

Borough Council of  
**King's Lynn &  
West Norfolk**



# **CABINET**

## **Agenda**

**MONDAY, 17 JUNE 2013  
at 5.30pm**

in the

**Committee Suite  
King's Court  
Chapel Street  
King's Lynn  
PE30 1EX**



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Borough Council of  
**King's Lynn &  
West Norfolk**



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**CABINET AGENDA**

**DATE: CABINET – MONDAY, 17 JUNE 2013**

**VENUE: COMMITTEE SUITE, KING'S COURT, CHAPEL STREET, KING'S LYNN**

**TIME: 5.30 pm**

There are no items to be considered in private on this agenda - as required by Regulations 5 (4) and (5) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

**1. MINUTES**

To approve the Minutes of the Meeting held on 4 June 2013.

**2. APOLOGIES**

To receive apologies for absence.

**3. URGENT BUSINESS**

To consider any business, which by reason of special circumstances, the Chairman proposes to accept, under Section 100(b)(4)(b) of the Local Government Act 1972.

**4. DECLARATION OF INTEREST**

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a

disclosable pecuniary interest is declared, the member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on an item or simply observing the meeting from the public seating area.

**5. CHAIRMAN'S CORRESPONDENCE**

To receive any Chairman's correspondence.

**6. MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

To note the names of any Councillors who wish to address the meeting under Standing Order 34.

**7. CALLED IN MATTERS**

To report on any Cabinet decisions called in.

**8. FORWARD DECISIONS LIST**

A copy of the Forward Decisions List is attached (Page 5 )

**9. MATTERS REFERRED TO CABINET FROM OTHER COUNCIL BODIES**

To receive any comments and recommendations from other Council bodies some of which meet after the dispatch of this agenda. Copies of any comments made will be circulated as soon as they are available.

**10. REPORTS**

**1) Capital Programme and Resources 2012-2016 (Page 8 )**

The report provides details of the outturn of the 2012/2013 capital programme and outlines amendments and rephasing to the spending on schemes, revising the programme for 2013/2016. The capital programme outturn for 2012/2013 totalled £4,555,980 against an approved budget of £7,032,630. It has been necessary to rephase a total of £2,097,350 of scheme costs to future years. Capital receipts generated in the year totalled £2,921,250 of which £2,915,794 were useable.

## **2) Revenue Outturn 2012/2013 (Page 34)**

The report sets out in summary the revenue outturn of 2012/2013 for the General Fund (council tax accounts). The report shows details of the major differences between actual costs/income and the revised estimates for 2012/2013 reported in February 2013 monitoring.

The accounts show actual Borough spend of £16,905,124 which was £124,046 less than the February Revised Estimate for 2012/2013. This additional saving will be held within the General Fund balance that is carried forwards to 2013/2014.

## **3) Annual Treasury Report (Page 51 )**

The Council has formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (2009) and remains fully compliant with its requirements.

The primary requirements of the Code include:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Receipt by Council of an annual strategy report (including the annual investment strategy report) for the year ahead, a mid year review report and an annual review report of the previous year.

This Annual Treasury Report looks backwards at 2012/2013 and covers:

- the Council's overall borrowing need
- the Council's treasury position/performance;
- the strategy for 2012/2013;
- the economy in 2012/2013;
- borrowing rates in 2012/2013;
- the borrowing outturn for 2012/2013;
- compliance with treasury limits and Prudential Indicators;
- investment rates for 2012/2013;
- investment outturn for 2012/2013;
- debt rescheduling;

To: Members of the Cabinet

Councillors N J Daubney (Chairman), A Beales, Lord Howard,  
A Lawrence, B Long, Mrs E A Nockolds, D Pope and Mrs V Spikings.

Cabinet Scrutiny Committee

For further information, please contact:

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## FORWARD DECISIONS LIST

<b>Date of meeting</b>	<b>Report title</b>	<b>Description of report</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
17 June 2013	Closure of Accounts 2012/13 1) Revenue & 2) Capital	2 reports on Year end of Accounts	Non	Cabinet	Leader	Previous report	Public
	Annual Treasury report for 2012/2013	To consider the annual report	Key	Council	Leader Deputy Chief Executive	Previous reports	Public

<b>Date of meeting</b>	<b>Report title</b>	<b>Description of report</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
2 July 2013	Health Safety and Welfare Policy Review	Review of the Policy	Non	Cabinet	Leader		Public
	LDF Site Specific Allocations and Policies Documents	Document to outline preferred options for development sites within the Borough	Key	Council	Development Exec Director, G Hall		Public

<b>Date of meeting</b>	<b>Report title</b>	<b>Description of report</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
30 July 2013	King's Lynn Town Centre Plan	Report setting out proposed town centre plan.	Non	Cabinet	Regeneration Chief Executive		Public

	Town Heritage Initiative		Key	Council	Regeneration Chief Executive		Public
	Discharge Of Homelessness Duty – Private Rented Sector		Non	Cabinet	Community Chief Executive		Public
	Asset Management: Residential Property Investment	Consideration of the use of the Council's assets to invest in residential property.	Key	Council	Resources Deputy Chief Executive		Public
	Major Housing Investment	Consideration of the Council building and/or acquire market housing	Key	Council	Community & Regeneration Chief Executive and Deputy Chief Executive	None as yet	Public
	Materials Recycling Facility (MRF) Contract	Report on the outcome of the of the MRF contract negotiations	Key	Cabinet	Dep Leader Exec Director - C Bamfield		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority)
	Empty Property Strategy	Update to Strategy	Non	Council	Community Chief Executive		Public



Date of meeting	Report title	Description of report	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
3 September 2013							

Date of meeting	Report title	Description of report	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
16 September 2013	Statement of Accounts			Council	Deputy Chief Executive Leader		Public
	Annual Governance Statement		Non	Council	Exec Director – D Gates Leader		Public

## REPORT TO CABINET

Open		Would Any Decisions Proposed :		
Any especially affected Wards None	Mandatory	(a) Be entirely within Cabinet's powers to decide	YES	
		(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers	NO	
Lead Member: Councillor Nick Daubney E-mail: cllr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Lorraine Gore E-mail: lorraine.gore@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: Management Team		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) NO	Equal Opportunities Implications NO	Risk Management Implications YES

**Date of meeting: 17 June 2013**

### 1) Capital Programme and Resources 2012-2016

#### Summary

The report provides details of the outturn of the 2012/2013 capital programme and outlines amendments and rephrasing to the spending on schemes, revising the programme for 2013/2016. The capital programme outturn for 2012/2013 totalled £4,555,980 against an approved budget of £7,032,630. It has been necessary to rephrase a total of £2,097,350 of scheme costs to future years. Capital receipts generated in the year totalled £2,921,250 of which £2,915,794 were useable.

#### RECOMMENDATION

- 1) that Cabinet note the outturn of the capital programme for 2012/2013 of £4,555,980.
- 2) that the financing arrangements for the 2012/2013 capital programme be approved.
- 3) that Cabinet approve the revised 2013/2016 capital programme as detailed in the report.

#### Reason for Decision

To report the outturn 2012/2013 for the Capital Programme and update members on capital spending and resources for 2013-2016.

## 1 Introduction

- 1.1 This report presents the outturn of the 2012/2013 capital programme and provides details of amendments and rephasing resulting from under and overspends and their impact on the 2013/2014 programme. The report also outlines the financing of the 2012/2013 programme.

## 2 Capital Programme 2012/2013

- 2.1 The full capital programme for 2012/2013 is shown at Appendix 1 and provides details of the outturn for individual schemes, together with amendments and rephasing to/from 2013-2014.
- 2.2 A full updated Capital Programme 2012/2013 of £8,032,630 as was reported at the Cabinet meeting on 5 February 2013 and approved by Council on 21 February 2013. Since that date a further amendment to the programme has been reported as part of the monthly monitoring.

Capital Programme 2012/2013 (Council 21 February 2013)	£ 8,032,630
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### Amendment Approved

Purchase of replacement black bins for the new refuse and recycling contract – budget rephrased to 2013/2014 (1,000,000)  
(Budget monitoring report February 2013)

<b>Revised Capital Programme 2012/2013</b>	<b><u>7,032,630</u></b>
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- 2.3 The final figures for the outturn on the capital programme show that it will be necessary to carry forward a further £2,097,350 as schemes carry over to future years. In a number of cases there were over or under spends which net to an £379,300 overspend across the overall capital programme. A net reduction of £750,497 is reported on those schemes which require funding within the overall capital programme and this underspend will not be carried forward. The main schemes where underspends are reported include:

	£
Grounds Maintenance Equipment - following a review of the replacement schedule.	23,881
ICT Programme	32,460
Derelict land and buildings - future purchases funded through back to back sales	28,613
Smaller Regeneration Projects	23,990
NORA Project	146,040
Housing Joint Venture - due to the recovery of prior year costs from Norfolk County Council	470,066

In addition there are a number of schemes which come with resources ie reserves where the capital programme was not updated and amended to fully reflect the actual costs. These total £371,197 as detailed in the table below. The apparent overspend was to be met from earmarked reserves/S106 funds and there is no impact on the bottom line funding of the capital programme.

<b>Scheme</b>	<b>Funding</b>	<b>£</b>
Affordable housing scheme	Fully financed from developer contributions/ second homes funding held in reserves	204,312
CCTV-Communications upgrade	Financed from repairs and renewals reserve	10,805
New Revenues and Benefits IT system	Financed from project implementation funding in reserves	114,489
Town Centre Signage	Financed from Section 106 funding held in reserves	9,083
Energy Efficiency Projects (Salix)	Funded from reserves	32,508
		<b>371,197</b>

2.4 The table below shows the summary of the programme and actual spend to 31 March 2013. The detailed outturn for the Capital Programme 2012/2013 is presented at Appendix 1.

Table 1

	<b>2012/2013 Budget</b>	<b>2012/2013 Outturn</b>	<b>Rephase To/(From) 2013/2014</b>	<b>2012/2013 Variance and Amend- ments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community and Democracy	1,608	1,155	394	(59)
Environment Improvement and Protection	203	186	10	(7)
Housing	2,203	1,257	1,139	193
Performance & Resources	682	625	190	134
Regeneration	2,274	1,305	338	(631)
Safer and Healthy Communities	63	28	26	(9)
<b>Capital Programme Outturn</b>	<b>7,033</b>	<b>4,556</b>	<b>2,097</b>	<b>(379)</b>

2.5 The main areas for the proposed rephasing are detailed below. The detailed outturn is presented at Appendix 1.

### Community and Democracy

#### **Car Parks – Replacement of pay and display machines**

The pay and display machines were delivered in March 2013 and installation was completed during April/May 2013. The remaining budget of £89,600 is to be carried forward to meet the cost of the works.

#### **Car Parks – Resurfacing**

The budget provision of £54,000 will be carried forward to 2013/2014 for resurfacing works to be undertaken during this year.

#### **CCTV – Control room upgrade**

The expansion of the CCTV service to undertake CCTV monitoring for Breckland is still being finalised and the works will now be undertaken in 2013/2014. The budget provision of £70,000 is to be carried forward to meet the cost of the works.

#### **Downham Market Leisure Centre – Flooring replacement**

These works will now be carried out during 2013/2014 and budget provision of £20,000 is to be carried forward to meet the cost of the works.

#### **Leisure Card – Gladstone upgrade and replacement card printers**

The budget provision of £39,100 is to be carried forward to 2013/2014 to meet the cost of the project which will complete during 2013/2014.

#### **Lynnsport – Car park and path repairs**

Work to repair the footpath between the athletics track and shed is to be completed by the summer 2013 and the budget provision of £41,000 is to be carried forward to meet the cost of the works.

#### **Lynnsport – Replacement PA system**

The equipment will be replaced during 2013/2014 and the budget provision of £29,600 is to be carried forward to 2013/2014.

### Housing

#### **Private Sector Renewal Assistance**

These budgets are committed for grant applications that are either approved but the works are not yet complete, applications are being assessed or cases on the waiting list. The remaining budget provision of £910,100 is to be carried forward to 2013/2014.

#### **Sewerage Treatment Works – Refurb / connect to public sewer**

Works to treatment plant in Wretton and Marshland St James are due to complete in the first quarter of 2013/2014 and the remaining budget provision of £174,000 is required to be carried forward.

### **Sewerage Treatment Works – Decommission redundant sites**

The tender for these works is due to be issued in June 2013 with works planned to be undertaken by November 2013. The budget provision of £25,000 is to be carried forward to 2013/2014 to meet anticipated costs.

### **Sewerage Infrastructure and surface water drains / ditches**

This is a contingency budget and it is proposed to move the provision of £20,000 forward to 2013/2014 and 2014/2015 to meet any urgent repair costs.

## Performance and Resources

### **DDA – Stage 2 works**

The budget provision of £20,000 is to be carried forward to 2013/2014 as a contingency provision to meet the cost of any urgent works that may arise.

### **ICT Development Programme**

A number of ICT projects have not progressed during 2012/2013 as originally planned. It is proposed to rephase budget provision of £150,500 to 2013/2014, mainly for the continued work on the members refresh, desktop refresh, business continuity and storage data disks.

## Regeneration

### **Hunstanton Regeneration**

It is proposed to carry forward the balance of the budget provision of £98,500 to 2013/2014 for the remaining funding agreed for Hunstanton sailing club and to meet the costs of the Hunstanton Town Centre Spinney Project as detailed in the report to Cabinet on 7 May 2013.

### **Tuesday Market Place Refurbishment**

The budget provision of £32,000 is to be carried forward to 2013/2014 to meet the cost of this major project which will be undertaken during the summer of 2013.

### **Pontoons**

The remaining budget provision of £25,700 will be carried forward to meet the costs of this scheme which is planned to complete in 2013.

### **NORA**

It is proposed to carry forward budget provision of £169,000 to 2013/2014 to meet on-going costs of remediation/landscaping, the final payment due on the community centre and other project costs for the overall NORA scheme.

## Safer and Healthy Communities

### **Mintlyn Crematorium – Replace existing cremators**

The budget provision of £50,000 is to be carried forward to 2013/2014 to meet the cost of the on-going project.

- 2.6 Total capital receipts generated in 2012/2013 from preserved right to buy sales of former council houses, land sales, sale of vehicles, repayment of grants and mortgage principal repayments were £2,125,652. Mortgage principal payments and repayments of discount on former council house sales are subject to pooling and 75% is repaid to the Government (£5,456 in 2012/2013). The useable element of the capital receipts was £2,120,196. The table below shows the summary of useable capital receipts generated in 2012/2013.

Table 2

	<b>2012/2013 Budget £'000</b>	<b>2012/2013 Outturn £'000</b>
Council Houses Preserved Right to Buy	195	449
General Fund - Land	2,356	1,635
Repayment of Grants	0	34
Mortgage Principal Repayments	5	2
<b>Total</b>	<b>2,556</b>	<b>2,120</b>

- 2.7 The general fund sales originally anticipated to complete in 2012/2013 are now expected to be achieved during 2013/2014.
- 2.8 As part of the housing stock transfer agreement the Council receives a share of the VAT recovered by Freebridge Community Housing on its development programme works. The income received under the VAT sharing agreement is classified as capital receipts, and £795,598 was received during 2012/2013.

### 3 Financing of the Capital Programme 2013/2014

- 3.1 The following table details the sources of finance used to fund capital spending during the year. The strategy adopted in financing is designed to make full use of all specific grants and thereby protect future allocations. Funding is taken from capital and revenue reserves for those specific schemes identified with resources. The strategy is then to make full use of useable capital receipts and the balance of funding to be taken from capital and revenue reserves.

Table 3

	£
<b>Total Capital Programme Outturn to be Funded 2012/2013</b>	<b>5,359,886</b>
Less Third Party Contributions	(803,906)
<b>Capital Programme Expenditure to be Funded</b>	<b><u>4,555,980</u></b>
<b>Sources of Finance:</b>	
Specific Capital Grant	754,071
Unsupported Borrowing	589,885
Capital Reserves	803,667
Grant from Reserves	204,312
Capital Receipts	1,275,901
Capital Receipts balance	57,676
Capital Creditors	706,109
Capital Debtors	(26,141)
Capital Advance Receipts	190,500
<b>Total</b>	<b><u>4,555,980</u></b>

- Specific capital grants are those for Disabled Facilities Grants (DFGs) – paid directly from Government as a contribution to the costs of the DFGs.
- Unsupported Borrowing is that level of loans taken on by the Council and paid from within the budgets of services. During 2012/2013 unsupported borrowing was used to purchase vehicles and equipment where previously lease payments were made. In effect the lease payments now pay the debt charge. No help is available from Government to pay the costs – therefore they are classed as unsupported.



- Capital Reserves have been previously set aside for particular schemes, in some cases regular annual contributions are made to the reserves (e.g. sports and arts facilities, offices).
- Capital grants and contributions are amounts held in reserves for affordable housing schemes and S106 funds.
- Capital Receipts come from the sale of assets and the preserved rights from the sale of former council houses. Following the housing stock transfer the Council receives a share of the VAT recovered by Freebridge Community Housing from the housing improvement works which is classified as a capital receipt.

3.2 The capital debtors and creditors represent payments that will be made or received during 2013/2014. The net sum is actually funded from capital reserves when payments are made/income received in 2013/2014.

#### **4 Minimum Revenue Provision**

4.1 A requirement of capital controls is that details of the minimum revenue provision (MRP) calculation are reported to Cabinet. The MRP is the minimum amount that must be charged to the Council's revenue accounts each year as a provision to repay debt. Changes to the basis of calculating MRP were made by the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008. A local authority is required to calculate an amount of MRP which they consider to be prudent, prepare a statement of its policy on making MRP and submit it to full Council. The Treasury Management Strategy 2012-2013 approved at Council on 26 April 2012 set out the policy proposals for the Borough for 2012/2013.

4.2 The amount of MRP charged to the accounts in 2012/2013 is £229,489 against a budget of £590,000. The actual MRP charge 2012/2013 has been calculated in accordance with the Council's policy based on the capital financing requirement as at 1 April 2012. The reduction in MRP charged in 2012/2013 is due to a correction in capital financing requirement balance brought forward as at 1 April 2012.

#### **5 Capital Programme 2013/2016**

5.1 The Capital Programme 2013/2016 was approved by Council on 21 February 2013. As detailed at section 2 above, it is proposed to carry forward budget provision of £2,097,350 from 2012/2013 to 2013/2014 (£2,047,350), 2014/2015 (£40,000) and 2015/2016 (£10,000).

5.2 In addition it is proposed to rephase the following to/from 2013/2014 –

**Car Parks Resurfacing** – Budget provision of £170,500 is committed for resurfacing works for Common Staithe Quay and these works will now be undertaken after the Tuesday Market Place scheme has been completed.

**St James' Swimming Pool** – The programme includes budget provision for the replacement of the combined heat and power unit at St James' swimming pool. These works will be deferred until the replacement boiler works have been completed and the budget will be carried forward.

**Private Sector Housing Assistance** – It is proposed to bring forward £238,000 to 2013/2014 (£119,000 each from 2014/2015 and 2015/2016) for private sector housing assistance. The £2.4m budget provision for 2013/2014 will meet the cost of applications in progress and new cases estimated to be received with the introduction of new Integrated Housing Adaptations Teams, subject to staffing resources being allocated by social services to progress cases on the waiting list. (Cabinet report 4 September 2012 detailed changes to private sector housing investment policy).

**Enterprise Centre** – budget provision is included in 2013/2014 for the new Enterprise Centre and it is anticipated that the project will not complete until 2014/2015. It is proposed to rephase £500,000 to 2014/2015.

Town Centre Public Realm - This project is anticipated to be completed over the two years 2013/2014 and 2014/2015. The scheme is funded from S106 monies and budget provision of £100,000 has been rephased.

5.3 The following amendments have been included in the capital programme 2013/2014 and detailed at Appendix 2:

**Kingsway Sports Pavilion** - The project to refurbish the Kingsway sports pavilion which had previously been rephased to 2016/2017 of the capital programme has been brought back into 2013/2014. Sports England lottery funding of £148,500 has been secured to part fund the total scheme cost of £298,500.

**St James' Swimming Pool** - The boilers at St James' swimming pool are in urgent need of replacement as there is a risk of breakdowns and disruption to the operation of the facility. The total cost of the replacement works is £70,000. The scheme will be funded in part from the Salix energy efficiency reserve (£30,000) and £40,000 from an additional transfer to reserves included in the closedown of the revenue accounts for 2012/2013 (see separate report on the agenda).

**Energy Efficiency Schemes** - The approved capital programme 2013/2014 included provisional sums for energy efficiency schemes for works to the entrance lobby areas at both King's Court and Lynnsport. Detailed schemes have now been worked up and the costs have been estimated at £42,000 for King's Court and £40,000 for Lynnsport. The original programme included for these schemes to be fully funded from the Salix energy efficiency reserve, however under this scheme only a proportion of scheme costs can be funded. The additional financing will be met through an additional transfer to the offices repairs and renewals reserve of £35,000 included in the closedown of the revenue accounts for 2012/2013 (see separate report on the agenda), a reduction of £10,000 on the Lynnsport replacement PA project and use of existing Lynnsport repairs and renewals reserve.

**Tuesday Market Place** – An additional £50,000 was agreed at Cabinet on 7 May 2013 to allow the extension of tegula blocks to the junction with St Nicholas Street. A further £12,000 has now been included in the budget to meet the costs which have recently been identified to reinforce areas under the Tuesday Market Place where underground air raid shelters were located.

**Joint Venture – NORA Housing** – The capital programme has been updated to include the costs associated with infrastructure works for phases 1 to 3 and construction costs for phase 1 of the Joint Venture which was approved at Cabinet on 6 June 2012. The details are included in Appendix 2.

- 5.4 Table 4 shows in summary form the proposed programme 2013/2016 after allowing for rephrasing and amendments. Details of the individual schemes for 2013/2016 are given at Appendix 2.

Table 4

	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community and Democracy	1,443	1,359	1,043
Environmental Improvement and Protection	1,223	98	97
Housing General Fund	2,758	1,192	1,222
Performance and Resources	707	230	220
Regeneration	2,674	1,320	185
Safer and Healthy Communities	1,166	1,300	0
Joint Venture - Housing	7,294	2,441	0
<b>Total</b>	<b>17,265</b>	<b>7,940</b>	<b>2,767</b>

## 6 Capital Resources 2013-2016

- 6.1 Table 5 below provides details of the revised estimated capital resources for 2013/2016 updated after funding the 2012/2013 capital programme, and including amendments and rephasing as detailed above.

Table 5

	2013/2014	2014/2015	2015/2016	Total
	£'000	£'000	£'000	£'000
<b>Sources of Finance:</b>				
Specific Capital Grants	577	577	577	1,731
Capital Receipts Housing	150	150	150	450
Capital Receipts General	4,061	1,095	2,200	7,356
External Borrowing	2,000	1,000	0	3,000
Special Expenses	0	30	30	60
<b>Resources for Specific Schemes:</b>				
Reserves	714	498	253	1,465
Unsupported Borrowing	794	306	775	1,875
Salix	19	20	0	39
<b>Reserves:</b>				
Capital Reserves	0	317	0	317
Useable Capital Receipts	0	0	(1,218)	(1,218)
VAT Shelter	1,656	1,505	0	3,161
<b>Joint Venture – NORA Housing</b>				
Sale Receipts	0	6,365	1,500	7,865
External Borrowing	7,294	(3,923)	(1,500)	1,871
<b>Total Resources Available</b>	<b>17,265</b>	<b>7,940</b>	<b>2,767</b>	<b>27,972</b>
<b>Revised Capital Programme</b>	<b>17,265</b>	<b>7,940</b>	<b>2,767</b>	<b>27,972</b>
<b>(Available)/Shortfall in Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 6.2 The funding for the period 2013/2016 was agreed by Council in 21 February 2013. The above table does contain some changes. Where schemes within the programme have been rephased the funding has followed and the figures changed accordingly. The capital receipts have been reviewed and include those sales anticipated to complete during 2013/2014.

## **7. Equality Impact Assessment**

- 7.1 The Council has a statutory requirement to carry out Equality Impact Assessments (EIAs) as part of the service planning and policy proposal processes. This includes significant policy or significant changes to a service and includes potential capital bids, revenue growth bids and proposed reductions in service.
- 7.2 The Council may be required to carry out an impact assessment if the proposal impacts on any of the following:
- Equalities (including impact on issues of race, gender, disability, religion, sexual orientation, age)
  - Community cohesion (whether there is a potential positive or negative impact on relations between different communities)

## **8 Financial Implications**

- 8.1 The financing arrangements for the capital programme are within budget. Where rephasing to/from 2013/2014 is to be made then the funding will follow. As previously noted the MRP charge for 2012/2013 can be met from within the overall revenue outturn for the year.
- 8.2 The revenue implications of all capital schemes will be met from within existing budgets.

## **9. Risk Implications and Sensitivity Analysis**

- 9.1 Risk is inherent in any projection of future funding. The estimated resources available to fund the capital programme 2013-2014 and the risk implications and sensitivity/consequences are detailed in the table below. The level of risk is based on the impact on the funding of the capital programme if the resources are not achieved at the estimated level or at the time expected.

<b>Source of Funding</b>	<b>Risk Implications and Sensitivity</b>	<b>Level of Risk</b>
Capital Grant	<p><b>Risk</b> The capital grant and specific grant included in the resources is a contribution towards housing capital expenditure and Disabled Facilities Grants (DFG). The level of grant included for 2013/2014 is based on the confirmed level of grant. The level of grant is confirmed by Central Government annually and can vary from year to year.</p> <p><b>Sensitivity/Consequences</b> This funding represents 9% of total general fund resources in 2013/2014.</p>	Low
Capital Receipts	<p><b>Risk</b> Capital receipts represent over 41% of the general fund resources available. The actual amount and timing of capital receipts can vary significantly. The achievement of capital receipts is monitored and reported in the monthly monitoring reports to ensure no over commitment. In the case of the VAT Shelter, the Council receives a share of the VAT recovered by Freebridge Community Housing from housing improvement works. The monies are held in reserve and will be used to fund capital expenditure. The amounts included in the resources for the period 2013-2014 are based on the continuing programme of improvement works being carried out towards the decent homes standard.</p> <p><b>Sensitivity/Consequences</b> Capital receipts represent a high proportion of the total general fund resources available to fund the capital programme. The actual level of capital receipts that are achieved is sensitive to market conditions including demand for land and buildings, values and interest rates. The sum total of capital receipts included in the funding table of £7.4m is a challenging target in the current economic climate. In the event that capital receipts are not achieved at the level or within the year estimated it may be necessary to take on additional temporary borrowing at the prevailing interest rates. In the case of the VAT Shelter there is a contractual agreement between the Borough and Freebridge Community Housing for the sharing of VAT reclaimed.</p>	High

Source of Funding	Risk Implications and Sensitivity	Level of Risk
Unsupported Borrowing	<p><b>Risk</b> The proposed capital programme 2013-2014 includes unsupported borrowing for the purchase of equipment and vehicles.</p> <p><b>Sensitivity/Consequences</b> The Council will enter into unsupported borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease.</p>	Low
Reserves	<p><b>Risk</b> Contributions from reserves are based on actual balances as at 1 April 2013.</p> <p><b>Sensitivity/Consequences</b> The reserves are available and as such the sensitivity is low.</p>	Low

9.2 Experience shows that the costs of schemes can also vary. Expenditure on the capital programme is included as part of the monthly monitoring report. Any significant variations on individual schemes will be reported and appropriate action taken

## 10 Policy Implications

The establishment and management of the capital programme are in accordance with the Council's Capital Strategy 2009.

## 11 Statutory Consideration

None

## 12 Consultations

Management Team

## 13 Access to Information

Cabinet Reports  
Background Papers (Government Circulars etc)  
Financial Plan 2012-2016  
Monthly Monitoring Reports 2012/2013

<b>Capital Programme Outturn 2012-2013</b>					<b>Appendix 1</b>
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Community and Democracy</u></b>					
Arts Centre - Upgrade Fire Alarm system	13,600	14,027			427
Car Parks - Pay & Display Machine Replacement	250,000	160,378		89,600	(22)
Car Parks - Counting Machine - Hunstanton	10,000			10,000	
Car Parks - Counting Machine - Kings Lynn	10,000			10,000	
Car Parks - Resurfacing	54,000			54,000	
Car Parks - Decrim vehicles		11,866			(11,866)
<i>Third Party Contribution</i>		(11,866)			11,866
<b>Net Expenditure</b>		-			-
CCTV Communications Upgrade	29,000		(29,000)		
CCTV Control Room Upgrade	70,000			70,000	
Community and Culture Community Grants in Rural Areas (including MUGA)	76,000	76,500			500
Corn Exchange - Emergency Lights	19,500	12,435		7,100	35
Corn Exchange - Repair loading bay paving	9,850	9,551			(299)
Corn Exchange - Replace refrigerant and software	6,000	1,072	(4,900)		(28)
Corn Exchange - Replace/Refub auditorium seating	32,500	32,199			(301)
Corn Exchange - Replace rooftop chiller unit		21,869	4,900	(17,000)	(32)
Crowd Control Barriers	12,000	11,880			(120)
D/ham Market Leisure Ctr - Refurbishment	4,800	4,798			(2)
D/ham Market Leisure Ctr -Floor/Surface Resealing - Main Hall/Dance Studio	10,000	8,622			(1,378)
Downham Market Leisure Centre - Flooring Replacement	20,000			20,000	
Grounds Maintenance Equipment	40,200	16,319			(23,881)
Grounds Maintenance Vehicles	56,800	56,793			(8)
Leisure Card - Gladstone server Platform Upgrade and replament card printers	40,000	851		39,100	(49)
Lynnsport - Athletics Equipment	4,600	2,764			(1,836)
Lynnsport - Bowls Hall lighting	23,000		(23,000)		
Lynnsport - Car Park & Path Repairs	44,350	3,395		41,000	45
Lynnsport - Folding chairs refurb/replacement	2,400	2,490			90
Lynnsport - G3 pitch	28,600	28,600			
Lynnsport - New Fitness Suite/Bowls Hall Changes	325,000	349,418	23,000		1,418
Lynnsport - Replacement PA system	30,000	400		29,600	
Lynnsport - Fire Alarm System Upgrade	10,000	1,400		8,600	
Lynnsport - Floor/Surface Replacement - Entrance/Bowls Hall/Squash Courts/Tumble track	26,000	24,282			(1,718)
Lynnsport - Replacement of Grounds Maintenance Vehicle	7,000	7,158			158
Lynnsport - Sports Hall - Retractable Dividing Wall	10,000			10,000	
Play Activities	43,700	32,879		11,000	179



<b>Capital Programme Outturn 2012-2013</b>					
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	£	£	£	£	£
<b><u>Community and Democracy contd</u></b>					
Play Areas - Replacement Equipment	140,000	139,419			(581)
WREN grant	(40,000)	(44,400)			(4,400)
<b>Net Expenditure</b>	<b>100,000</b>	<b>95,019</b>			<b>(4,981)</b>
Public Art - Maritime Trail	10,000			10,000	
Sports Pavilion - Kingsway - Replacement		5,615			5,615
St James - Pool Plant - UV Water Treatment	24,000	23,589			(411)
St James Pool - Removal of Asbestos	110,400	107,769			(2,631)
St James Pool - Replacement automatic entrance doors and windows	11,800	6,078		500	(5,222)
St James' Pool - Replacement Spin Bikes	20,000	17,939			(2,061)
Town Hall / Archive	12,700	17,964			5,264
West Lynn Boardwalk Refurb		485			485
<b>Total Community and Democracy</b>	<b>1,607,800</b>	<b>1,154,537</b>	<b>(29,000)</b>	<b>393,500</b>	<b>(30,763)</b>
<b><u>Environmental Improvement and Protection</u></b>					
Refuse and Recycling - Vehicles	11,730	11,728			(2)
Recycling Bins	31,540	33,470			1,930
Refuse Communal Food Waste Containers	10,000				(10,000)
Street lighting - Saturday market places KL	10,000			10,000	
Public Cleansing Equipment		58,554			314
Neighbourhood Teams vehicles and equipment	81,920	81,907			(13)
<b>Total Environmental Improvement and Protection</b>	<b>203,430</b>	<b>185,660</b>		<b>10,000</b>	<b>(7,770)</b>

<b>Capital Programme Outturn 2012-2013</b>					
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	£	£	£	£	£
<b><u>Housing General Fund</u></b>					
Disabled Facilities grants	986,000	639,832		346,200	32
Adapt Grant	630,000	262,220		367,800	20
Home Repair Assistance Loan	90,000	9,583		80,400	(17)
Emergency Repair Grant	31,000	830		30,200	30
Additional Adaptation Assistance Loan	40,000	8,135		31,900	35
Careline Grant	92,000	87,215		4,600	(185)
Safe and Secure Grant	49,000			49,000	
<b>Total Private Sector Housing Assistance</b>	<b>1,918,000</b>	<b>1,007,815</b>		<b>910,100</b>	<b>(85)</b>
Affordable Housing Schemes		204,312			204,312
Equity Release Scheme		29,151			29,151
<i>Third Party Contribution</i>		(29,150)			(29,150)
<i>Net Total</i>		<b>1</b>			<b>1</b>
Estate Roads - Resurfacing (former HRA)	10,500			10,000	(500)
STW Refurb/connect to public sewer	224,200	50,149		174,000	(51)
<i>Third Party Contribution</i>		(5,446)			(5,446)
<i>Net Total</i>	<b>224,200</b>	<b>44,703</b>		<b>174,000</b>	<b>(5,497)</b>
STW decommission redundant sites/Refurb pumping stations	25,000			25,000	
Sewerage Infrastructure & surface water drains/ditches	25,000			20,000	(5,000)
<b>Total Housing General Fund</b>	<b>2,202,700</b>	<b>1,256,831</b>		<b>1,139,100</b>	<b>193,231</b>

<b>Capital Programme Outturn 2012-2013</b>					
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	£	£	£	£	£
<b>Performance and Resources</b>					
DDA stage 2 works	20,000	(1,419)		20,000	(1,419)
Health and Safety - Council Facilities	10,900	7,955		3,000	55
Energy Efficiency Projects		32,508			32,508
Stock Condition Priority Works	190,000	180,888		9,000	(112)
WNP - Play Areas		4,840			4,840
WNP - Centre Point		2,464			2,464
ICT Development Programme	295,950	267,718	29,000	150,500	93,268
<i>Third Party Contribution</i>		(433)			(433)
<b>Net Expenditure</b>	<b>295,950</b>	<b>267,284</b>	<b>29,000</b>	<b>150,500</b>	<b>92,834</b>
ICT Microsoft Enterprise Agreement	50,000	59,646			9,646
Derelict Land and Buildings - Compulsory Purchase	40,000	11,387			(28,613)
Investment in General Properties	20,000	28,242			8,242
Solar Panels - King's Court and Lynnsport		250			250
Decommission flood warning sirens	30,000	23,993		6,000	(7)
Replacement Franking Machine	10,500				(10,500)
King's Lynn Depot - Fencing	19,200	12,036		2,000	(5,164)
<i>Third Party Contribution</i>	(5,000)	(5,000)			
<b>Net Expenditure</b>	<b>14,200</b>	<b>7,036</b>		<b>2,000</b>	<b>(5,164)</b>
<b>Total Performance and Resources</b>	<b>681,550</b>	<b>625,075</b>	<b>29,000</b>	<b>190,500</b>	<b>105,025</b>

<b>Capital Programme Outturn 2012-2013</b>					
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	£	£	£	£	£
<b>Regeneration</b>					
Hunstanton Regeneration	155,700	57,161		98,500	(39)
Smaller Regeneration Projects	24,000	10			(23,990)
COWA	1,395,450	1,395,450			
Town Centre Signage	10,000	9,083			(917)
<i>S106 Contribution - Tesco Gaywood</i>	(10,000)				10,000
<b>Net Expenditure</b>		<b>9,083</b>			<b>9,083</b>
Tuesday Market Place Refurb	71,600	39,597		32,000	(3)
<i>NCC Contribution to St Lighting</i>					
<b>Net Expenditure</b>	<b>71,600</b>	<b>39,597</b>		<b>32,000</b>	<b>(3)</b>
King's Lynn Waterfront/Regeneration Projects	20,000	6,710		13,000	(290)
Pontoons	32,500	6,776		25,700	(24)
<b>Nar Ouse Regeneration Area</b>					
Remediation	39,000	76,644	60,000	50,000	27,644
MUGA (Includes Land)	77,000	75,352			(1,648)
Millienium Community Construction	20,000	14,674			(5,326)
Utilities	23,200	122,573			99,373
Landscaping	142,500	86,021	(50,000)	19,000	12,521
Nar Ouse Way Widening	10,000				(10,000)
Other Project Costs	90,000	43,026	50,000	100,000	3,026
Third Party Contributions		(271,629)			(271,629)
<b>Total Nar Ouse Regeneration Area</b>	<b>401,700</b>	<b>146,660</b>	<b>60,000</b>	<b>169,000</b>	<b>(146,040)</b>
Joint Venture/Housing Developments	173,000	78,915	(60,000)		(34,086)
<i>Third Party Contribution</i>		(435,981)			(435,981)
<b>Net Expenditure</b>	<b>173,000</b>	<b>(357,066)</b>	<b>(60,000)</b>		<b>(470,066)</b>
Townscape Heritage Initiative - Derelict Land and Property		1,082			1,082
<b>Total Regeneration</b>	<b>2,273,950</b>	<b>1,305,463</b>		<b>338,200</b>	<b>(630,287)</b>

<b>Capital Programme Outturn 2012-2013</b>					
<b>Scheme Title</b>	<b>Amended Programme 2012/2013</b>	<b>Outturn</b>	<b>Amendments</b>	<b>Rephasing to (from) future years</b>	<b>Variance (under)/over spend</b>
	£	£	£	£	£
<b><u>Safer and Healthy Communities</u></b>					
Hardwick Rd Cemetery - Replacement Bridge		23,952		(23,950)	2
Mintlyn Crematorium - Front of House Improvements		(800)			(800)
Mintlyn Crematorium - Replace existing 3 Cremator	50,000			50,000	
Mintlyn Crematorium - Book of Remembrance Room - Refurb	13,200	5,262			(7,938)
<b>Total Safer and Healthy Communities</b>	<b>63,200</b>	<b>28,414</b>		<b>26,050</b>	<b>(8,736)</b>
<b>Total Capital Programme</b>	<b>7,032,630</b>	<b>4,555,980</b>		<b>2,097,350</b>	<b>(379,300)</b>

			Appendix 2
<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b>Community and Democracy</b>			
Arts Centre Roof Repairs	32,500		
Car Parks - Pay & Display Machine Replacement	89,600		
Car Parks - Counting Machine - Hunstanton	10,000		
Car Parks - Counting Machine - Kings Lynn	10,000		
Car Parks - Resurfacing	54,000	170,500	130,300
CCTV Control Room Upgrade	70,000		
CCTV Wireless Transmission and Camera Replacement	260,000		
Community and Culture Community Grants in Rural Areas (including MUGA)	74,000	74,000	74,000
KL off street car parks - vehicles			10,700
Corn Exchange - Emergency Lights	7,100		
Corn Exchange - Refurb/replace café/bar furniture including outside furniture and extend bars	70,000		
Corn Exchange - Replace flying trusses			10,000
Corn Exchange - Replace Followspots			10,000
Corn Exchange - Replace rooftop chiller unit	48,000		
D/ham Market Leisure Ctr - Refurb Toilets	15,000		
Downham Market Leisure Centre - Flooring Replacement	20,000		
Equipment		100,000	
D/ham Market Leisure Centre - Replacement Spin Bikes		20,000	
D/ham Market Leisure Centre - New Fitness Suite (Building and Equipment)		60,000	500,000
Grounds Maintenance Equipment	40,220	43,370	71,690
Grounds Maintenance Vehicles	124,490		63,700
Leisure Card - Gladstone server Platform Upgrade and replament card printers	39,100		
Lynnsport - Car Park & Path Repairs	41,000		
Lynnsport - Floor/Surface Replacement - General areas/Athletic track/Gymnastics			84,000
Lynnsport - Replacement PA system	19,600		
Lynnsport - Barn/track area asphalt/slabs replacement		10,000	
Lynnsport - Equipment	10,000		8,880
Lynnsport - extension/layout car park	10,000	190,000	
Lynnsport - female changing room refurbishment	15,000		
Lynnsport - Fire Alarm System Upgrade	8,600		
Lynnsport - Fitness Area - replacement air conditioning		10,000	
Lynnsport - Replacement of Track Sweeper		10,000	
Lynnsport - Retractable seating	25,000		
Lynnsport - Sports Hall - Heating Replacement		15,000	
Lynnsport - Sports Hall - Retractable Dividing Wall	10,000		
Lynnsport - Front Entrance	40,000		
Oasis - Cafeteria & Poolside Furniture			20,000
Oasis - Funcastle Vinyl products replacement			15,000
Oasis - Pool Covers / Jacuzzi Refurb		20,000	

<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b>Community and Democracy contd</b>			
Play Activities	11,000		
Play Areas - Replacement Equipment	30,000	30,000	30,000
Public Art - Maritime Trail	10,000		
Resort - Beach Safety Signage			15,000
Resort - Refurb Crazy Golf Course	18,500		
Resort - Vinyl & Banner printer		12,000	
Sports Pavilion - Kingsway - Replacement	298,500		
<i>Third Party Contribution - Sport England</i>	(148,500)		
<b>Net Expenditure Sports Pavilion - Kingsway</b>	<b>150,000</b>		
St James' Pool - Floor/surface replacements		14,000	
St James Pool - Replacement automatic entrance doors and windows	500		
St James Pool - Combined Heat and Power replacement		80,000	
St James' Pool - Boiler Replacement	70,000		
Town Hall / Archive	10,000	500,000	
<b>Total Community and Democracy</b>	<b>1,443,210</b>	<b>1,358,870</b>	<b>1,043,270</b>

<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b><u>Environmental Improvement and Protection</u></b>			
Environmental Monitoring	42,800		
Public Conveniences - Improvements		27,500	
Refuse - Black 240 litre bins for new contract	1,000,000		
Street lighting - Saturday market places KL		10,000	
Public Cleansing Sweepers/vehicles	105,970	60,300	84,400
Public Cleansing Equipment			12,530
Neighbourhood Teams vehicles and equipment	74,280		
<b>Total Environmental Improvement and Protection</b>	<b>1,223,050</b>	<b>97,800</b>	<b>96,930</b>
<b><u>Housing General Fund</u></b>			
Disabled Facilities grants	746,200	400,000	400,000
Adapt Grant	967,800	600,000	600,000
Home Repair Assistance Loan	170,400	60,000	60,000
Emergency Repair Grant	63,200	6,000	6,000
Additional Adaptation Assistance Loan	161,900	10,000	10,000
Careline Grant	160,600	30,000	30,000
Safe and Secure Grant	133,000	30,000	30,000
<b>Total Private Sector Housing Assistance</b>	<b>2,403,100</b>	<b>1,136,000</b>	<b>1,136,000</b>
Estate Roads - Resurfacing (former HRA)	10,500	10,500	10,000
STW connection to public sewer	100,000		
STW Refurb/connect to public sewer	174,000		
STW decommission redundant sites/Refurb pumping stations	50,000	25,000	25,000
Sewerage Infrastructure & surface water drains/ditches	20,000	20,000	10,000
Care and Repair - vehicles			41,000
<b>Total Housing General Fund</b>	<b>2,757,600</b>	<b>1,191,500</b>	<b>1,222,000</b>



<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b><u>Performance and Resources</u></b>			
DDA stage 2 works	40,000		20,000
Health and Safety - Council Facilities	15,000		
Stock Condition Priority Works	174,000		
ICT Development Programme	313,500	150,000	150,000
ICT Microsoft Enterprise Agreement	50,000	50,000	50,000
Decommission flood warning sirens	6,000		
King's Court - Relocate Post Room to Ground Floor	15,000		
King's Court - Front Doors/Lobby	42,000		
King's Court - Externalisation of Downpipes	30,000	30,000	
Derelict Land and Buildings - Compulsory Purchase	20,000		
King's Lynn Depot - Fencing	2,000		
<b>Total Performance and Resources</b>	<b>707,500</b>	<b>230,000</b>	<b>220,000</b>
<b><u>Regeneration</u></b>			
Historic Town Wall	10,000		
Hunstanton Regeneration	348,500	60,000	60,000
Works to Oldsunway Bridge	20,000		
Smaller Regeneration Projects	30,000		
Bus Station Improvements		500,000	
<i>S106 Contribution - Sainsburys</i>		(500,000)	
<b>Net Expenditure</b>		<b>-</b>	
Car Park Signage	190,000		
<i>S106 Contribution - Sainsburys</i>	(190,000)		
<b>Net Expenditure</b>	<b>-</b>		
Environmental Enhancements	50,000	50,000	
<i>S106 Contribution - Sainsburys</i>	(50,000)	(50,000)	
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	
Town Centre Signage	40,000		
<i>S106 Contribution - Tesco Gaywood</i>	(40,000)		
<b>Net Expenditure</b>	<b>-</b>		
Tourist Signs A47		25,000	

<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b>Regeneration continued</b>			
Town Centre public realm/signage/shop frontage improvements	100,000	100,000	
<i>S106 Contribution - Tesco</i>	(100,000)	(100,000)	
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	
Bus Station Improvementa		500,000	
<i>S106 Contribution - Tesco</i>		(500,000)	
<b>Net Expenditure</b>		<b>-</b>	
Market Contributions		90,000	
<i>S106 Contribution - Tesco</i>		(90,000)	
<b>Net Expenditure</b>		<b>-</b>	
Town Centre Promotion		50,000	
<i>S106 Contribution - Tesco</i>		(50,000)	
<b>Net Expenditure</b>		<b>-</b>	
Tuesday Market Place Refurb	915,400		
<i>NCC Contribution to St Lighting</i>	(10,000)		
<b>Net Expenditure Tuesday market Place</b>	<b>905,400</b>		
King's Lynn Waterfront/Regeneration Projects	45,000		
Pontoons	155,700		
<b>Nar Ouse Regeneration Area</b>			
Remediation	100,000	25,000	25,000
Millienium Community Construction	60,000		
Landscaping	69,000	50,000	
Marketing	10,000	10,000	
Other Project Costs	100,000	40,000	
<b>Total Nar Ouse Regeneration Area</b>	<b>339,000</b>	<b>125,000</b>	<b>25,000</b>
Joint Venture/Housing Developments	70,000		
Lynnsport - Improvements (To allow Use of Land)		200,000	
Lynnsport - Resite hockey pitch	210,000	210,000	
Enterprise Centre	500,000	500,000	
Townscape Heritage Initiative		200,000	400,000
Heritage Lottery Funding		(150,000)	(300,000)
<b>Net Expenditure Townscape Heritage Initiative</b>		<b>50,000</b>	<b>100,000</b>
North Lynn Industrial Estate - 1-8 Brygen Rd reroof		150,000	
Harwick Industrial Estate unit 55/56 - externalise drainage downpipes	40,000		
<b>Total Regeneration</b>	<b>2,673,600</b>	<b>1,320,000</b>	<b>185,000</b>

<b>Capital Programme 2013-2016</b>			
<b>Scheme Title</b>	<b>Amended Programme 2013/2014</b>	<b>Amended Programme 2014/2015</b>	<b>Amended Programme 2015/2016</b>
		<b>£</b>	<b>£</b>
<b><u>Safer and Healthy Communities</u></b>			
St Edmunds Church DMkt - relocating grave stones	30,000		
Hardwick Rd Cemetery - Replacement Bridge	36,050		
Mintlyn Crematorium - Replace existing 3 Cremators	1,100,000	1,300,000	
<b>Total Safer and Healthy Communities</b>	<b>1,166,050</b>	<b>1,300,000</b>	
<b><u>Joint Venture - NORA Housing</u></b>			
Phase 1 - Ground and Infrastructure Works	1,293,580		
Phase 1 - Construction	3,100,000	2,300,000	
Phase 1 - Project Fees	190,590	141,410	
Phase 1 - Land	926,000		
Phase 1 - NCC Contributions	(100,000)		
Phase 2 and 3 - Ground and Infrastructure Works	1,883,330		
<b>Total Joint Venture - NORA Housing</b>	<b>7,293,500</b>	<b>2,441,410</b>	
<b>Total Capital Programme</b>	<b>17,264,511</b>	<b>7,939,580</b>	<b>2,767,200</b>

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory/	(a) Be entirely within Cabinet's powers to decide	YES	
	Operational	(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
Lead Member: Cllr N Daubney E-mail:		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Toby Cowper E-mail: <a href="mailto:toby.cowper@west-norfolk.gov.uk">toby.cowper@west-norfolk.gov.uk</a> Direct Dial: 01553 616523		Other Officers consulted: Management Team. Service Managers.		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications NO

**Cabinet Date: 17 June 2013**

## **2 REVENUE OUTTURN 2012/2013**

### **Summary**

The report sets out in summary the revenue outturn of 2012/2013 for the General Fund (council tax accounts). The report shows details of the major differences between actual costs/income and the revised estimates for 2012/2013 reported in February 2013 monitoring.

The accounts show actual Borough spend of £16,905,124 which was £124,046 less than the February Revised Estimate for 2012/2013. This additional saving will be held within the General Fund balance that is carried forwards to 2013/2014.

### **Recommendation**

**It is recommended that Cabinet approves the revenue outturn and proposed transfers to reserves for 2012/2013.**

### **Reason for Decision**

The revenue outturn for 2012/2013 of the Council must be approved by Cabinet prior to the external audit of accounts which commences in July 2013.

## 1 Introduction

- 1.1 This report sets out the revenue outturn of the Council's budget for 2012/2013, the details of which will be used to form the Statement of Accounts later in the year.
- 1.2 The Statement of Accounts for 2012/2013 will be taken to Cabinet on the 16th September, for approval by Council on the 26th September 2013. (By law, the approval and publishing of the Statement of Accounts has to be completed by the 30th September 2013).

## 2 Final Outturn 2012/2013

- 2.1 The revised estimate (in the tables below) has been adjusted from the one reported in the February 2013 monitoring report to allow for the central service recharges. These adjustments are only between portfolios and have no "bottom line" effect. Additionally this estimate differs from the one included in the Financial Plan 2012/2016 as reported to Cabinet in February 2013 where figures were based on information as at October 2012.

	<b>As reported in February monitoring</b>	<b>Adjusted Estimate for Outturn</b>	<b>Movement</b>
	£	£	£
Community and Democracy	3,847,270	4,278,120	430,850
Environmental Improvements and Protection	5,482,230	5,693,790	211,560
Environmental Improvements and Protection	5,482,230	5,693,790	211,560
Housing General Fund	1,736,010	1,907,930	171,920
Performance and Resources	7,501,380	5,412,200	(2,089,180)
Regeneration	369,370	835,970	466,600
Safer and Healthy Communities	164,380	268,340	103,960
Shared Services – Revenues and Benefits	343,530	1,047,820	704,290
	<b>19,444,170</b>	<b>19,444,170</b>	<b>0</b>

Charges made to services across the themes are credited to the Performance and Resources support service budgets. This recharge of support services is required by the accounting guidelines to more properly reflect the full cost of a service. The 'net' impact on the accounts is nil.

2.2 The following table uses the revised estimate adjusted in 2.1 to compare to the actual outturn for 2012/2013.

	<b>Revised Estimate 2012/13</b>	<b>Actual 2012/13</b>	<b>Difference Revised to Actual</b>
	£	£	£
Community and Democracy	4,278,120	4,110,892	(167,228)
Environmental Improvements and Protection	5,693,790	6,014,551	320,761
Housing General Fund	1,907,930	1,184,662	(723,268)
Performance and Resources	5,412,200	5,512,144	99,945
Regeneration	835,970	2,238,094	1,402,124
Safer and Healthy Communities	268,340	254,150	(14,190)
Shared Services – Revenues and Benefits	1,047,820	1,072,126	24,306
<b>Portfolio Totals</b>	<b>19,444,170</b>	<b>20,386,620</b>	<b>942,449</b>
Financing Adjustment	(3,272,930)	(4,339,426)	(1,066,496)
Special Expenses	(551,100)	(551,100)	-
Internal Drainage Boards	2,580,490	2,580,490	-
Government Grant Council			
Tax Freeze	(315,330)	(315,330)	-
New Homes Bonus	(1,052,680)	(1,052,680)	-
Contribution (from)/to Balances	196,550	320,596	124,046
	<b>17,029,170</b>	<b>17,029,170</b>	<b>-</b>

2.3 Service managers over the year ending 31<sup>st</sup> March 2013 have continued to look for opportunities to produce budget savings that support the Council's drive for reduction in costs. These savings have been reported as part of the monthly monitoring process. In setting the estimates for 2012/2013, in February 2012, it was anticipated that there would be a need to draw £761,280 from the general fund balance. Pre out-turn figures show that there will in fact be a contribution of £320,590 to balances which arises from savings in the year of £1 million. A number of the budget savings were 'one-offs' and will not necessarily be repeated in future years. Others were 'early wins' on cost reduction initiatives identified as part of the budget in February 2013 where savings of £466,000 have already been incorporated in the 2012/2016 budget. There are some further savings in the year that will carry forward and will reduce budgets set out in the Financial Plan for 2012/2016. Which will be reported through the monthly monitoring reports in 2013/2014.

2.4 The 2012/2013 outturn is within budget and allows the Council to set aside funds for a variety of future demands in addition to carrying forward a general fund balance that is higher than originally estimated.

**3. The major differences in the revised estimates and the actual costs are as follows:**

**3.1 Community and Democracy – Surplus (£167,228)**

	£
Unsupported Borrowing ( <i>Appendix 3</i> )	28,545
Movements to be explained	(451,078)
Legal Commissioning	6,080
Additional transfers to reserves ( <i>Appendix 2</i> )	157,725
Community Grants*	91,500
<b>Surplus</b>	<b><u>(167,228)</u></b>

\* The community grants are capital expenditure that is charged to the revenue account under accounting regulation (REFCUS - *Appendix 3*). The reason for the negative variance is that no budget was set for this expenditure. The adjustments are reversed out in the Financing Adjustment and have no overall effect on the revenue account.

The major variances are as follows:

- **Councillors Allowances and Expenses**  
The budget was underspent by £26,015, mainly due to savings on Member's allowances.
- **Register of Electors**  
An overall saving of £8,666 was due to printing & postage savings of £15,530 which was offset by additional staff costs of £6,897.
- **Parks, Open Spaces and Sports Grounds**  
A saving of £44,277 is due to underspends of £31,000 on repair works and delays in the purchased equipment for Café in the Walks £8,000.
- **Grounds Maintenance**  
A saving of £5,277 has been made due to additional income generated from the Tech Team Operations.
- **Hunstanton TIC**  
Additional one off costs of £24,296 due to termination of the lease with Hunstanton Town Council.
- **Sport & Recreation**  
Savings of £56,142 were made due to savings on utilities of £39,219, and additional income of £18,226.
- **Corn Exchange**  
Savings of £42,628 were mainly attributable to additional net income from shows of £33,000 and catering of £10,000.

- **Resort Services**  
Savings of £33,760 are mainly due to £9,643 re-allocation of staffing to parking operations, £7,554 additional income, and £20,000 prior year's adjustments on utilities
- **Sports Development**  
An underspend of £9,619 is due to staff savings.
- **Parking Operations**  
A surplus of £239,626 is due to £67,994 of Kings Lynn car parking income that is now being accrued consistently with the rest of the parking service, £64,005 prior year income adjustment and additional income generated of £107,627.

#### Summary of Budget Movements

	£
Councillors Allowances and Expenses	(26,015)
Register of Electors	(8,666)
Parks, Open Spaces and Sports Grounds	(44,277)
Grounds Maintenance	(5,277)
Hunstanton TIC	24,296
Sport & Recreation	(56,142)
Corn Exchange	(42,628)
Resort Services	(33,760)
Sports Development	(9,619)
Parking Operations	(239,626)
Other	(9,364)
<b>TOTAL</b>	<b><u>(451,078)</u></b>

### 3.2 Environmental Improvement and Protection – Deficit £320,761

	£
Movement to explain	345,342
Additional transfer to reserves ( <i>Appendix 2</i> )	64,000
Unsupported Borrowing ( <i>Appendix 3</i> )	(89,829)
Legal Commissioning	1,248
<b>Deficit</b>	<b><u>320,761</u></b>

The major variances are as follows:

- **Refuse and Recycling**  
A deficit of £442,787 due to a change in the calculation of the accounting accrual that affects the Brown Bins service (This resulted in a decrease in income accounted for in 2012/2013) of £200,000 which will now be a credit in 2013/2014, a change in Controlled Waste Regulations which has resulted in some household waste being reclassified as industrial waste and incurring an additional cost of £215,000 and a overspend of £30,000 on the purchase of new bins.



- **Pollution Monitoring, Footway Lighting, R&E Miscellaneous**  
Minor budget underspends against the pollution monitoring; Footway Lighting and Environmental Improvement Miscellaneous budgets resulted in a £30,889 surplus.
- **Public Cleansing**  
A saving of £39,000 due to: seasonal wages and overtime £11,000, supplies and equipment £13,000, purchase of litter bins £6,000 and increased income from dog bin emptying for Parishes £5,000.
- **Public Conveniences**  
A saving of £24,000 has been made due to a refund from suppliers for overpayment in previous years.

#### Summary of Budget Movements

	£
Refuse and Recycling	442,787
Pollution Monitoring, Footway Lighting and R&E Miscellaneous	(30,889)
Public Cleansing	(35,000)
Public Conveniences	(24,000)
Other	(7,556)
<b>TOTAL</b>	<b><u>345,342</u></b>

### 3.3 Housing - Surplus (£674,117)

	£
Movements to be explained	(31,865)
Additional transfers to reserves ( <i>Appendix 2</i> )	52,000
Housing Grants*	(743,403)
<b>Surplus</b>	<b><u>(723,268)</u></b>

\* The Housing Grants are capital expenditure that is charged to the revenue account under accounting regulation (REFCUS - *Appendix 3*). The reason for the positive variance is that the expenditure is less than the budgeted amount. The adjustments are reversed out in the Financing Adjustment and have no overall effect on the revenue account.

The major variances are as follows:

- **Community Centres**  
£5,000 underspent on general repairs in the year.
- **Home Energy Conservation Act**  
A underspend in consultancy, promotion and advertising costs has resulted in a surplus of £5,300.
- **Home Improvement Agency**  
An underspend of £27,000 by West Norfolk Care and Repair.

- **Homechoice**  
Underachievement of income £15,000 due to a significant decrease in the number of properties that Housing Associations have available.
- **Housing Options**  
Savings of £41,641, mostly due to an underspend on projects supported by the external grant through the Homelessness Prevention Fund.
- **Caravan Licensing**  
£11,000 support services expenditure has been transferred from Safer and Healthy Communities Portfolio. There is a corresponding saving in Safer and Healthy.
- **Sewerage**  
An overspend of £10,000 due to: £17,000 expenditure which was incurred in updating a Sewerage plant to ensure it was fit for transfer, offset by £7,000 additional income achieved due to the late transfer of a Sewerage Plant.

#### Summary of Budget Movements

	£
Community Centres	(5,000)
Home Energy Conservation Act	(5,300)
Home Improvement Agency	(27,000)
Homechoice	15,000
Housing Options	(41,641)
Caravan Licensing	11,000
Sewerage	10,000
Other Housing	11,076
<b>TOTAL</b>	<b><u>(31,865)</u></b>

### 3.4 Performance and Resources – Deficit 99,945

	£
Movements to explain	(155,578)
Grant for decommissioning of flood warning sirens*	23,993
Unsupported Borrowing ( <i>Appendix 3</i> )	1,326
Legal Commissioning	16,690
Additional transfers to reserves ( <i>Appendix 2</i> )	213,514
<b>Deficit</b>	<b><u>99,945</u></b>

\* The grants for decommissioning of flood warning sirens are capital expenditure that is charged to the revenue account under accounting regulation (REFCUS - *Appendix 3*). The reason for the negative variance is that no budget was set for this expenditure. The adjustments are reversed out in the Financing Adjustment and have no overall effect on the revenue account.

The major variances are as follows:

- **Central Support Services**  
£171,128 surplus due to two areas where the expenditure has been redistributed to other services but the budget has remained centrally. They are Legal Commissioning £110,000 and Graphics £61,128.
- **Civic Expenses**  
£9,206 underspent due to savings of £5,115 on Civic events.
- **Citizens Panels**  
£5,115 underspent on Citizens Panels.
- **Corporate Costs and Provisions**  
£56,615 surplus due to timings of planned training programmes £33,400, delays with the start of the apprenticeship schemes £13,020 and an additional management recharge to the Parking Service £10,195.
- **Bad Debt Provision**  
An increase in the General Fund bad debt provision of £41,470. This is made up of an additional £9,660 Bad Debt provision for aged debtors and £31,810 for the bad debt 100% provision against Housing Benefits overpayments.
- **VAT issues**  
£96,802 deficit - As per the 2011/2012 Audit report (ISA260) £173,122 of historic VAT debtors have been written off to the revenue account in 2012/2013. Officers will continue to chase the VAT refunds with HMRC. An additional £76,320 VAT refund has been accrued for in 2012/2013, this relates to the historic VAT on car parks.
- **Corporate Management Team**  
Minor budget underspends against the Corporate Management Team adding up to £4,415
- **Democratic Process**  
An additional £178,563 was transferred from the Incinerator campaign reserve at year end. The total spent on the Incinerator campaign for 2012/2013 was £406,562.  
Minor budget underspends against the Democratic Process Support area resulted in an £4,230 surplus.
- **Flood Prevention**  
An additional £20,000 was transferred from the reserve to cover the cost of the condition surveys on the Hunstanton promenade.  
Additionally there is a credit of £4,226 due to incorrect electricity billing for a warning siren.
- **Policy Partnership**  
Minor budget underspends against the Policy Partnership area resulted in a £8,977 surplus.

- **Insurance**  
£28,514 adjustment from the Insurance holding account

#### Summary of Budget Movements

	£
Central Support Services	(171,128)
Civic Expenses	(9,206)
Citizens Panels	(5,115)
Corporate Costs and Provisions	(56,615)
Bad Debt Provision	41,470
VAT issues	96,802
Corporate Management Team	(4,415)
Democratic Process	(4,230)
Flood Prevention	(4,226)
Policy Partnership	(8,977)
Insurance	(28,514)
Other	(1,426)
<b>TOTAL</b>	<b><u><u>(155,580)</u></u></b>

#### 3.5 Regeneration - Deficit £1,402,124

	£
Movements to explain	(92,987)
Legal Commissioning	45,524
Additional Transfers to Reserves ( <i>Appendix 2</i> )	54,137
College of West Anglia Grant*	1,395,450
<b>Deficit</b>	<b><u><u>1,402,124</u></u></b>

\* The College of West Anglia Grant is capital expenditure that is charged to the revenue account under accounting regulation (REFCUS - *Appendix 3*). The reason for the negative variance is that no budget was set for this expenditure. The adjustments are reversed out in the Financing Adjustment and have no overall effect on the revenue account.

The major variances are as follows:

- **Industrial Estates**  
£50,000 surplus due to the completion of an on-going rent review on Saddlebow Industrial Estate,
- **Planning**  
An overall saving of £34,460 due to essential costs on major planning appeals and Section 106 being overspent by £59,490, offset by savings on conservation & heritage grants £7,180, Enforcement and compulsory purchase orders £22,500 and the Local Development Framework £64,270.

- **Rural Transport Development**  
£7,560 overspent due to payment of traffic subsidies relating to previous years.
- **Vancouver Centre**  
£6,845 savings in electricity costs.

#### Summary of Budget Movements

	£
Industrial Estates	(50,000)
Planning	(34,460)
Rural Transport Development	7,560
Vancouver Centre	(6,845)
Other	(9,242)
<b>TOTAL</b>	<b><u>(92,987)</u></b>

#### 3.6 Safer and Healthy Communities – Surplus (£14,190)

	£
Movements to be explained	(14,190)
<b>Surplus</b>	<b><u>(14,190)</u></b>

The major variances are as follows:

- **Dog Warden**  
£8,390 saving due to underspends on the purchase of bins and contracted services.
- **Licences**  
£41,960 surplus due to a change in accounting practise, licensing will now operate as a non profit / loss making service with a zero bottom line.
- **Crematorium**  
£18,370 shortfall in income due to fewer cremations than expected.
- **Open Cemeteries**  
£33,910 shortfall in income received from open cemeteries due to a reduced numbers of burials.
- **Community Safety**  
£9,480 underspend due to savings on the refurbishment of part of the office.

#### Movements to be explained

	£
Dog Warden	(8,390)
Licencing	(41,960)
Crematorium	18,370
Open Cemeteries	33,910
Community Safety	(9,480)
Other	(6,640)
<b>TOTAL</b>	<b><u>(14,190)</u></b>

### 3.7 Shared Services – Revenues and Benefits – Deficit 24,306

Movements to be explained	£ 24,306
<b>Deficit</b>	<u><u>24,306</u></u>

- **Cost of Collection**

£202,954 deficit due to a drop, against budget, in the additional costs recovered on Council Tax of £185,978 and an increase in the Council Tax bad debt provision for cost of £15,714

- **Revenues**

£26,381 surplus mainly due to a underspend on salaries of £21,100.

- **Benefits**

£152,266 surplus mostly due to salary savings of £71,000, savings on software £20,000 and £53,000 on benefit payments due to the return on the benefit subsidy.

Movements to be explained

	£
Cost of Collection	202,954
Revenues	(26,381)
Benefits	(152,266)
<b>TOTAL</b>	<u><u>24,306</u></u>

### 3.8 Financing Adjustment – (£1,071,653)

The major element of the deficit can be explained as follows

	£
Net deficit in interest payments	61,552
REFCUS - Revenue expenditure funded from capital under statute ( <i>Appendix 3</i> )	(767,533)
MRP - A decrease in Minimum Revenue Provision due to a change in calculation methodology	(360,515)
<b>TOTAL</b>	<u><u>(1,066,496)</u></u>

#### **4.0 General Fund Working Balance**

The underspend on the budget for 2012/2013 results in an increase to the General Fund working balance of £124,046 which provides for a revised balance of the General Fund as at 31 March 2013 of £3,872,091.

As per the 2012 - 2016 Financial Plan, approved in February 2013, £2,605,370 of the General Fund working balance has been committed to support the revenue budget in 2014/2015 and 2015/2016.

The remaining balance (above minimum requirements) will be used over a period of years to help maintain council tax levels.

#### **5.0 Policy Implications**

None

#### **6.0 Statutory Considerations**

The revenue outturn for 2012/2013 must be approved by the Council before the external audit of the accounts starting in July 2013.

This year the external audit of the accounts will be carried out, for the first time, by Ernst and Young LLP.

#### **7.0 Consultations**

Leader of Council  
Service Managers

#### **8.0 Access to Information**

Council Agenda/Minutes  
Council Budget Book

**Monitoring report budget adjustments 2012/2013**

<b>Detail</b>	<b>Monitoring Report</b>	<b>£</b>
Licencing - additional income and reduced expenditure	April	(34,020)
Additional income NNDC car parking	July	(30,000)
Resort reduction of casual staff	July	(10,000)
Supplies and Services Lynnsport	July	(5,000)
Grants and subscriptions	July	(5,000)
Leisure Card	July	(6,000)
Sport and recreation venues - reduction in advertising	July	(4,000)
Public Cleansing supplies & services	July	(13,500)
Business Continuity	July	(4,000)
Cost of Collection supplies & services	July	(3,500)
Cost of Collection additional income	July	(96,000)
Corporate Costs supplies & services	July	(48,000)
Departmental budgets	July	(63,600)
Dog Warden supplies & services	July	(3,500)
Community Safety supplies & services	July	(1,910)
Health Promotions small projects	July	(3,000)
Entertainment Licences professional fees	July	(2,000)
Crematorium bungalow rent	July	(2,000)
Export Licences income	July	(2,000)
Entertainment Licences income	July	(5,000)
Gambling Licences income	July	(5,000)
Financial Assistance	July	(14,170)
Refuse and Recycling – advertising	July	40,000
Public Conveniences - water and electricity charges and income	August, September	(44,800)
Corporate - staffing budgets	September	(167,100)
Corporate Training	September	(5,000)
Turnover savings	September	(41,200)
Financial Services - service review	September	(36,000)
Property Services - professional fees	September	(30,000)
King's Court - ground floor works	September	20,000
Utility savings	October	(89,770)
Resort Services - car parking	October	165,000
Resort Services - Seasonal Staff	October	(35,000)
King's Lynn - Car Park income	October	120,000



**Monitoring report budget adjustments 2012/2013 - continued**

Solar Panels feed in tariff	October	(11,000)
Princess Theatre - Repairs	October	40,000
Sport and Recreation - income	October	(100,000)
Refuse and Recycling – shared management costs	October	(33,560)
Car Parking Income - VAT refund	October	(44,000)
Corporate Apprenticeship Scheme	October	13,480
Shared Services - Revs & Bens Created	November	0
Homelessness Grant removed from hsg PF	December	127,470
External Audit change of contract	January	(25,000)
NNDR	January	(17,930)
Regen Projects maintenance and electric costs	January	8,000
P&R Savings	January	(30,930)
Town center advertising income lower	January	10,000
Turnover savings	January	(120,580)
Training underspend	January	(51,000)
IDB's	January	(19,500)
Sport and rec, staff savings & increased income	February	(79,530)
Green Quay	February	25,250
Olympic torch replay	February	9,400
CCTV for Breckland addition income	February	(11,840)
Town Hall repairs and maintenance	February	25,000
Savings on P&R, (mainly public cleans & st light)	February	(75,000)
Careline savings	February	(80,000)
Incinerator additional campaign costs	February	75,000
Departmental budgets	February	(30,000)
Local land charges income shortfall	February	20,000
Town Centre shortfall in rental income	February	10,000
Borrowing and Investments	February	980
Housing Grant for homelessness	February	(127,470)
<b>Sub Total</b>		<b>(957,830)</b>
Net change as detailed in the report		(124,046)
<b>Total</b>		<b>(1,081,876)</b>

**Proposed Transfers to Reserves as at 31 March 2013**

As part of closing the accounts the opportunity has been taken to set up additional transfers to reserves:

<b>Portfolio</b>	<b>Service</b>	<b>Amount to reserve £</b>	<b>Reserve Description</b>	<b>Reason to support proposed transfer</b>
<b>Community and Democracy</b>	Open Spaces	£3,000	Open Spaces	To go towards costs of repainting street furniture
	Corn Exchange	£30,000	Corn Exchange	To fund heating for front of house - (reduce ITS loan)
	St James	£40,000	Swimming Pools	Replacement Boilers St James
	Café in the Walks	£8,000	Open Spaces	Delayed purchase of equipment
	Car parks	£13,000	Revenue Contributions Reserve	Integrated mapping system for lone working
	Car parks	£61,750	Revenue Contributions Reserve	Airwave integration for parking operations and resort services
	Car Parks	£1,975	Upwell Car Park	Funding future repairs as per agreement with interested parties
<b>Environmental Improvement and Protection</b>	Environmental Monitoring	£30,000	RCCO	Revenue contribution to capital outlay for air monitoring equipment
	Public Conveniences	£24,000	Toilet Repairs Reserve	To fund refurbishment work
	Public Cleansing	£10,000	Open Spaces	To fund pavement cleaning
<b>Housing</b>	Careline	£20,000	Careline Control Equipment	Mobile working equipment required to improve service delivery (currently working with ICT)
	Housing Options	£39,000	HGF - Homelessness Strategy	Debt and Welfare Officer Post 2013-2015 (agreed at Management Team Jan 2013)

**Proposed Transfers to Reserves as at 31 March 2013 – continued**

<b>Performance and Resources</b>	Central Support	£100,000	Legal Commissioning	£100,000 transferred to the Legal Commissioning reserve to cover potential legal cost arising from the capital programme and corporate projects.
	Central Support	£85,000	Office Repair reserve	£35,000 transferred to the office repair reserve to fund lobby improvements and £50,000 for water system/tank improvements
	Insurance	£2,347	Insurance General Reserve	Balance from Insurance Holding A/C
	Insurance	£25,287	Theft Reserve	Balance from Insurance Holding A/C
	Insurance	£879	RCCO	Balance from Insurance Holding A/C to maintain Insurance reserves at £125k as per Cabinet Report Oct 2006 & Jun 2008
<b>Regeneration</b>	Industrial Estates	£50,000	Industrial Estates Repairs Reserve	Essential work required on unit 25, Hardwick before it can be let.
	Industrial Estates	£2,049	Industrial Service Reserve	Admin charge from service statements - to use in future years
	Industrial Estates	£738	Industrial Estates Repairs Reserve	Balance on St Johns Sinking Fund
	Regeneration Projects	£305	Growth Point	Balance of grant from previous year to use in 2013/14
	Vancouver Centre	£1,045	Town/Vancouver Centre Reserve	Admin charge from service statements - to use in future years – Balance
	<b>TOTAL</b>	<b>£519,376</b>		

**Glossary of accounting terms used within this report**

- **Unsupported Borrowing**

A form of capital finance funded by revenue either by increased income or a reduction in costs. There is not Government grant to support this form of funding.

- **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is improvement grants made to individuals. These are charged to the Income and Expenditure Account and reversed out as part of the Financing Adjustment.

## REPORT TO CABINET

<b>Open</b>	Would any decisions proposed :			
<b>Any especially affected Wards</b>	(a) Be entirely within Cabinet's powers to decide YES			
<b>None</b>	(b) Need to be recommendations to Council NO			
	(c) Be partly for recommendations to Council NO and partly within Cabinets powers –			
Lead Member: Nick Daubney E-mail:		Other Cabinet Members consulted: None		
		Other Members consulted: None		
Lead Officer: Lorraine Gore E-mail: lorraine.gore@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: David Thomason, Management Team		
Financial Implications NO	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications NO

**Date of meeting: 17 June 2013**

### **3 ANNUAL TREASURY REPORT 2012/2013**

#### **Summary**

The Council has formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (2009) and remains fully compliant with its requirements.

The primary requirements of the Code include:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Receipt by Council of an annual strategy report (including the annual investment strategy report) for the year ahead, a mid year review report and an annual review report of the previous year.

This Annual Treasury Report looks backwards at 2012/2013 and covers:

- the Council's overall borrowing need
- the Council's treasury position/performance;
- the strategy for 2012/2013;
- the economy in 2012/2013;
- borrowing rates in 2012/2013;
- the borrowing outturn for 2012/2013;
- compliance with treasury limits and Prudential Indicators;
- investment rates for 2012/2013;
- investment outturn for 2012/2013;
- debt rescheduling;

During the year the Council maintained a cautious approach to investment and management of debt. Investments returned a percentage of 1.38% exceeding the 7 day LIBID benchmark rate of 0.39%. Interest on debt averaged 2.48% in 2012/2013.

### **Recommendations**

**Cabinet is asked to approve the actual 2012/2013 prudential and treasury indicators in this report and to note the report.**

### **Reason for the Decision**

The Council must make an annual review of its Treasury operation for the previous year, as part of the CIPFA code of Practice.

## **1. Introduction and Background**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Council's Code of Practice on Treasury Management requires that Council consider an Annual Treasury Report looking back at the previous years performance.
- 1.2 This Annual Treasury Report covers:
  - a. the Council's overall borrowing need
  - b. the Council's treasury position/performance;
  - c. the strategy for 2012/2013;
  - d. the economy in 2012/2013;
  - e. borrowing rates in 2012/2013;
  - f. the borrowing outturn for 2012/2013;
  - g. compliance with treasury limits and Prudential Indicators;
  - h. investment rates 2012/2013;
  - i. investment outturn for 2012/2013;
  - j. debt rescheduling;

## 2. The Council's Overall Borrowing Need

- 2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2012/2013 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 2.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.
- 2.3 **Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 2.4 The Council's 2012/2013 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2012/2013 on 3<sup>rd</sup> April 2012.
- 2.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. This includes leasing schemes on the balance sheet, which increase the Council's borrowing need.

CFR	31 March 2012 Actual £000's	31 March 2013 Actual £000's
Opening Balance	14,679	11,732
Add unfinanced capital expenditure	(222)	707
Less MRP	416	230
Less Unsupported Borrowing**	0	590
Less finance lease repayments	2	2
<b>Closing CFR</b>	<b>14,039</b>	<b>11,617</b>
Less correction for unsupported borrowing (see note**)	2,307	
<b>Adjusted Closing CFR</b>	<b>11,732</b>	

\*Following a balance sheet review undertaken by Sector, the Council's treasury advisor, it was identified that the closing CFR, 31 March 2012, as reported in the Statement of Accounts for 2011/2012 was incorrect. The CFR will be amended as part of the closedown of the 2012/2013 accounts. The adjustment required is due to repayments of principal for capital schemes funded by unsupported borrowing which were not reported as an adjustment against the CFR.

- 2.6 **Net borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2012/2013 plus the expected changes to the CFR over 2012/13 and 2013/14. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2012/2013. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

CFR	31 March 2012 Actual £million	31 March 2013 Actual £million
Borrowing	17.62	17.72
Investments	25.73	27.17
<b>Net Position</b>	<b>(8.11)</b>	<b>(9.45)</b>
<b>Closing CFR</b>	<b>11.73</b>	<b>11.62</b>



- 2.7 **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2012/2013 the Council has maintained gross borrowing within its authorised limit.
- 2.8 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
- 2.9 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (Council Tax and Government Grant).

	2012/2013
Authorised limit	£25m
Maximum gross borrowing position	£18m
Operational boundary	£20m
Average gross borrowing position	£13m
Financing costs as a proportion of net revenue stream	4.13%

### 3. Treasury Position/Performance as at 31 March 2013

- 3.1 The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the beginning and the end of 2012/2013 the Council’s treasury position was as detailed in the table below:

	31st March 2012 Principal £ million	Total £ million	Rate/ Return %	31st March 2013 Principal £ million	Total £ million	Rate/ Return %
Borrowing:						
Fixed Rate Funding:						
- PWLB	1.50		2.92	1.30		2.92
- Market	<u>10.00</u>	11.50	3.81	<u>10.00</u>	11.30	3.81
Variable Rate Funding:						
- PWLB	0.00			0.00		
- Market	<u>6.12</u>	<u>6.12</u>	<u>0.37</u>	<u>6.42</u>	<u>6.42</u>	<u>0.31</u>
<b>Total Debt</b>		<b>17.62</b>	<b>2.54</b>		<b>17.72</b>	<b>2.48</b>
*Investments:						
- In-House	25.73		1.57	27.17		1.38
<b>Total Investments</b>		<b>25.73</b>	<b>1.43</b>		<b>27.17</b>	<b>1.38</b>
<b>Net Position</b>		<b>(8.11)</b>			<b>(9.45)</b>	

\*see section 10.13 for explanation of movement, of investment balances

3.2 The maturity structure of the debt portfolio was as follows:

	31 March 2012 Actual £million	31 March 2013 Actual £million
Under 12 months (cash flow)	6.12	6.42
12 months and within 24 months	0.00	0.00
24 months and within 5 years	0.00	0.00
5 years and within 10 years	1.50	1.30
10 years and above	10.00	10.00
<b>Total:</b>	<b>17.62</b>	<b>17.72</b>

3.3 The maturity structure of the investment portfolio was as follows:

	<b>31 March 2012 Actual £million</b>	<b>31 March 2013 Actual £million</b>
Longer than 1 year	0.00	2.00
Under 1 year	25.73	25.17
<b>Total:</b>	<b>25.73</b>	<b>27.17</b>

3.4 As part of the Council strategy in 2012/2013, the Council would avoid locking into longer term deals while investment rates were down at historically low levels unless exceptionally attractive rates were available which would make longer term deals worthwhile.

3.5 The Council invested £2 million with Wyre Forest District Council in January 2013 as 0.75% was offered for 18 months. This investment was prudent as rates at the end of March 2013 for 12 months were being offered at 0.40%, and rates were not expected to rise until quarter 4 of 2014.

**4. The Strategy for 2012/2013**

4.1 Sector, the Council’s treasury advisors, recommended a treasury strategy for 2012/2013, based on their view that the expectation for interest rates anticipated low but rising Bank Rate (starting in quarter 4 of 2014) with similar gradual rises in medium and longer term fixed borrowing rates over 2012/2013. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

The actual movement in gilt yields meant that PWLB rates fell sharply during the year and to historically very low levels. This was caused by a flight to quality into UK gilts from EU sovereign debt and from shares as investors became concerned about the potential for a Lehmans type crisis of financial markets if the Greek debt crisis were to develop into a default and exit from the Euro.

During the second and third quarters, rates rose gradually and agreement of a second bail out for Greece in December saw the flight to quality into gilts reverse somewhat, as confidence rose that the Eurozone crisis was finally subsiding. However, gilt yields then fell back again during February and March as Eurozone concerns returned, with the focus now shifting to Cyprus, and flight to quality flows into gilts resumed. This was a volatile year for PWLB rates, driven by events in the Eurozone which oscillated between crises and remedies.

4.2 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and reduce counterparty risk.

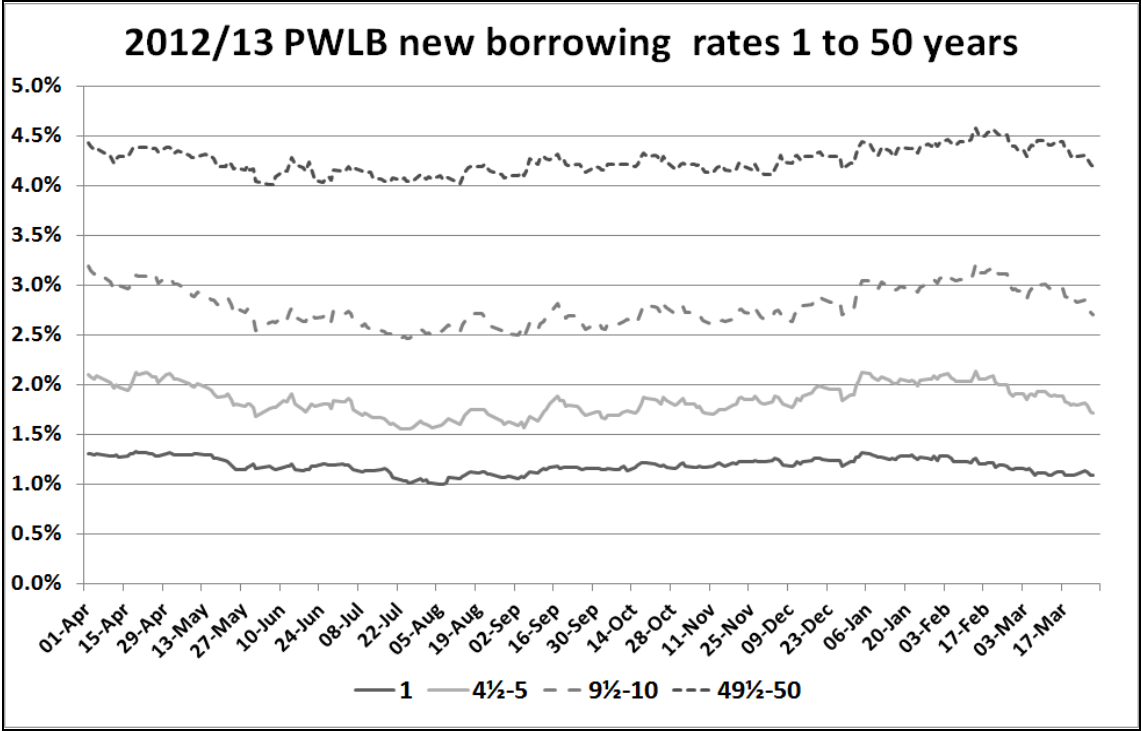
4.3 The actual movement in interest rates broadly followed the expectations.

## **5. The Economy 2012/2013**

- 5.1 The original expectation for 2012/2013 was that Bank Rate would not rise in 2012/2013 or 2013/2014 and for it to start gently rising from quarter 4 2014. This forecast rise has now been pushed back to a start in quarter 1 2015 at the earliest. Economic growth (GDP) in the UK was virtually flat during 2012/2013, due to the UK austerity programme, subdued domestic consumer expenditure, a lack of rebalancing of the UK economy to exporting and weak growth in our biggest export market - the European Union (EU). This weak UK growth resulted in the Monetary Policy Committee increasing quantitative easing (QE) by £50billion in July to a total of £375billion. Bank Rate, therefore, ended the year unchanged at 0.5%, while Consumer Price Index (CPI) inflation has remained stubbornly high and above the 2% target, starting the year at 3.0% and still being at 2.8% in March; however, it is forecast to fall to 2% in three years' time. The EU sovereign debt crisis was an ongoing saga during the year, with an eventual very protracted agreement of a second bailout for Greece in December followed by a second major crisis, this time over Cyprus, towards the end of the year.
- 5.2 Gilt yields oscillated during the year as events in the ongoing Eurozone debt crisis ebbed and flowed, causing corresponding fluctuations in safe haven flows into / out of UK gilts. This, together with a further £50billion of QE in July and widely expected further QE still to come, combined to keep PWLB rates depressed for much of the year at historically low levels.
- 5.3 The Funding for Lending Scheme, announced in July, has resulted in a flood of cheap credit being made available to banks and this has resulted in money market investment rates falling drastically in the second half of the year. However, perceptions of counterparty risk have improved after the European Central Bank (ECB) in July that it would do "whatever it takes" to support struggling Eurozone countries. This has resulted in some return of confidence to move away from only very short term investing.
- 5.4 The UK coalition Government maintained its tight fiscal policy stance against a background of warnings from two credit rating agencies that the UK could lose its AAA credit rating. Moody's followed up this warning by actually downgrading the rating to AA+ in February 2013 and Fitch then placed their rating on negative watch, after the Budget in March.

**6 Borrowing Rates in 2012/2013 – (Rates based on PWLB maturity profiles)**

6.1 **PWLB borrowing rates** - the graph and table for PWLB maturity rates below show, for a selection of maturity periods, the range (high and low points) in rates, the average rates and individual rates at the start and the end of the financial year.



PWLB borrowing rates 2012/13 for 1 to 50 years									
	1	1-15	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
2/4/12	1.290%	1.350%	1.600%	1.820%	2.070%	3.250%	4.370%	4.410%	1.490%
28/3/13	1.130%	1.160%	1.350%	1.540%	1.750%	2.840%	4.070%	4.220%	1.470%
High	1.330%	1.400%	1.690%	1.910%	2.150%	3.290%	4.440%	4.590%	1.500%
Low	1.000%	1.030%	1.170%	1.320%	1.520%	2.520%	3.810%	3.960%	1.440%
Average	1.185%	1.229%	1.440%	1.631%	1.847%	2.871%	4.094%	4.250%	1.467%
Spread	0.330%	0.370%	0.520%	0.590%	0.630%	0.770%	0.630%	0.630%	0.060%
High date	20/4/12	20/4/12	20/4/12	20/4/12	20/4/12	20/2/13	20/2/13	20/2/13	18/4/12
Low date	2/8/12	2/8/12	23/7/12	23/7/12	23/7/12	23/7/12	18/7/12	1/6/12	24/10/12

## **7 Borrowing Outturn for 2012/2013**

### **7.1 The Council Strategy was based on the following views:**

- *The Council will only borrow if it is financially advantageous to do so.*
- *The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years*
- *Temporary borrowing from the money markets or other local authorities*
- *PWLB (Public Works Loan Board) variable rate loans for up to 10 years*
- *Short dated borrowing from non PWLB below sources*
- *Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.*
- *PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt*

### **7.2 In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:**

- *if it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

### 7.3 Borrowing as at 31<sup>st</sup> March 2013:

Start Date	End Date	Loan No	Value £	Institution	Rate	Term
11.06.07		3645	20,000	Kings Lynn Festival	0.00%	7 day notice
18.03.13	16.04.13	3780	4,000,000	Middlesbrough Council	0.30%	Short Term
19.03.13	05.04.13	3781	1,400,000	City & County of Swansea	0.35%	Short Term
25.03.13	25.04.13	3782	1,000,000	Shropshire & Wrekin Fire Authority	0.30%	Short Term
<b>Total Short Term</b>			<b>6,420,000</b>			
22.03.07	21.03.77	5888	5,000,000	Barclays – fixed rate LOBO (lenders option, borrowers option)	3.81%	Long Term – fixed for initial 10 year period, and option to change every 5 years thereafter
12.04.07	11.04.77	5887	5,000,000	Barclays – fixed rate LOBO (lenders option, borrowers option)	3.81%	Long Term - fixed for initial 10 year period, and option to change every 5 years thereafter
15.09.09	14.09.19	495951	1,300,000	PWLB	2.92%	Long Term – fixed for 10 years
<b>Total Long Term</b>			<b>11,300,000</b>			
<b>Total Borrowing</b>			<b>17,720,000</b>			

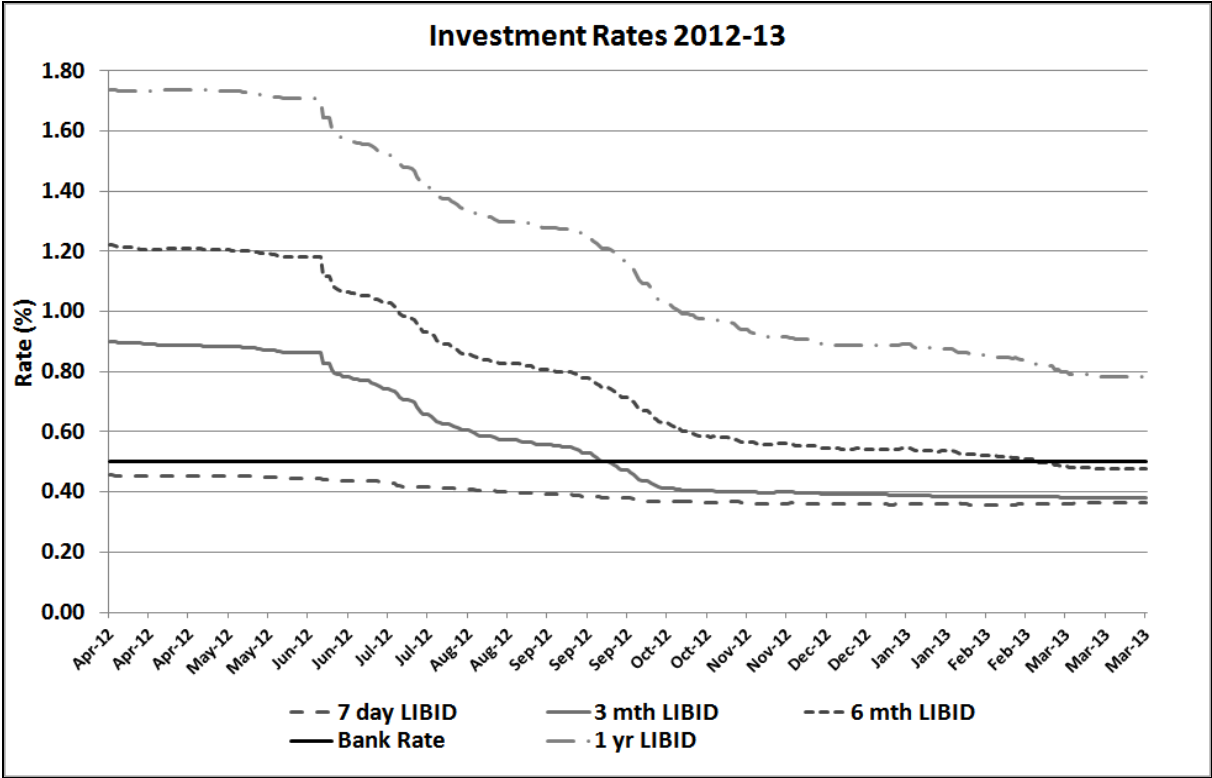
The table at 3.1 shows average rate of debt as being 2.48%.

## 8. Compliance with Treasury Limits

- 8.1 During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in appendix 1.

**9. Investment Rates in 2012/2013**

9.1 Bank Rate remained at its historic low of 0.50% throughout the year; it has now remained unchanged for four years. Market expectations of the start of monetary tightening were pushed back during the year to early 2015 at the earliest. The Funding for Lending Scheme resulted in a sharp fall in deposit rates in the second half of the year.



**10. Investment Outturn for 2012/2013**

10.1 **Internally Managed Investments** - The Council manages its investments in-house and invests with the institutions listed in the Council’s approved lending list. The Council invests for a range of periods, dependent on the Council’s cash flows, its interest rate view and the interest rates on offer. During the year, all investments were made in full compliance with this Council’s treasury management policies and practices.

10.2 **Investment Strategy** - The expected short-term investment strategy for in-house managed funds was:

10.3 *In-house funds: The Council’s in-house managed funds are currently made up of both cash-flow derived and longer term investments. Investments will accordingly be made with reference to the core balance, cash flow requirements and the need to finance the capital programme. This means that both the outlook for short-term interest rates (i.e. rates for investments up to 12 months) and longer term interest rates (over one year) will be considered when making investments.*



- 10.4 *Bank Rate has been unchanged at 0.50% since March 2009. Bank rate is forecast to commence rising in quarter 3 of 2013 and then to rise steadily from thereon. There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.*
- 10.5 *The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this council.*
- 10.6 *For 2012/2013, it is suggested by the Councils advisors, that due to current market conditions, all investments should be made for periods less than 364 days, due to risk as detailed in the creditworthiness policy. The Council will continue to monitor creditworthiness on a daily basis.*
- 10.7 *For its cash flow generated balances, the Council will seek to utilise its business reserve accounts and short-dated deposits (over night to three months) in order to benefit from the compounding of interest.*
- 10.8 **Investments for 2012/2013** - Detailed below is the result of the investment strategy undertaken by the Council.

	<b>Investments as at 1 April 2012 (£millions)</b>	<b>Investments as at 31 March 2013 (£millions)</b>	<b>Rate of Return (net of fees) %</b>	<b>Benchmark Return %</b>
<b>Internally Managed</b>	25.70	27.17	<b>1.38</b>	<b>0.39</b>

Investments as at 31<sup>st</sup> March 2013:

Institution	Principal	Start Date	End Date	Rate %	Ratings
Natwest (Fixed)	1,300,000	05/04/2012	08/04/2013	2.25	A
Bank of Scotland	2,000,000	12/04/2012	11/04/2013	3.00	A
Natwest (Fixed)	3,000,000	23/05/2012	22/05/2013	2.25	A
Natwest (Fixed)	2,000,000	22/08/2012	21/08/2013	2.25	A
Natwest (Fixed)	500,000	22/08/2012	21/08/2013	2.25	A
Natwest call account	200,000	22/03/2013		0.50	A
Barclays FIBCA**	2,400,000	12/11/2012		0.30	A
Bank of Scotland	2,000,000	22/11/2012	22/11/2013	1.90	A
Bank of Scotland	3,000,000	26/11/2012	26/11/2013	1.90	A
Nationwide	2,000,000	20/12/2012	20/06/2013	0.59	A+
Birmingham City Council	1,900,000	28/01/2013	27/01/2014	0.52	AAA
Barclays FIBCA**	2,600,000	20/12/2012		0.30	A
Wyre Forest District Council	2,000,000	14/01/2013	14/07/2014	0.75	AAA
Roydon Parish Council	4,000	19/02/2013	01/04/2016	1.50	AAA
Standard Chartered Certificate of Deposit	2,000,000	21/01/2013	20/01/2014	0.62	AA-
Primerate Money Market Fund	270,000	25/03/2013		0.40	AAA
<b>Total</b>	<b>27,174,000</b>				

\*\* Barclays FIBCA (Flexible Interest Bearing Current Account) deposits are in a current account which attracts an additional 0.40% bonus when the investments are held in the account for a year

- 10.9 The benchmark rate is derived from the 7 day LIBID (London Interbank Bid Rate) rate. The Council exceeded this rate, as investments were tied in for longer periods to take advantage of higher interest returns while the bank rate remained at 0.50%.
- 10.10 In addition, the Council utilised business reserve accounts which were providing higher returns from those available on the markets, due to problems with the worlds' financial markets. The Council targeted investments with banks which met their minimum criteria counterparty limits. If changes in ratings occurred to banks where funds were deposited, this was noted on Monthly Monitoring reports and reviewed.
- 10.11 In addition the Council also ensured priority was given to security and liquidity in order to reduce counterparty risk. This was achieved by adopting Sector's methodology of using ratings from three agencies to provide the core element of the credit watch service with outlooks and credit default swaps spreads to give early warning signs of changes, and sovereign ratings to select counterparties.
- 10.12 No institutions in which investments were made had any difficulty in repaying investments and interest in full during the year.

## **11.0 Debt Rescheduling**

11.1 The Authority did not reschedule any debt during the year.

## **12.0 Summary**

12.1 In summary the Council:

- Did not pursue any debt rescheduling as long term loans were reviewed against future long term rates and early repayment penalties, which were proven to be disadvantageous.
- Undertook a lending list review to ensure security and liquidity were maintained.
- Took advantage of higher business reserve account rates on short term investments, and tied in rates for fixed term investments to take advantage of higher interest rate returns (while bank rate remained at 0.50%).
- Ensured counterparty listings on our lending lists were maintained and updated regularly, and reported on monthly monitoring reports if changes occurred to any banks where funds were deposited.
- Ensured priority was given to security and liquidity in order to reduce counterparty risk. This was achieved by adopting Sector's methodology of using ratings from three agencies to provide the core element of the credit watch service with outlooks and credit default swaps spreads to give early warning signs of changes, and sovereign ratings to select counterparties.

## APPENDIX 1: PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2011/12	2012/2013
<b>(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT</b>	<b>£'000</b>	<b>£'000</b>
	<b>Actual</b>	<b>Actual</b>
<b>Capital Expenditure</b>	5,544	4,435
<b>Ratio of financing costs to net revenue stream</b>	2.50%	1.34%
<b>Net borrowing requirement</b>		
brought forward 1 April	15,420	17,620
carried forward 31 March	17,620	17,720
in year borrowing requirement	2,200	100
<b>Net Investment</b>		
brought forward 1 April	26,567	25,731
carried forward 31 March	25,731	27,205
in year investment	(836)	1,474

PRUDENTIAL INDICATOR	2011/12	2012/2013
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000
	Actual	Final
<b>Authorised limit for external debt -</b>		
Borrowing	35,000	25,000
<b>Operational boundary for external debt -</b>		
Borrowing	32,000	20,000
<b>Actual External Debt</b>	17,620	17,720
<b>Upper limit for fixed interest rate exposure</b>		
Net principal re fixed rate borrowing /investments	32,000	20,000
<b>Upper limit for variable rate exposure</b>		
Net principal re variable rate borrowing / investments	22,000	20,000
<b>Upper limit for total principal sums invested for over 364 days</b>		
(per maturity date)	No limit	No limit

Maturity structure of fixed rate borrowing during 2012/2013	upper limit	lower limit
under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%