept under review in 2015/16. Within 2014/15, the movements in long-term borrowing and other liabilities were:-

Table 8: Long Term Liabilities (debt outstanding)

Source of Borrowing	Balance at 31st March 2014 £m	Repaid in Year £m	Raised in Year £m	Balance at 31st March 2015 £m
PWLB	226.8	(5.5)	0	221.3
Money Market	59.0	0	0	59.0
Stock Issue	12.0	0	0	12.0
sub total ~ long term borrowing	**297.8**	**(5.5)**	**0**	**292.3**
Other Local Authority Debt	18.3	(0.9)	0	17.4
PFI & Finance Leasing Liabilities	63.9	(1.8)	8.6	70.7
Other	0.6	(0.1)	0	0.5
Total	**380.6**	**(8.3)**	**8.6**	**380.9**

This long term borrowing is repayable over the following periods:-

Table 9: Long Term Borrowing Maturity Profile (excluding PFI & transferred debt)

Period	Long Term Borrowing £m	Short Term Borrowing £m
Under 12 Months	69.9	5.5
1 – 2 years	0	0
2 – 5 years	20.0	0
5 – 10 years	9.7	0
Over 10 years	192.7	0
Total	**292.3**	**5.5**

In line with CIPFA Treasury Management Code requirements, Lenders Option, Borrowers Option Loans (LOBOs) with banks are included in the maturity profile based on the earliest date on which the lender can require repayment. The Council has £58m of such loans, £30m of which the lender can effectively require to be paid at 6 monthly or annual intervals, and £28m at 5 yearly intervals

2.4.3 Short Term In House Borrowing and Investments - The Treasury Management Team acts on a daily basis to manage the City Council's day to day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money in call accounts, authorities help ensure that they have an adequate source of liquid funds.

During the year minimal short term borrowing was taken out in order to meet day to day cashflow requirements. At 31st March £5m of temporary borrowing was outstanding with this being repaid on 8th April 2015. The average short term borrowing rate in 2014/15 was 0.4699%.

The bulk of the Council's cashflow requirements were met from its own cash and short term investment balances. During the year the council held significant short term investments, as set out in Table 10. The average short term investment rate in 2014/15 was 0.5335%.

Table 10: In House Investments at 31st March 2015

	At 30th June 2014 £m	At 30th Sept 2014 £m	At 31st Dec 2014 £m	At 31st Mar 2015 £m
Banks and Building Societies	59.8	47.8	51.0	54.0
Local Authorities	29.0	13.0	18.0	22.3
Money Market Funds	7.2	24.3	6.8	3.2
Corporate Bonds	0.0	0.0	0	7.2
Total	**96.0**	**85.1**	**75.8**	**86.7**

In addition to the above in house investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. These funds are generally AAA rated, are highly liquid, as cash can be withdrawn within two to four days, and short average duration of the intrinsic investments. The intrinsic Sterling investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes and Call Account Deposits. However, they are designed to be held for longer durations allowing any short term fluctuations in return due to volatility to be smoothed out.

Table 11: External, Pooled Investments as at 31st March 2015

	Date Invested	Cost £m	Value £m	Annualised Return %
CCLA	Nov 2013	3.0	3.24	5.45%
Payden Sterling Reserve	Feb 2012	7.5	7.78	1.20%
Federated Prime Rate Cash Plus	Mar 2013	5.0	5.06	0.60%
Ignis Sterling Short Duration Fund	Mar 2015	7.8	7.80	0.83%
Total		**23.3**	**23.88**	**1.76%**

In placing investments the authority manages credit risk within the parameters set out in the investment strategy, approved as part of the budget setting report. Central to this is the assessment of credit quality based on a number of factors including credit ratings, credit default swaps (insurance cost) and sovereign support mechanisms. Limits are set to manage exposure to individual institutions or groups. Whilst the fears of systemic banking failures may have receded, the development of "bail-in" make it almost certain that unsecured and corporate investors would suffer losses in the event of a bank default. Credit risk remains an issue for local authorities.

2.4.4 Prudential and Treasury Indicators - The Local Government Act 2003 and associated CIPFA Prudential and Treasury Management Codes set the framework for the local government capital finance system. Authorities are 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 and treasury 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.

Revenue Related Prudential Indicators

Within Appendix 3 the Ratio of Financing costs to Net Revenue Stream (Ref 1) highlights the revenue impact of the capital programme. This shows that the revenue costs of financing our capital expenditure as a proportion of our income from government grant and Council Tax. The actual is 13.25%, as against a 14.24% as forecast in the Treasury Management Strategy. This reflects a lower level of borrowing than anticipated to fund the Capital Programme and higher levels of investment balances.

Capital and Treasury Management Related Prudential Indicators
These indicators, set out in Appendix 3, include:

- **Authorised Limit for External Debt** (Ref 5) ~ This represents the level of gross borrowing which could be afforded in the short term, but is not sustainable. It is the forecast maximum borrowing need, with some headroom for unexpected movements and potential debt restructuring. This is a statutory limit. Borrowing plus PFI and finance lease liabilities at £386.0m was within the limit of £515.4m.

- **Operational Boundary for External Debt** (Ref 6) ~ This indicator is based on the probable level of gross borrowing during the course of the year; it is not 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. Borrowing plus PFI and finance lease liabilities at £386.0m was within the boundary of £475.4m.

- **Gross Debt v "Year 3" Capital Financing Requirement** (Ref 2) ~ The Council needs to be certain that net external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the current year plus the estimates of any additional capital financing requirement for the next two financial years. The CFR is defined as the Council's underlying need to borrow, after taking into account other resources available to fund the Capital Programme. This indicator is designed to ensure that over the medium term, net borrowing will only be for a capital purpose. Gross debt is within the "year 3" or 2016/17 CFR limit of £483.7m.

- **Debt Maturity Structure, Interest Rate Exposure and Investments Longer than 364 Days** (Ref 8 - 10) ~ The purpose of these prudential indicators 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 Councils overall financial position. Treasury Management activity was within these limits. The Debt Maturity PI (Ref 9) indicates that there is a potential 25.3% of total debt that needs to be refinanced in 2015/16, compared to the PI limit of 30% in the 2014/15 Treasury Management Strategy. The potential refinancing need includes LOBO loans for which the lender effectively has a call option, which if exercised would require the Council to repay the loan. If these loans were required to be repaid, the City Council would look to refinance these at lower borrowing costs or through the use of investment balances in the first instance.

3. Results of consultation undertaken

3.1 None.

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a financial monitoring report.

5. Comments from Executive Director for Resources

5.1 Financial implications

The final revenue outturn picture for 2014/15 is an over-spend of £2.2 balanced to nil by a contribution from the General Fund Balance.

Large overspends have occurred within individual service areas, most notably adults and children's social care. Although very significant additional funding has been approved for children's social care within the 2015/16 Budget Setting process this will remain a key area of budgetary focus to ensure that spending stays within the new financial envelope. Also, the Council has been able to manage adult social care costs in recent years at the same time as delivering savings through the ABCS (A Bolder Community Services) Programme. However, the final 2014/15 over-spends within this area are an indication that budgetary control needs to remain a key focus into the new financial year.

The Asset Management Revenue Account has delivered a significant saving compared to previous estimates. This saving is the result of unplanned later than anticipated capital spending profiles plus intentional efforts to minimise the level of Council borrowing through the application of capital receipts and revenue contributions (over several years). The underlying and on-going flexibility in this area of the Council's budget has been approved as a £4m saving in the 2015/16 budget rising in subsequent years. The measures that have helped to generate this saving will continue to be taken to help strengthen the financial position of the Council as a whole and will continue to be a very important feature of the Council's medium term financial planning. Further slippage of the 2014/15 Capital Programme will have a further beneficial impact in the new year and is likely that this will be one of the areas examined to release resources for ER/VR contributions per 2.1.4.

The pressure to manage the large reductions in government funding and absorb the financial impact of current societal pressures continues to cause financial pressure in some parts of the Council's budget. However, strong overall control continues to be applied allowing the Council to take advantage of tactical opportunities to protect its budget such as: central control of salaries, use of capital receipts to repay debt, management of reserve balances for corporate use, strict programme management of savings targets, implementation of staff reduction programmes and continued attraction of significant external funding. These actions and have helped to contribute to continued achievement of underspends demonstrates the continued strength of its budget management processes and approach.

The application of grant funding and capital receipts has been maximised within the Capital Programme resulting in a significantly reduced level of prudential borrowing compared to that forecast at Quarter 3 (£0.3m compared to £25.3m). Prudential Borrowing approvals not utilised for the 2014/15 programme will be applied in future years as capital spending is incurred.

5.2 Legal implications

There are no specific legal implications in relation to this report.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the Council Plan. As far as possible we will try to deliver better value for money in the services that we provide in the context of managing with fewer resources.

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount to managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

The revenue and capital outturn position reported here demonstrates that the Council continues to undertake sound overall financial management. This will continue to be very important in the light of the massive challenges being faced with regard to the level of funding available to local government over the next few years.

6.4 Equalities / EIA

No specific impact.

6.5 Implications for (or impact on) the environment

None.

6.6 Implications for partner organisations?

None.

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Appendix 1 Revenue Variations

REPORTING AREA	EXPLANATION	£m
PUBLIC HEALTH DIRECTORATE		
Overspends:		
Strategic Support	Monies allocated to health, protection and infectious diseases, without the corresponding budget virement. Offsets to underspend on Public Health Staffing & Overheads.	0.2
Commissioning 8a	Overspend as a result of different categorisation of Public Health domestic violence expenditure. Offsets to underspend on Public Health Staffing & Overheads	0.1
Other Variations less than 100k		0.3
Underspends:		
Public Health Staffing & Overheads	This underspend partly offsets to the re-categorisation and re-allocation of monies for domestic violence and health, protection and infectious diseases. It also offsets to overspends in other areas of public health and represents allocation of monies to public health priorities (Children 5-19, Obesity, infant mortality, and nutrition initiatives) without a corresponding budget virement.	-0.6
	Forecast Overspend/(Underspend)	**0.0**

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE		
Overspends:		
LAC Services	The main source of overspend is within the areas of children's placements pressure £1.9M, permanency allowances £1M, and additional staffing of £0.3M. The placements pressure is a result of continuing high numbers of LAC, and placement mix with too high a proportion of LAC in external fostering and residential provision. Changes in policy, and high activity within adoption and special guardianship orders has resulted in unit cost and activity increase. Staffing overspends are a result of vacancies being covered by agency staff.	3.4
Child Protection	This overspend is due to high levels of activity within Children's Social Care, resulting in additional staffing and significant use of agency staff particularly across social work and legal teams. There are also additional costs as a result of the implementation of the Multi-agency Safeguarding Hub and Child Sexual Exploitation team. There is also an activity overspend in discretionary payments to prevent children from becoming looked after. This position is following an agreed contribution from reserves of £5M to provide further support following the OFSTED inspection.	2.7
Mental Health & Learning Disabilities	Overspend due to increasing numbers of packages of care for young people with a Learning Disability requiring support.	2.4
Older People & Physical Impairment	Overspend due to sustained demand on services for Older People being supported to live at home.	1.2
ASC Provider Services	The majority of the overspend is due to salary related pressures across internally provided services, particularly across Housing with Care services.	0.5
Strategy & Commissioning (CLYP)	Impact of higer than anticipated activity and contractual difficulties has resulted in £776k overspend on Supported Accommodation for 16-24 year olds. This is offset by savings on other Chldren's contracts of £230k.	0.5
Catering	The loss of a number of schools to other contractors has resulted in the service being unable to achieve the income target that has been set. The impact of Universal infant free School Meals has mitigated against this loss, but is not sufficient due to a significant drop in schools accessing the service.	0.4
Safeguarding	This is largely a result of a overspend within Children's Safeguarding due to high levels of activity and difficulties in recruiting to some permanent posts, and high levels of agency staff.	0.3
Inclusion & Participation	Overspend on SEN Transport of £520k is a result of increased activity and cost. This is offset by SEN Support Service staff vacancies and additional income.	0.2
Children's Strategic Management	Agency costs for AD of Childrens Social Care, Targeted and Early Intervention Services	0.1
Head of Group - Strategy, Commissioning & Transformation	This overspend relates to project delivery costs to deliver the A Bolder Community Services savings targets	0.1

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE (Continued)		
Underspends:		
Social Care Targeted Early Intervention Strategic Management	This is the financial strategy deployed to balance the directorate's bottom line including Education Services Grant income, contributions from reserves, and utilisation of non-ring-fenced grant funding for existing expenditure. The variance against this relates to additional contributions from reserves, and additional savings identified throughout the year.	(2.3)
Early Years, Parenting & Childcare	Public Health have supported £0.8m of activity freeing up core budget. Further savings have been achieved through holding vacancies, pending finalisation of the service reviews for Nurseries and Children's Centres.	(1.4)
Strategic Commissioning (Adults)	This underspend is the effect of staffing efficiencies and a number of contractual changes and efficiencies.	(1.1)
Business Performance (Safeguarding Performance Quality)	£184K of this underspend relates to the school redundancy costs and pension strain budget. Further underspend is as a result of delays in recruiting to vacancies.	(0.3)
Learning & Achievement	Improvement Advisers Budget moved to consultancy resulted in significant savings by deploying external consultants more effectively. Continued reduction in primary schools causing concern also resulted in savings to school support budgets.	(0.2)
Integrated Youth Support Service	This underspend is made up of staffing vacancies in Youth Services and a restructure in the Youth Offending Service.	(0.1)
	Forecast Overspend/(Underspend)	**6.4**

REPORTING AREA	EXPLANATION	£m
PLACE DIRECTORATE		
Overspends:		
Waste & Fleet Services	The improvement in the economy has resulted in additional waste disposal costs. These have been partly offset by an increase in income and reduced expenditure on Fleet related activities.	0.5
Traffic & Transportation	Overspend primarily due to a shortfall in income within the Monitoring and Response service and a write-off of legacy costs relating to section 278 and 38 agreements.	0.5
Commercial Property	This pressure was as a result of void rate liabilities together with a number of other smaller spend pressures	0.3
Streetpride & Greenspace	Income & cost pressures in parks together with the need to maintain service continuity in the Streetpride team.	0.3
Technical Services	Shortfall of income in Project Delivery caused by difficulties in recruitment and retention of staff with correct skills to secure higer value contracts. Partly offset by over achievement of income within Occupier support due to work for schools	0.1
Corporate & Commercial Catering	Trading Deficit caused by fewer events than required, together with a 4 year backdated HMRC payment due to a VAT rule change	0.1
Underspends:		
Directorate & Support	Management actions to offset future directorate and corporate pressures	(1.0)
Public Safety	One off Public Health grant windfall resulted in this variation	(0.3)
Development Management & Planning Policy	Generally the economy has picked up over the year resulting in an increase in planning applications and a resulting surplus in planning fee income.	(0.3)
Building Sustainable Communities	This is primarily due to overachievement of income in relation to the establishment of a new emissions trading scheme and from an increase in fees to schools for the provision of Display Energy Certificates.	(0.2)
Highways	An over-recovery due to accelerated works funded from external income (Whitefriars) and a small trading surplus for the Highways DLO.	(0.2)
PAM Management & Support	2 senior manager posts held vacant pending a review of the service	(0.1)
Development Services	3 posts held vacant pending a review of the service	(0.1)
Other Variations less than 100k		(0.1)
	Forecast Overspend/(Underspend)	**(0.5)**

REPORTING AREA	EXPLANATION	£m
RESOURCES DIRECTORATE		
Overspends:		
Resources Mgt Team & Overheads	Professional Fees relating to the judicial review plus directorate savings target which offsets against underspends in other parts of the directorate.	1.2
Legal Services	One-off refund of land charge income to customers, due to changes in legislation accounts for £470K of the overspend. In addition, overspend on agency and professional fees due to volume of work required on specific complex cases. Legal Services Review expected to address these issues for 2015/16 onwards.	0.6
HR support	Underachievement of Turnover Target for all HR areas	0.3
ICT Strategy & Architecture	Procurement savings targets of £82K not being delivered due to delays and other difficulties, plus some underachievement of Turnover Target.	0.1
Underspends:		
Talent & Skills Team	Vacancies plus underspend on external training partly due to a period of transition both in People's Directorate and Workforce Development and better management of external training spend.	(0.9)
HR Recruitment	Increase in Agency Rebate due to increased use of Agency staff in People Directorate.	(0.9)
Benefits	Community Support Grant underspend £740k plus underspend on salaries. Housing Benefit Subsidy overspend of £275K	(0.6)
ICT Mgt	Staff vacancies on ICT Management Team - Management Restructure and Zero Based Budgeting exercise completed for new financial year to align budgets to new shape ICT services.	(0.3)
Revenues	Overachievement of Court Fees Income, partially offset by overspends on salaries and running costs	(0.3)
Financial Mgt	Underspend on salaries as a result of restructure, and overachievement of income target - Nuckle and schools.	(0.2)
Business Services	Stationery underspend reflecting further centralisation and lock down in spend plus one-off salary underspends	(0.2)
Transformation Programme Office	Salary underspend and underspend on Transformation Advisors. Restructure completed for new financial year	(0.2)
ICT Change	Vacancies were held due to major re-organisation. Zero based budgeting exercise for new financial year to align budgets to new shape ICT services.	(0.1)
Customer Services Centre	Underspend due to vacancies. Restructure is underway.	(0.1)
Audit & Risk Mgmt	Vacancies held during year pending service move to Department of Works & Pensions.	(0.1)
Major Projects	One off income and salary underspend - restructure completed for new financial year.	(0.1)
Other Variations less than 100k		(0.4)
	Forecast Overspend/(Underspend)	**(2.2)**

Contingency & Central Budgets		
Overspends:		
ER/VR Contribution - Quarter 1	Contribution approved by Cabinet at Quarter 1 to set aside resources to fund future costs arising from redundancy and early retirement decisions	3.0
ER/VR Contribution - Outturn	Contribution recommended at Outturn to fund ER/VR costs in-year managed through under-spending across the remainder of the bottom line	3.0
ER/VR Contribution - Quarter 1 General Fund Reserves	Contribution in line with Cabinet decision at Quarter 1. Reserves strategy includes using £2.2m of General Fund Reserves to fund contribution to ER/VR reserve. This creates an overall overspend of £2.2m across Corporate bottom line.	2.2
Customer Service Centre	Contribution approved by Cabinet at Quarter 2 to fund capital investment in the new Customer Services Centre managed through under-spending across the remainder of the bottom line	2.0
ABC Savings	Overspend relating principally to non-achievement of previous abc target saving relating to Demand Management. For future years this will be incorporated within overarching strategies balance the budget	1.0
Underspends:		
Asset Management Revenue Account	Relates largely to reduced previous capital spend and planned borrowing needs with consequent reductions in debt costs	(5.7)
Pay, Price and Energy Contingencies	Lower than anticipated costs across contingencies. Further work is now being implemented to centralise management and control of salaries budgets that will help to maximise future savings in this area	(4.5)
Pensions	Lower than anticipated cost of pension contributons	(1.4)
Overall Resourcing (Early Intervention Grant)	The 2015/16 Budget Report identified an improved resources position as a result of a less severe impact from the loss of Early Intervention Grant funding. This impact also relates to 2014/15.	(0.7)
Other Variations less than 100k		(0.4)
	Forecast Overspend/(Underspend)	**(1.5)**

Appendix 2 Capital Programme Change and Analysis of Rescheduling

Capital Programme: Analysis of Outturn Changes

SCHEME	APPROVED CHANGES £m	(RESCHEDULING) / ACCELERATED SPEND £m	(UNDERSPEND) / OVERSPEND £m	EXPLANATION
PEOPLE DIRECTORATE				
DFG		(0.2)		Demand for DFG's has slowed down over the last year or so and generally our clients required smaller works, reducing the need to pay for largers scales schems like extensions. Alternative options are reviewed for larger Schemes referrals,which can delay approvals and payments. This has led to a more efficient service, turning around referrals within 3-4 weeks of receiving them so there is no waiting list employed.
SUB TOTAL - People	**0.0**	**(0.2)**	**0.0**	

Capital Programme: Analysis of Outturn Changes

SCHEME	APPROVED CHANGES £m	(RESCHEDULING) / ACCELERATED SPEND £m	(UNDERSPEND) / OVERSPEND £m	EXPLANATION
PLACE DIRECTORATE				
Property Repairs	(0.6)	(0.4)		Delay in works has occurred in Commercial and Opertational property repairs. Commercial properperties delays are in tendering and contract lead times. Operational properties are due to City Centre First review work being done at the moment. Any works remaining to be done will be completed by July 2015.
Nuckle		(1.0)		We are currently 4 weeks behind from the original planned opening, mainly due rework of designs to address quality of temporary works, piling, earthworks and crane pads; Slew restrictor issues, has led to a late start of these works. Tamping programme has also been extended, due to methodology requirements from Network Rail; and the relocation of Signal (CN6550) at the Arena was delayed by two months, from February to April.
Canley Regeneration (Prior Deram Park)		(0.2)		The contractor was due back on site at the beginning of March 2015 and as such we anticipated further project spend before year end as detailed at the end of quarter 3. However, due to the continued water logging of the ground at Prior Deram the contractor will not return to site until mid April 2015.
Far Gosford Street		(1.6)		These are various grant funded schemes, This money will be retained for the grant periods to ensure successful delivery of the FGS grant funded restoration programme.
Growing Places Fund		1.0		The overspend is across all of the GPF Projects and is a result of either additional loans awarded and defrayed sooner than originally forecast, additional claims for grant received eariler than expected and there were 2 claims for large amounts that were received and defrayed earlier than expected
International Transport Museum Project		(0.4)		The slippage is for grant claims which have been submitted to ERDF, as ERDF claims are calendar year from Jan - Dec, the slippage is grant claims to be submitted awaiting approval
RGF3 Business Grants		(0.2)		RGF3 SME Grants – Beneficiary businesses have been slower to claim than initially forecast – no concern project has til November 2015 to spend all cash but currently forecast to spend all by end June 2015
RGF3 Friargate Bridgedeck		1.4		Expenditure has accelerated which reflects Costain's programme activities, which vary from the original forecast as the programme detail has developed, inclduing additional costs on design; issues around piling and drainage works. The project is also picking up the costs for design and installation of Heatline across the bridge deck, and utilities diversions for the Warwick Road station access scheme.
RGF3 Whitley Junction		1.0		Additional spend has been incurred to address the need to raise the level of the carriageway as a result of asbestos being discovered, and works associated with extra piling for the bridge deck. Additional testing, processing and treating o f material excavated from other city council construction sites have generated expenditure which had not been anticipated, which has also impacted on the type of material used to construct the slip roads following amendments to designs which has incurred additional costs. Furthermore additional temporary traffic management requirements such as additional temporary traffic signals have had to be provided following severe disruption to the road network being encountered and with the Whitley scheme being so close in proximity to the Highways Agency Toll Bar End it has been necessary to deploy additional temporary traffic management measures to ensure congestion is effectively managed and traffic is kept moving especially during peak time.
RGF3 M40 Junction 12		0.4		The M40 J12 is a project run by Warwickshire County Council. The project has a number of funding sources, due to the strict RGF timescales WCC decided to use more RGF in the early stages of the project than originally forecast to esnure that their total RGF budget of £3.3m is spent by June 2015
RGF4		(0.9)		RGF4 Business Grants - Beneficiary businesses have been slower to claim than initially forecast – no concern project has til March 2016 to spend all cash but currently forecast to spend all by end December 2015
Kickstart - Friargate Building		0.9		Finalisation of the commercial deal between Coventry City Council and Friargate LLP. Previous forecasts were based on estimates whereas now the commercial deal has been agreed the spend profile has changed accordingly.
RGF2 Wave 2 Growth Hubs		(0.3)		RGF4 Lancaster SME Grants – Beneficiary businesses have been slower to claim than initially forecast – no concern project has til June 2015 to spend all cash and is currently forecast to spend all by end June 2015
AT7 Centre			(0.2)	The £225,076 forecast underspend has resulted as a consequence of careful monitoring of the contract against the original target budget. Throughout the process a ' best value ' approach was adopted by the Client Team and a number of potential variations presented opportunity to challenge certain design concepts resulting in significant savings being realised. An example being a £40k saving being achieved through a redesign of the perimeter access route.
Integrated Transport Programme		(0.3)		Rescheduling has arisen on a couple of schemes which have commenced later than anticipated in Mid-March.
Coventry Station Masterplan		(0.3)		The underspend is largely attributed to the fact WSP GRIP3 activity has had to be split, with only the footbridge & canopy designs progressing in 2014/15, as planned. GRIP3 design for the second entrance building, MSCP and bus interchange had to be placed on hold, and remains on hold pending resolution of land issues. Anticipated commencement is July 2015, for completion by Dec.
Public Realm		(1.8)		Expenditure is less than originally forecast due to the Gosford Street/Coventry University scheme slipping to start on site in March 2015, originally enabling works were proposed to start autumn 2014 and be undertaken by the DLO, but instead the full package of works have been awarded to one main contractor.

Capital Programme: Analysis of Outturn Changes

SCHEME	APPROVED CHANGES £m	(RESCHEDULING) / ACCELERATED SPEND £m	(UNDERSPEND) / OVERSPEND £m	EXPLANATION
PLACE DIRECTORATE Continued				
South West Coventry Jnct Imp Programme		(1.8)		Re-scheduling is due to the programme of construction works suffering delays in design information being provided by the University of Warwick and also the discovering of unknown stats within the UoW campus area. The overall programme that was estimated to be complete by March 2015 is now estimated to be completed by summer 2015.
Highways Investment		(0.6)		Mainly due to the delay in delivery of a handful of Plane and Patch schemes and two large resurfacing schemes.
Highways S106 - Banner Lane		(0.1)		Banner Lane works have been delayed while the Watermans Atkins staff had to be redirected to work on priority public realm and European bid projects in order to meet the European funding conditions. This has led to Banner Lanes works starting on site later than orginally anticipated at Quarter 3 projections, we are now anticipating to be on site by end of July 2015
Super Connectivity	(0.6)			This is a technical adjustment to reflect a change in the accounting treatment removing accruals and dealing only with the capital grant on a cash basis. Grants are approved in pirnciple subject to certain conditions being met, therefore there is no guarantee payment will be made, the change in programme reflects this, the removal of accrual previously included in Q3 forecast
A4600 Congestion Relief Scheme (LPPF)		(0.6)		The scheme has suffered from a number of statutory utility issues that have resulted in the project requiring significant redesign and development of the existing proposals. This has resulted in a change to the spend profile of the scheme.
Lentons Lane Cemetery		(0.1)		The difficulties have been with the Highways Department approving the new entrance works from Shilton Lane under S278 and S38. The scope of work has increased within the Shilton Lane highway resulting in a full road closure. Increased road specification with greater depth of construction has resulted in a water main diversion by Severn Trent Water being necessary. These works are having to be completed on a piece-meal basis and should all be finally completed by end of May/early June 2015
Vehicle & Plant Replacement		(1.3)	(0.7)	A number of vehicles have either not been replaced, due to alternatives becoming available from other areas, or from reductions in service requirements (e.g. Neighbourhood Wardens, a number of Tractors, previously contract hired vehicles, and various schools who have self financed).
Basic Need - Primary Schools Expansion Programme		(4.7)		Increasing in Pupil Places programme for 2014 Phase 1 has rescdedule £1.7m of funding in the main due to efficiencies being made project procurement and delivery in the context of new national guidance on space standards in schools. £0.72m will be required in 2015/16 to complete the phase 1 programme, giving the opportunity to invest £1m for phase 2. Late starts for both Castlewood and Spongate school due to delays in agreeing an acceptable scheme with the school/Moathouse and local listing of at Spongate Moat Building. Both Schools are now on site with completion in 2015 A further £2m has been set aside for the new broad spectrun school and condition works
Basic Need - TBNP		(2.3)		Edgewick Primary School (reschedule £1m) due to late start and discovery of well on site which delayed progress while foundation works were redesigned, the other 4 schools (£1.3m) will be completed by the end of summer
Condition		(4.4)		The Priority Schools Building Programme is procured and delivered by the Education Funding Agency. The EFA has incurred delays in delivering schemes due to site anomalies. This and delays in providing information to the Council are the signicifant factors in the rescheduling. Works are now expected to be completed in July 2015; Emergency Condition Fund and Early Years has had little or no demand this year. Edgewick £1.8m has joint funding with the Basic Basic Need Targetted for explanation, this is the condition side of the build
Early Years		(0.5)		Slow take up of funding, large projects coming through in 15/16 once clarification of meeting the criteria of the grant
Pathways to Care (Support to Foster Carers)		(0.1)		This is an on-going budget to reflect the Council's statutory responsibilities. It seeks to support adults live independent lifestyles, through home improvements, specialist equipment etc. Again it is very much demand led and therefore difficult to predict in any one year.
Capital Disposals	0.5			Capital Costs for disposal of Land and Property for sale
Miscellaneous	0.1	(0.1)	(0.1)	Net Changes.
SUB TOTAL - Place Directorate	**(0.6)**	**(19.3)**	**(1.0)**	

Capital Programme: Analysis of Outturn Changes

SCHEME	APPROVED CHANGES £m	(RESCHEDULING) / ACCELERATED SPEND £m	(UNDERSPEND) / OVERSPEND £m	EXPLANATION
RESOURCES DIRECTORATE				
Strategic ICT Projects		(0.2)		Throughout these organisational changes the ICT programme has had to be re-profiled to work on the authority's priority projects such as Unified Comms and Network Modernisation. The ICT Strategy and Roadmap has also been reviewed and is currently in the final stages of development. This has resulted in previously planned spend not happening in FY 2014/15 and budgets being profiled to FY 2015/16.
Kickstart - ICT Systems	0.2			This is new money to resource the new HR module
Kickstart - Customer Journey		(0.6)		This budget primarily relates to the ICT requirements and spend for the Customer Journey programme but also covers other programmes of work such as Electronic Document and Records Management (EDRMS). The main budget re-scheduled to next year relates to Customer Journey. As reported at quarter three - during this financial year we have procured a Customer Portal product and developed in more detail the phasing of appointment booking, integration components, mapping and payment solutions as a result. The project spend profile for the ICT requirements could only be finalised following the procurement of the Customer Portal product and has resulted in re-profiling of capital spend. Since quarter three there has been further profiling and building of the project which has resulted the budget being re-profiled to next year.
Kickstart - ICT Infrastructure		(1.0)		The ICT Infrastructure Operations capital programme is underspent in 2014/15 by £467091. This is due to 2 main reasons:- 1. The network Modernisation work order was delayed in awarding contract. Originally the contract should have been awarded in August 2014 but this was delayed until late October 2014. This has meant that the roll out programme has had to be moved into the 2015/16 financial year. 2. Much of the effort available in ICT Infrastructure and Operations has been involved in the Unified Comms project which has meant that effort has not been available to progress work in other capital areas. This work will now be moved to 2015/16
ICT Infrastructure Operations		(0.5)		This is a very complex project which has met with a number of significant challenges to implement on the Council's infrastructure. These technical challenges have delayed the roll out of the system by 2 months. The financial impact of this is that stage payments to the supplier have been rescheduled into 2015/16
SUB TOTAL - Resources Directorate	**0.2**	**(2.3)**	**0.0**	
TOTAL RESCHEDULING	**(0.4)**	**(21.8)**	**(1.0)**	

Appendix 3

Summary Prudential Indicators

		Per Treasury Management Strategy 14/15 £000's	Actual 14/15 £000's
1	**Ratio of financing costs to net revenue stream:**		
	(a) General Fund financing costs	36,805	34,252
	(b) General Fund net revenue stream	258,505	258,505
	General Fund Percentage	14.24%	13.25%
2	**Gross Debt & Forecast Capital Financing Requirement**		
	Gross debt including PFI liabilities	417,827	385,952
	Capital Financing Requirement (forecast end of 16/17)	479,383	483,721
	Gross Debt to Net Debt:		
	Gross debt including PFI liabilities	417,827	385,952
	less investments	-46,854	-112,517
	less transferred debt reimbursed by others	-17,411	-17,410
	Net Debt	353,562	256,025
3	**Capital Expenditure (Note this excludes leasing)**		
	General Fund	149,061	101,108
4	**Capital Financing Requirement (CFR)**		
	Capital Financing Requirement	479,383	400,370
	Capital Financing Requirement excluding transferred debt	461,972	382,960
5	**Authorised limit for external debt**		
	Authorised limit for borrowing	441,514	441,514
	+ authorised limit for other long term liabilities	73,902	73,902
	= authorised limit for debt	515,416	515,416
6	**Operational boundary for external debt**		
	Operational boundary for borrowing	401,514	401,514
	+ Operational boundary for other long term liabilities	73,902	73,902
	= Operational boundary for external debt	475,416	475,416
7	**Actual external debt**		
	actual borrowing at 31 March 2015		297,822
	+ PFI & Finance Leasing liabilities at 31 March 2015		70,720
	+ transferred debt liabilities at 31 March 2015		17,410
	= actual gross external debt at 31 March 2015		385,952
8	**Interest rate exposures**		
	Upper Limit for Fixed Rate Exposures	441,514	241,956
	Variable Rate		
	Upper Limit for Variable Rate Exposures	88,303	-56,651
9	**Maturity structure of borrowing - limits**	**upper limit**	**actual**
	under 12 months	30%	25.3%
	12 months to within 24 months	20%	0.0%
	24 months to within 5 years	30%	6.7%
	5 years to within 10 years	30%	3.3%
	10 years & above	100%	64.7%
10	**Investments longer than 364 days: upper limit**	10,000	0