

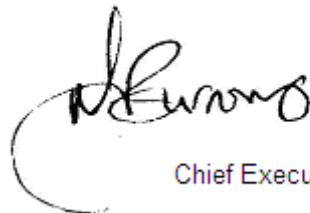


SUMMONS TO COUNCIL

date Thursday, 11 July 2013
commencing at 10:30

venue County Hall, West Bridgford,
Nottingham

You are hereby requested to attend the above Meeting to be held at the time/place and on the date mentioned above for the purpose of transacting the business on the Agenda as under.



Chief Executive

- | | | |
|----------|---|--------|
| 1 | Minutes of the last meeting held on 16th May 2013 | 7 - 22 |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 4 | Chairman's Business
Presentation of Awards/Certificates (if any) | |
| 5 | Constituency Issues (see note 5 below) | |
| 6 | Presentation of Petitions (if any) (see note 6 below) | |
| 7 | Questions
(a) Questions to Nottinghamshire Police Authority and Nottinghamshire and City of Nottingham Fire Authority

(b) Questions to Committee Chairmen | |

MOTION ONE

“This Council recognises the suffering forced upon local residents as a result of the Coalition Governments cuts programme and the impact upon the NHS and local government, and asserts that there is an alternative to its ideologically driven attack upon the lowest paid and public services – namely the levy of a Financial Transaction Tax of 0.05% on speculative banking transactions.

This Council therefore calls upon the Government to enact a Financial Transaction Tax and use the revenues from this measure to tackle poverty and reverse on-going reductions in Central Government Funding to the NHS and local councils.”

Councillor Ian Campbell

Councillor Alan Rhodes

MOTION TWO

“This Council calls upon the Government to keep the East Coast Mainline in public hands and not to re-privatise.

Such a step would not require a spending commitment from a future chancellor. It would mean that the contributions made by fare-paying passengers and other tax payers could be used for cutting fares or for public reinvestment in rail, and not diverted into the pockets of private company shareholders.

We recognise that the rail network is vitally important to the UK’s economic and social livelihood as well as a greener and more sustainable future and is key to economic regeneration and job creation across the country.

However, the present structure of the UK rail network does not provide value for money or fairness for passengers and taxpayers. The UK has the highest fares in Europe, with no incentive for private investment, and public subsidy that has doubled since privatisation.”

Councillor Ian Campbell

Councillor Alan Rhodes

10 Adjournment Debate (if any)

NOTES:-

NOTES:-

(A) For Councillors

(1) Members will be informed of the date and time of their Group meeting for Council by their Group Researcher.

(2) The Chairman has agreed that the Council will adjourn for lunch at their discretion.

(3) (a) Persons making a declaration of interest should have regard to the Code of Conduct and the Procedure Rules for Meetings of the Full Council. Those declaring must indicate whether their interest is a disclosable pecuniary interest or a private interest and the reasons for the declaration.

(b) Any member or officer who declares a prejudicial interest in an item must withdraw from the meeting during discussion and voting upon it, unless a dispensation has been granted. Members or officers requiring clarification on whether to make a declaration of interest are invited to contact the Monitoring Officer or Democratic Services prior to the meeting.

(c) Declarations of interest will be recorded and included in the minutes of this meeting and it is therefore important that clear details are given by members and others in turn, to enable the Team Manager, Democratic Services to record accurate information.

(4) Members are reminded that these papers may be recycled. Appropriate containers are located in the respective secretariats.

(5) Members are given an opportunity to speak for three minutes on any particular issue which relates to matters relevant to their constituencies or any particular issues arising in their electoral division. This would be an opportunity simply to air these issues in Council meeting. It would not give rise to a debate on the issues or a question or answer session



Nottinghamshire County Council

Meeting COUNTY COUNCIL

Date Thursday, 16th May 2013 (10.00 am – 1.15 pm)

Membership

Persons absent are marked with `A`

COUNCILLORS

Carol Pepper (In the Chair until the election of a new Chairman)

Barrie Cooper (Vice Chairman)

John Allin (Chairman)

Pauline Allan (Vice-Chairman)

Reg Adair
Roy Allan
Chris Barnfather
Alan Bell
Joyce Bosnjak
Nicki Brooks
Andrew Brown
Richard Butler
Steve Calvert
Ian Campbell
Steve Carr
Steve Carroll
John Clarke
John Cottee
Jim Creamer
Mrs Kay Cutts
Maureen Dobson
Dr John Doddy
Boyd Elliott
Sybil Fielding
Kate Foale
Stephen Garner
Glynn Gilfoyle
Kevin Greaves
Alice Grice
John Handley
Colleen Harwood
Stan Heptinstall MBE
Tom Hollis
Richard Jackson
Roger Jackson
David Kirkham
John Knight

Darren Langton
Bruce Laughton
Keith Longdon
Rachel Madden
Diana Meale
John Ogle
Philip Owen
Michael Payne
John Peck JP
Sheila Place
Liz Plant
Darrell Pulk
Alan Rhodes
Ken Rigby
Tony Roberts MBE
Mrs Sue Saddington
Andy Sissons
Pam Skelding
Stella Smedley MBE JP
Martin Suthers OBE
Parry Tsimbiridis
Gail Turner
Keith Walker
Stuart Wallace
Muriel Weisz
Gordon Wheeler
John Wilkinson
Jacky Williams
John Willmott
Yvonne Woodhead
Liz Yates
Jason Zadrozny

HONORARY ALDERMEN

Mr Martin Brandon-Bravo OBE
Mr John Carter
The Hon. Joan Taylor MBE

OFFICERS IN ATTENDANCE

Mick Burrows	(Chief Executive)
Jayne Francis-Ward	(Policy, Planning & Corporate Services)
Carl Bilbey	(Policy, Planning and Corporate Services)
Anthony May	(Children, Families & Cultural Services)
Tim Gregory	(Environment & Resources)
Gail Holliday	(Policy, Planning and Corporate Services)
Martin Done	(Policy, Planning and Corporate Services)
Chris Holmes	(Policy, Planning and Corporate Services)
David Pearson	(Adult Social Care & Health)
Paul Simpson	(Environment & Resources)
Karen Townrow	(Policy, Planning and Corporate Services)
Anna Vincent	(Policy, Planning and Corporate Services)
Michelle Welsh	(Policy, Planning and Corporate Services)

OPENING PRAYER

Upon the Council convening, prayers were led by the Chairman's Chaplain.

OUTGOING CHAIRMAN'S ADDRESS TO THE COUNCIL

Carol Pepper, outgoing Chairman of the County Council, made a short address, during which she referred to the highlights of her year in office, in particular the visit by Her Majesty The Queen and other members of the Royal Family; the passing through Nottinghamshire of the Olympic Torch; and the lighting of the Beacon at Holme Pierrepont during the Queen's Jubilee celebrations.

1. ELECTION OF CHAIRMAN

It was moved by Councillor Joyce Bosnjak and seconded by Councillor Steve Carroll and:-

RESOLVED: 2013/024

That Councillor John Allin be elected Chairman of Nottinghamshire County Council, until the Annual Meeting 2014.

Arising from the above resolution, Councillor Allin made the prescribed Declaration of Acceptance of Office, was invested with the Chairman's Chain of

Office and assumed the chair. Thereafter, Councillor John Allin's portrait was unveiled by the Chief Executive.

INCOMING CHAIRMAN'S ADDRESS TO THE COUNCIL

Councillor John Allin addressed the Council, thanking members for the opportunity to perform the civic role for the County Council. He indicated that his chosen charity was Rainbows Hospice in Loughborough Leicestershire.

RETIRING CHAIRMAN AND VICE-CHAIRMAN VOTE OF THANKS

At the invitation of the newly elected Chairman, Councillor Mrs Kay Cutts paid tribute to Carol Pepper's contribution to Nottinghamshire Civic life, thanking her for her work as Chairman, and also thanked Barrie Cooper for his work as Vice-Chairman.

The motion was seconded by Councillor Alan Rhodes who articulated Member's appreciation and congratulations for their year of office.

RESOLVED:-2013/025

(1) That Carol Pepper and Barrie Cooper be thanked for their work as Chairman and Vice-Chairman of the Council during the last year, and each be presented with a small gift as a token of thanks.

(2) That Carol Pepper be presented with a Past Chairman's Badge of Office.

Further to the above resolution, the Chairman of the County Council presented to Carol Pepper her Past Chairman's Badge of Office and acknowledged her work during the year.

2. ELECTION OF VICE-CHAIRMAN

The appointment of Councillor Pauline Allan as Vice-Chairman was moved by Councillor Jim Creamer and seconded by Councillor Muriel Weisz

Upon being put to the vote, it was:-

RESOLVED:-2013/026

That Councillor Pauline Allan be appointed Vice-Chairman of Nottinghamshire County Council until the Annual Meeting 2014.

Arising from the above resolution, Councillor Pauline Allan made the prescribed Declaration of Acceptance of Office, was invested with the Vice-Chairman's Chain and took her place alongside the Chairman.

3. COUNTY COUNCIL ELECTIONS

RESOLVED:-2013/027

That the Chief Executive's report on the outcome of the County Council elections held on 2nd May 2013 be noted.

4. RECOGNITION OF MEMBERS AND OFFICERS OF GROUPS

Consideration was given to a report which set out the details of the membership of the political groups on the Council, together with the names of the officers appointed.

It was reported that the Business Manager of the Liberal Democrat Group was Councillor Steve Carr.

RESOLVED:-2013/028

- (1) That the membership of the political groups be noted.
- (2) That, in accordance with the Procedure Rules, the Officers of the Groups be recognised.

5. MINUTES

RESOLVED: 2013/029

That the Minutes of the last meeting of the County Council held on 25th April 2013 be agreed as a correct record and signed by the Chairman.

6. APOLOGIES FOR ABSENCE

There were no apologies for absence.

7. DECLARATIONS OF INTEREST

Councillor Steve Carr declared an interest in agenda item 11(b) Question as he was an employee of the NatWest Bank.

8. CHAIRMAN'S BUSINESS

The Chairman indicated that the order of the agenda would be changed, and Council Questions would be taken after the Appointment to Committee report.

9. CONSTITUENCY ISSUES

Set out in Appendix A to these minutes is a full note of the issues raised by Councillor Gail Turner, on safety problems at Westwood School.

10. PETITIONS

(a) PRESENTATION OF PETITIONS

The following petitions were presented to the Chairman as indicated below:-

- (1) Councillor Keith Longdon requesting the current waiting time on Nottingham Road, Hill Top, Eastwood, be increased from 30 minutes to one hour.
- (2) Councillor Gordon Wheeler regarding the implementation of weight restriction along the full length of Landmere Lane
- (3) Councillor Gail Turner regarding Derbyshire Drive resurfacing
- (4) Councillor Stephen Garner regarding the re-instatement of Bus Stops on Walkden Street, Mansfield

RESOLVED: 2013/030

That the petitions be referred to the appropriate Committees for consideration in accordance with the Procedure Rules, with a report being brought back to Council in due course.

12. AMENDMENTS TO THE CONSTITUTION

Councillor Alan Rhodes introduced the report and moved a motion in terms of the resolution 2013/31 below.

The motion was seconded by Councillor Joyce Bosnjak

Councillor Richard Jackson moved the following amendment which was seconded by Councillor Philip Owen:-

That the motion should be changed to read as follows:-

“That the Constitution be amended as set out in the report, except that the Administration Committee should not be dissolved, reference to it shall not be removed from the Constitution and its duties shall not be reallocated”.

The amendment was put to the meeting and after a show of hands the Chairman declared that it was lost.

The requisite number of Members requested a recorded vote and it was ascertained that the following 33 Members voted **‘FOR’** the amendment:-

‘FOR’

Reg Adair	Keith Longdon
Chris Barnfather	Rachel Madden
Andrew Brown	John Ogle
Richard Butler	Philip Owen
Steve Carr	Ken Rigby
John Cottee	Tony Roberts MBE
Kay Cutts	Sue Saddington
Maureen Dobson	Andy Sissons
Dr John Doddy	Martin Suthers OBE
Boyd Elliott	Gail Turner
Stephen Garner	Keith Walker
John Handley	Stuart Wallace
Stan Heptinstall MBE	Gordon Wheeler
Tom Hollis	Jacky Williams
Richard Jackson	Liz Yates
Roger Jackson	Jason Zadrozny
Bruce Laughton	

The following 34 Members voted **‘AGAINST’** the motion

‘AGAINST’

Pauline Allan	David Kirkham
Roy Allan	John Knight
John Allin	Darren Langton
Alan Bell	Diana Meale
Joyce Bosnjak	Michael Payne
Nicki Brooks	John Peck JP
Steve Calvert	Sheila Place
Ian Campbell	Liz Plant
Steve Carroll	Darrell Pulk
John Clarke	Alan Rhodes
Jim Creamer	Pamela Skelding
Sybil Fielding	Stella Smedley MBE JP
Kate Foale	Parry Tsimbiridis
Glynn Gilfoyle	Muriel Weisz
Kevin Greaves	John Wilkinson
Alice Grice	John Wilmott
Colleen Harwood	Yvonne Woodhead

The Chairman declared that the amendment to the motion was lost. The original motion was then put to the meeting and it was:-

RESOLVED: 2013/031

That the Constitution be amended as set out in the report.

13. APPOINTMENT OF COMMITTEES

An addendum to the report was circulated at the meeting giving details of a proposed Chairman and some Vice-Chairmen.

Councillor Steve Carroll introduced the report and moved a motion in terms of the resolution 2013/32 below.

The motion was seconded by Councillor Nicki Brooks.

RESOLVED: 2013/032

- (1) that the Council confirm the establishment of the following Committees and Sub-Committees of Council with their existing terms of reference and with the membership shown:-

<u>MEETING</u>	<u>NUMBER OF COUNTY CLLRS</u>	<u>LAB</u>	<u>CONS</u>	<u>LIB DEMS</u>	<u>INDT</u>	<u>CLLR DOBSON</u>	<u>OTHER</u>
Adult Social Care and Health Committee	11	6	3	1	1		
Appeals Sub-Committee (pool)	11	6	3	1	1		
Audit Committee	9	5	3	1			
Children and Young People's Committee	11	6	3	2			4 non-voting co-optees
Community Safety Committee	9	5	3	1			
Corporate Parenting Sub-Committee	9	5	3	1			
Culture Committee	11	6	3	1		1	
Economic Development Committee	9	5	3	1			2 non-voting co-optees
Environment and Sustainability Committee	9	5	3	1			

<u>MEETING</u>	<u>NUMBER OF COUNTY CLLRS</u>	<u>LAB</u>	<u>CONS</u>	<u>LIB DEMS</u>	<u>INDT</u>	<u>CLLR DOBSON</u>	<u>OTHER</u>
Finance and Property Committee	11	6	3	1	1		
Grant Aid Sub-Committee	7	4	2	1			
Greater Nottingham Light Rapid Transit Advisory Committee	5	3	1	1			5 City Councillors
Health Scrutiny Committee	6	3	2	1			4 District Council members
Joint Committee on Strategic Planning & Transport	4	2	1	1			4 City Councillors
Joint City/Council Health Scrutiny Committee	8	4	3	1			8 City Councillors
Health and Wellbeing Board	5	3	1	1			13 [see resolution 3(b)]
Local Joint Resolutions Committee	6	3	2	1			
Nottinghamshire Pension Fund Committee	9	5	3	1			
Pensions Investment Sub-Committee	9	5	3	1			8 [see resolution 3(c)]
Pensions Sub-Committee	9	5	3	1			8 plus 2 pensioner reps [see resolution 3(d)]
Personnel Committee	9	5	3	1			
Planning & Licensing Committee	11	6	3	1	1		
Policy Committee	19	10	6	2	1		
Public Health Sub-Committee	9	5	3	1			
Rights of Way Committee	11	6	3	1	1		
Senior Staffing Sub-Committee	9 or 5	5 3	3 1	1 1			
Transport and Highways Committee	11	6	3	1	1		

- (2) That the Health Scrutiny Committee membership include 1 co-opted Councillor with voting rights from each of the following authorities:-
- Ashfield District Council, Bassetlaw District Council, Mansfield District Council and Newark and Sherwood District Council.
- (3) That the other representatives on the above Committees /Sub Committees be appointed as follows:-
- (a) Children and Young People's Committee: One representative of the Church of England Diocese, one representative of the Roman Catholic Diocese, and two Parent Governors.
 - (b) Health and Wellbeing Board: Two District/Boroughs Councillors, six NHS Clinical Commissioning Group representatives, one Healthwatch, one NHS Commissioning Board, three officers – Corporate Director, Adult Social Care, Health and Public Protection, Corporate Director, Children, Families and Cultural Services, Director of Public Health
 - (c) Pensions Investment Sub-Committee: Three City Councillors, two Nottinghamshire District/Borough Council representatives, two Trade Union Representatives, one Scheduled Body representative
 - (d) Pensions Sub-Committee: Three City Councillors, two Nottinghamshire District/ Borough Council representatives, two Trade Union representatives, one Scheduled Body representative plus two pensioner representatives.
 - (e) Economic Development Committee: Two representatives of the Business Community
- (4) That the Senior Staffing Sub-Committee when considering issues relating to the Chief Executive and Corporate Directors will have a membership of 9 Members and when the Sub-Committee considers issues relating to other officers the membership will be 5 Members and that no Member must sit on the Sub-Committee unless they have received appropriate training.
- (5) That the Leader of the Council be an ex-officio member of all committees and sub-committees except the Appeals Sub-Committee, Planning and Licensing Committee, Rights of Way Committee, Senior Staffing Sub-Committee and Joint Committees; with the right to speak but not to vote.
- (6) That the Council make the following appointments of Chairman and Vice-Chairman until the Annual Meeting of the Council in May 2014, it being noted that the appointment of a Chairman and Vice-Chairman of the Senior Staffing Sub-Committee will be a matter for that Sub-Committee:-

Committee	Chairman	Vice-Chairman
Adult Social Care and Health	Muriel Weisz	Yvonne Woodhead
Appeals Sub-Committee	Sheila Place	Nicki Brooks
Audit	Keith Walker	Sheila Place
Children and Young People	John Peck	Liz Plant
Community Safety	Glynn Gilfoyle	Alice Grice
Corporate Parenting Sub-Committee	Liz Plant	None
Culture	John Knight	Alan Bell
Economic Development	Diana Meale	Roy Allan
Environment and Sustainability	Jim Creamer	John Wilkinson
Finance and Property	David Kirkham	Darren Langton
Grant Aid Sub Committee	Joyce Bosnjak	Martin Suthers OBE
Health and Wellbeing Board	Joyce Bosnjak	To be appointed by Board
Health Scrutiny Committee	Kate Foale	Colleen Harwood
Joint Cttee on Planning & Transport	City Councillor	Jim Creamer
Joint Health Scrutiny (with City)	City Councillor	Parry Tsimbiridis
Nottinghamshire Pension Fund	Stella Smedley	Ken Rigby
Pensions Investment Sub-Committee	Stella Smedley	Ken Rigby
Pensions Sub-Committee	Stella Smedley	Ken Rigby
Personnel	Sheila Place	Nicki Brooks
Planning & Licensing	Sybil Fielding	Sue Saddington
Policy	Alan Rhodes	Joyce Bosnjak
Public Health Sub-Committee	Joyce Bosnjak	Glynn Gilfoyle
Rights of Way	Pam Skelding	Rachel Madden
Transport and Highways	Kevin Greaves	Steve Calvert

- (7) That a Mental Health Guardianship Panel be established with 5 members (3 Labour Group, 1 Conservative Group, 1 Liberal Democrat Group), to make decisions on renewal and discharge of guardianship under the Mental Health Act 1983.
- (8) That the 12 places on the Combined Fire Authority will be allocated between the groups as follows:-
- Labour Group 6
 - Conservative Group 4
 - Liberal Democrat Group 1
 - Independent Group 1
- (9) That 1 Majority Group Member be appointed to the Police and Crime Panel
- (10) That the Chairman of the Transport and Highways Committee continue to be the representative appointed to the Bus Lane Adjudication Service Joint Committee and the Parking Adjudication Joint Committee.

- (11) That representatives from the Majority Group be appointed to the following Organisations as shown:-

ORGANISATION	
Local Government Association (LGA)	4
LGA Urban Commission	1
LGA Rural Commission	1
County Councils Network	4

- (12) That the appointment of members of the political groups to committees, sub-committees and joint committees be undertaken by the Team Manager, Democratic Services on behalf of the Chief Executive (the Proper Officer) acting in accordance with the provisions of the Local Government and Housing Act 1989, the Local Government Act 2000 the relevant Statutory Regulations and the Council's Standing Orders.
- (13) That the Team Manager, Democratic Services be authorised to act on behalf of the Chief Executive to appoint people as co-optees to Membership of committees or joint committees when required .

11. QUESTIONS

(a) QUESTIONS TO NOTTINGHAMSHIRE AND CITY OF NOTTINGHAMSHIRE FIRE AUTHORITY

No questions were received

(b) QUESTIONS TO COMMITTEE CHAIRMEN

Two questions had been received as follows:-

- (1) from Councillor Reg Adair regarding the recent downgrade of the Co-operative Bank's debt rating. (Councillor David Kirkham replied)
- (2) from Councillor Richard Jackson regarding the Toton Connect 110 bus service. (Councillor Kevin Greaves replied)

The full responses to these questions are set out in Appendix B to these Minutes.

14. PROVISION OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SUPPORT FOR NOTTINGHAMSHIRE COUNTY COUNCILLORS

Councillor Joyce Bosnjak introduced the report and moved a motion in terms of the resolution 2013/33 below.

The motion was seconded by Councillor David Kirkham

RESOLVED: 2013/033

That the revisions to the new approach to ICT provision for Councillors be agreed.

The meeting closed at 1.15 pm

CHAIRMAN

16 May 2013

APPENDIX A

COUNTY COUNCIL MEETING HELD ON 16th May 2013

3-MINUTE SPEECH

Councillor Gail Turner

"I'd just like to highlight a safety problem at Westwood School which is in my division. Whilst I've been going around the county I've never seen another school that doesn't have safety railings outside of their school gates. Which are there of course to help stop children from running into the road but at Westwood there are no railings outside of the school gate and the reason for this is because the pavement is too narrow which is a bit of a nonsense really because that in itself adds to the safety concerns that I have.

The footpath outside of Westwood School urgently needs to be widened and then railings need to be erected. Westwood is an Infant school so of course the children are very very young indeed and don't have any road sense so we as a council should be doing all we can to make the area around the school as safe as possible for those children. The parents are so worried that they organised a petition and I handed that petition in at the last council meeting.

I do believe that the children of Nottinghamshire must be one of our priorities and these very very young children who attend Westwood school are being exposed to great danger and I hope that that will be rectified at the Transport & Highways Committee in July where I would really like to speak because I do believe that a report has been taken to that committee.

Also I heard the new Leader of the Council speaking today about the '20s Plenty' and putting that outside of every school. Can I say that it is desperately needed at Westwood – we have no protection for those children and I invite the leader to come to Westwood School first and put the '20s Plenty' scheme outside there because I'm sure along with new railings and a widened footpath we will appear to be doing all we can for those very young children."

APPENDIX B

COUNTY COUNCIL MEETING HELD ON 16th May 2013 **QUESTIONS TO COMMITTEE CHAIRMEN**

Question to the Chairman of the Finance And Property Committee from Councillor Reg Adair

Would the Chairman of the Finance & Property Committee comment on the recent downgrade of the Co-operative Bank's debt rating to "junk" status, the potential implications for Nottinghamshire County Council and what, if any, action is necessary to protect the Council's interests?

Response from Councillor David Kirkham, Chairman of the Finance and Property Committee

"As you know the County Council's bank is the Cooperative Bank and it is obviously disappointing that the bank's rating has been downgraded.

The Cooperative has assured us that the ratings in no way indicate any threat to the ability of the Bank to service its customers. The Cooperative Bank is primarily funded by customer deposits and so has good liquidity without recourse to borrowing from capital markets. The downgrade of the Cooperative bonds below investment grade will therefore have minimal impact on the bank.

The rating position is reflected in the Authority's Treasury Management Policy Statement. Agreed at County Council on 28th February 2013, this sets out the Authority's policy on treasury management, in particular its management of counter-party risk and limits to the amount that can be lent to individual institutions. Due to the status of the Cooperative Bank, investments with the bank are limited to call accounts only or fixed term deposits not exceeding 7 days. We do not have any investments with the Cooperative Bank at present.

The Treasury Management Group, chaired by the Section 151 Officer, regularly reviews individual institutions or countries and will suspend counter-parties from the approved lending list if appropriate. The Finance & Property Committee receive regular reports on the Authority's treasury management activity and approved lending list. The Committee last reviewed this on 22nd April 2013; this showed the bank's short-term rating from Fitch as being F2; this has now dropped to F3, whilst the Moody rating has dropped out of "prime".

No additional actions are required by the Authority above those that are undertaken by the Treasury Management Group".

Presently the Authority is in the process of re-tendering banking services and a full assessment of any tendering bank will be undertaken."

Question to the Chairman of the Transport & Highways Committee from Councillor Richard Jackson

“The Chairman of the Transport & Highways Committee will be aware that in January, the County Council launched its Toton Connect Plus 110 bus service to compensate for the loss of the number 17 service run by the now defunct Premiere Travel.

Given the success of the service to date, would the Chairman reassure residents that this service will continue, in view of his statement to committee in January 2013 that the service was “a waste of money”?”

Response from Councillor Kevin Greaves, Chairman of Transport and Highways Committee

“At the outset I want to stress that this Labour administration is fully committed to the provision of good quality transport services in the county.

Naturally, given the financial challenges facing the County Council the Labour Group will have to review all the previous policies and decisions in the forthcoming months. However, I can assure Councillor Jackson that since the Toton Plus service has been introduced there has been a significant increase in patronage; which currently stands at 85 passenger trips per day. The continuation of the service is subject to ongoing operational review of the entire network in order to ensure that the people of Nottinghamshire continue to have good access to local bus services.”

REPORT OF THE FINANCE & PROPERTY COMMITTEE**MANAGEMENT ACCOUNTS 2012/13****Purpose of the Report**

- 1.1 To inform Council of the 2012/13 year end position for the management accounts of the authority.
- 1.2 To request Council:
 - a) Approve the carry forward of £1.4m of savings into 2013/14
 - b) Approve the transfer to County Fund Balances of £12.4m
- 1.3 To inform Council of the position on other reserves of the authority.
- 1.4 To inform Council of capital expenditure and financing in 2012/13.
- 1.5 To inform Council that capital expenditure and borrowing in 2012/13 were managed within the Council's prudential indicators.
- 1.6 To inform Council of treasury management activities during 2012/13.

Information and Advice**2. Background**

- 2.1 The financial position of the County Council has been monitored throughout the financial year, with monthly reports to Corporate Leadership Team and this Committee providing an update of progress, thus ensuring decision makers had access to financial information on a timely basis. Draft Management Accounts were reported at Finance and Property Committee 17 June 2013, this report is the final out-turn for 2012/13.

3. Summary Financial Position

- 3.1 Through continued prudent financial management, Committee budgets have achieved a net underspend of £3.8m or 0.7% of net Committee budgets (corresponding figures for 2011/12 were £34m and 6.3%). Carry Forward requests totalling £1.4m have been submitted to support key areas as detailed in Appendix B (£1.7m in 2011/12).
- 3.2 The net total for restructuring costs is £2.9m of which £0.7m relates to restructuring within the Committees, £1.5m is a contribution to School's restructuring costs, and the remainder relates to trading services. In line with accounting practice, each year a provision is made for estimated costs that are due to fall in the following year based on published Section 188 notices. The figure for 2011/12 that was released into 2012/13 was £5.2m, the corresponding figure accounted for in 2012/13 is £1.3m.
- 3.3 The underspend achieved against Central items has been apportioned between the Council's Redundancy reserve, Capital Projects reserve and the General Fund Balance. This will ensure resources are earmarked to support the Capital programme, thereby reducing future borrowing costs, as well as providing further support for the County Council's requirement to deliver future savings.

- 3.4 Carry Forward requests totalling £1.4m have been submitted to support key areas and future pressures as detailed in Appendix B.
- 3.5 The overall Schools Reserve has decreased by £6.2m to £33m. Within the total, school accumulated balances have decreased by £11m to £25m, of which £4.8m is to fund capital schemes (further information is provided in section 5 and 7.2).
- 3.6 The level of County Fund balances, subject to approval, will increase by £12.43m to £42.1m.
- 3.7 The relevant figures are summarised in Appendix A, showing details for Committee Budgets, Schools, Central items and Use of Reserves and Balances.
- 3.8 Table 1 shows the summary revenue position of the County Council.

Table 1 – Summary Financial Position

Committee	Final Budget £'000	Out-turn £'000	Variance £'000
Children & Young People	160,648	161,315	667
Adult Social Care & Health	195,009	194,948	(61)
Transport & Highways	61,193	60,635	(558)
Environment & Sustainability	27,596	26,975	(621)
Community Safety	4,163	4,088	(75)
Culture	14,382	13,892	(490)
Policy	26,929	25,805	(1,124)
Finance & Property	30,290	29,944	(346)
Personnel	4,697	3,579	(1,118)
Economic Development	898	799	(99)
Net Committee total before restructuring costs	525,805	521,980	(3,825)
Restructuring costs*	-	2,902	2,902
Schools Budgets	1,306	7,486	6,180
Central Items	(30,188)	(49,761)	(19,573)
Forecast prior to use of reserves	496,923	482,607	(14,316)
Carry Forwards from 2011/12	(1,689)	(1,689)	-
Proposed Carry Forwards to 2013/14	-	1,350	1,350
School Statutory Reserve	-	(6,178)	(6,178)
PFI Reserves	2012	1787	(225)
Improvement Programme	(8,130)	(6,547)	1,583
Corporate Pay Review Reserve	1,000	1,000	-
Earmarked Underspending reserve	3,100	3,100	-
Life Cycle Maintenance	500	500	-
DSO Capital Financing	517	503	(14)
Capital Projects Reserve	-	7,500	7,500
Corporate Redundancy Reserve	-	2,800	2,800
Transfer to / (from) reserves	(2,690)	4,126	6,816
Transfer to / (from) General Fund	4,930	12,430	7,500
Net County Council	499,163	499,163	-

*Restructuring costs actually incurred in year were £6.8m. A provision of £5.2m was set aside in 2011/12 to meet this cost. A similar provision has been set aside from 2012/13 to cover the costs of existing Section 188 redundancy notices that will fall in 2013/14. This totals £1.3m.

4. Committee & Corporate Items

The overall net underspend within the Committees is £3.8m, which is 0.7% of the net Committee budgets. The principal reasons for the variations are detailed below.

4.1 Children & Young People (£0.7m overspend, 0.4% of Committee budget)

There is a net overspend of £3.6m in Children's Social Care, consisting of the following:

- £1.5m on external placements for Looked After Children
- £1.5m on staffing in social work teams and the Safeguarding and Independent Review Service, due to the need to use agency staff to cover vacancies
- £0.7m on legal fees
- Net underspend of £0.1m across all other areas of the division

This is offset by an underspend in Youth Families & Culture of £1.5m, the net result of:

- £2.6m underspend due to savings around the new commissioning arrangements for the Early Years and Early Intervention Service
- £0.2m overspend on Young People's Service due to the refurbishment of youth centres
- £0.6m overspend relating to the non-achievement of business case savings & under provision in staffing budgets, all of which have been addressed for 2013-14 as part of the Base Budget Review
- Net overspend of £0.3m across all other areas of the division

There is also an underspend within Education Standards & Inclusion on the preferred travel scheme.

4.2 Adult Social Care and Health (£0.1m underspend, 0.03% of Committee budget)

- The Corporate Director Division is reporting an underspend of £0.05m due to several small underspends.
- The Promoting Independence Division is reporting an underspend of £0.7m due to an underspend on Intermediate Care as a result of paying on spot usage rather than having the running costs of the homes.
- The Joint Commissioning Division is reporting an overspend of £2.2m. This is comprised of a shortfall of £3.2m in Client Contribution Income compared to this year's budget, a £0.7m overspend on Supported Employment and a £0.1m overspend on the ICES Pooled Budget. These overspends are partially offset by a £0.7m underspend on Business Support and a £1.1m underspend on Commissioning.
- The Younger Adults Division is reporting an underspend of £0.3m. This is primarily due to underspends within the Service Director's budget, within Day Services, and Learning Disability Residential Units. These underspends are offset by a shortfall on Continuing Health Care income and overspends in Learning Disability, Mental Health and Physical Disability.
- The Older Adults Division is reporting an underspend of £1.3m. This is primarily due to an underspend of £0.5m on the Refurbishment of the Care and Support Centres and an underspend of £1.0m on the Service Directors development budget, offset by overspends elsewhere.

Earmarked Reserves

The budget contained a planned net use of £7.9m of earmarked reserves to fund specific projects and posts within the department. There has been some delay and slippage with these projects and posts, so the actual net use of these reserves is £4.7m.

In addition the County Council received additional income of £11.6m from Health partners in the form of Section 256 agreements for specific purposes. This has been transferred into earmarked reserves, resulting in an overall net addition of £6.9m into earmarked reserves.

4.3 Transport & Highways (£0.6m underspend, 0.9% of Committee budget)

- There is an under-spend within Highways caused by vacancy savings in relation to posts in the Highways Division, together with additional Section 38 income towards the cost of inspecting new developments and Traffic and Parking Schemes – (together amounting to an under-spend of £2.2m). This has been offset by additional costs on winter service of £0.9m due to the exceptional weather conditions requiring additional salt use and out of hours delivery of service. Additional costs have also been incurred on Road Lighting energy and works of £0.6m due to higher tariff costs being incurred; along with additional expenditure on verges and hedges £0.2m including the A57 project; repairs following accidents and vandalism £0.5m.
- Within Transport & Travel Services savings on Concessionary Travel of £0.2m were delivered due to scheme running costs and reduced payments to Transport Operators; along with lower than anticipated expenditure on Service Development £0.2m. This offset additional bus service costs of £0.2m due to re-tendering services when Premiere Travel went into administration; putting on some additional services which used to be commercial, and lower than forecast ERDF income. There was also an additional cost of £0.1m due to the re-location of the Fleet from Riverside Way to Abbey Road depot in November 2012.
- Further savings were achieved in Business Support of £0.2m due to reduced staffing costs caused by vacant posts.

4.4 Environment and Sustainability (£0.6m underspend, 2.3% of Committee budget)

- Within Waste Management & Energy above budgeted costs on Composting Services through HWRC of £0.1m were incurred; and direct delivery to Landfill of £0.1m partly due to the processing of an additional 8,000 tonnes of waste through the PFI Contract due to the temporary closure of the Eastcroft Incinerator resulting in savings of £0.1m in the Eastcroft Gate Fee.
- The Eastcroft capital works charge was £0.2m lower than anticipated as the value of capital expenditure actually carried out was below that which was forecast due to timing issues.

4.5 Community Safety (£0.1m underspend, 1.8% of Committee budget)

- Coroners & Emergency Planning Division is reporting an underspend of £0.09m due to an over accrual last year.
- Registrars Division is reporting an overspend of £0.16m due to an overspend on employee costs.

- Trading Standards Division is reporting an underspend of £0.11m primarily due to the correct accounting treatment of the Buy with Confidence income and other additional income received.

4.6 Culture (£0.5m underspend, 3.4% of Committee budget)

Youth Families & Culture underspend of £0.5m, consisting of:

- £0.8m underspend in the Sports & Arts service, of which £0.7m is Olympic Legacy funding for which a carryforward has been requested
- £0.2m overspend on Country Parks, largely due to loss of income & emergency repairs caused by bad weather
- £0.1m overspend on ICT equipment in the Library Service

4.7 Policy (£1.1m underspend, 4.2% of Committee budget)

- An overspend of £0.8m occurred in the Business Support Centre due to the additional cost of BMS support. This has been addressed for 2013/14 in the Base Budget Review.
- Communications & Marketing delivered underspends of £0.2m due to higher than expected income in March and savings on Publications.
- Within the Customer Services Centre (CSC) an overspend of £0.1m was incurred due to the CSC taking on additional services in 2012/13. This has been addressed for 2013/14 in the Base Budget Review.
- Democratic Services achieved savings of £0.1m on County Hospitality and Member Development.
- The Improvement Programme underspent by £1.6m due to delays in the Ways of Working programme.

4.8 Finance and Property (£0.3m overspend, 1.1% of Committee budget)

- An overspend of £0.5m occurred in IT Services due to the acceleration of the equipment replacement programme. The additional expenditure has been funded from the equipment replacement reserve.
- Staff savings in Finance & Procurement resulted in an underspend of £0.4m.

4.9 Personnel (£1.1m underspend, 23.8% of Committee budget)

- The underspend is due to savings within Corporate HR on training costs in the Workforce and Organisational Development budget and vacancies held within the HR service to ensure early delivery of the savings for 2013/14.

4.10 Economic Development (£0.1m underspend, 11% of Committee budget)

- The main under-spend of £84k related to the balance of funding on Rural Broadband which will be carried forward to 2013/14 to complete the project and match expected levels of expenditure.

4.11 Carry Forwards

The Council has a carry forward protocol which enables planned savings to be carried forward into the following financial year to support Committee priorities. This approach

encourages rigorous financial management and budgetary control whilst at the same time providing a degree of flexibility for budget managers.

In accordance with this protocol, carry forwards of £1.4m have been requested to support priority areas within Committee budgets in 2013/14. The details are set out in Appendix B.

5. Schools Budgets (£6.2m deficit)

5.1 Schools have transferred a net £6.2m from accumulated balances within the Schools Statutory Reserve. This is broken down as follows:

- £11.0m from Schools balances
- £4.4m into the Non-Individual Schools Budget (ISB) balances
- £0.4m in repayment of loans

6 Central Items (£19.6m underspend)

6.1 Contingency (£18.8m underspend)

The 2012/13 contingency budget was originally set at £16.5m, as summarised in the table below:

Table 2 – Contingency Summary

Budget adjustment	£'000	£'000
Redundancy Contingency	10,000	
General Contingency	4,893	
Non-delivery of savings	1,572	
Original Budget		16,465
Net Departmental Transfers	5,250	
Total Budget		21,715
Approved requests required in year	(2,900)	
Contingency Underspend		18,815

Requests of £2.96m received approval through the budget monitoring report, of which £2.9m was required in 2012/13 and £0.06m is subject to a carry forward request. A full list of individual schemes is included at Appendix C.

6.2 Interest (£4.5m underspend)

The underspend is partly due to a net reduction in interest payable as a result of delays in the phasing of the capital programme, which has reduced the need to undertake additional borrowing in the current year.

In addition, close monitoring of interest rates throughout the year has ensured borrowing was undertaken at optimum points of interest rate fluctuations. Similarly, careful management of the Council's cashflow, has ensured that the Council has achieved an investment rate of 1.19%. This is above the benchmark 7 day rate of 0.3%.

6.3 Statutory Provision for Debt Redemption (£1.4m overspend)

The budget included an estimate of the Minimum Revenue Provision (MRP) that was based on the assumption that the mix of assets types on which capital expenditure would be incurred would be similar to that of previous years. This was not the case and as a result MRP was £1.4m more than had been forecast.

6.4 Government grants (£0.7m overspend)

The variance is due to minor changes across several smaller grants compared to assumptions made at budget setting, ahead of final confirmation.

6.5 Net Other (£1.6m overspend)

The remaining overspend relates to additional costs of ongoing pension enhancements of £0.4m, central write offs £0.3m and the funding of a new reserve to cover the costs of Ash Tree Disease as outlined in the Departmental Reserves section below.

7 Movements on Balances and Reserves (for detail please refer to Appendix D)

7.1 County Fund Balances

Subject to Council approval, County Fund Balances will increase by £12.43m, which represents the planned contribution of £4.93m plus a further £7.5m due to the net underspends set out above. This takes the closing balance to £42.118m.

7.2 Schools Reserve

The Schools Reserve has reduced by £6.2m, which brings the balance at the end of 2012/13 to £33m, analysed in Table 3 below.

Table 3 – Schools Statutory Reserve

Description	Balance £'000
Accumulated schools balances (held by Governors)	25,047
Adjustments:	
Non-Individual Schools Budget Balances	8,795
Internal borrowing against the Reserve (school loans scheme – repayable by schools)	(869)
Schools Statutory Reserve	<u>32,973</u>

The movement in school balances by sector is shown in Table 4.

Table 4 – School Balances by Sector

Sector	01/04/12 £'000	Movement £'000	31/03/13 £'000
Nursery	238	(238)	-
Primary	24,814	(4,841)	19,973
Secondary	8,978	(5,819)	3,159
Special	2,046	(131)	1,915
Total	36,076	(11,029)	25,047

The number of primary and secondary schools with budget deficits has decreased, largely due to some becoming Academies. The total amount owed by schools in deficit is £0.129m and recovery plans have been put in place to address these deficits. Where schools have surpluses above a level regarded acceptable for contingency purposes (5% for secondary schools and 8% for all other schools) these are also monitored and challenged.

7.3 Other Earmarked Reserves

At the end of 2012/13 the total of other 'earmarked' reserves stood at £148.2m, which consists of the following:

- **PFI Reserves**

£32.2m of reserves are held for PFI schemes, this equates to 21.7% of other earmarked reserves. The arrangements for calculating PFI grant result in more grant being received in the early years of a PFI scheme than is needed to meet the payments to providers of the service. These surpluses need to be kept in an earmarked reserve to cover the corresponding deficits in later years. The amounts set aside at the end of 2012/13 are shown in Table 5 below.

Table 5 – PFI set aside as at 31/03/2013

PFI Scheme	£'000
East Leake Schools	2,983
Bassetlaw Schools	862
Waste	28,336
Total	32,179

- **Insurance Reserve**

The Authority operates a self-insurance scheme and covers risks up to an agreed amount. External insurers cover risks in excess of this figure. The Insurance Reserve is set aside to cover possible insurance claims losses that are not yet known about.

Following an assessment of the amount required in this reserve, £2.8m has been transferred, giving a balance of £10.4m as at the 31 March 2013.

- **Capital Projects Reserve**

The Capital Projects Reserve has been built up to support future capital commitments, thereby reducing reliance on borrowing and the associated repayment costs. As identified in Table 1 above, Corporate contributions from in year revenue underspends of £7.5m have been made. This is in line with the proposals contained in the Council's Budget report (28/02/2013). As at the 31 March 2013, the balance on the Capital Projects Reserve is £30.1m.

- **Improvement Programme**

When it was initially approved, the Improvement Programme had a revenue allocation of £21.3m over the five years between 2009/10 and 2013/14. Since then additional funding has been set aside for one off schemes, primarily Ways of Working, and the spending profile of the Programme has been extended to 2015. Permanent funding of £0.5m was approved as part of the Budget Process (Council 28/02/2013).

Expenditure to date has totalled £18.3m with an underspend against budget of £1.6m in 2012/13. For this reason, there was a reduction in the use of the Improvement Programme reserve, as this has been slipped to 2013/14. The budget monitoring report elsewhere on this agenda seeks approval to realign the use of the reserve over the next two years, in line with expenditure projections. The closing balance on the reserve for 2012/13 is therefore £11.4m, and is predicted to be £5.2m at the end of 2013/14.

- **Life Cycle Maintenance**

The Life Cycle Maintenance Reserve was established to spread the cost of maintaining new buildings. An annual contribution is usually made to the reserve in the earlier years which will be gradually offset by increasing maintenance costs as the new buildings become older. A contribution of £0.5m was provided for in the 2012/13 budget which takes the total in the reserve to £4.2m at the end of 2012/13. Due to the Council's savings requirement, a contribution has not been included in the 2013/14 budget but contributions are intended to resume from 2014/15 onwards.

- **Trading Activities**

The principal purpose of the Trading Activities Reserve is to accumulate funds for asset replacement, and after contributions to, and uses of the reserve during 2012/13, there was £3.5m in this reserve at the year end.

- **Corporate Redundancy Reserve**

A Redundancy Reserve of £3.1m was created in 2009/10. In addition a redundancy contingency was provided in each budget to help meet the costs of restructuring. Prudent financial management has ensured that the reserve has not yet been required although future years contingency allocation has reduced. A contribution from the current years underspend of £2.8m is proposed to help meet restructuring costs for future years. Subject to approval, the closing balance of this reserve for 2012/13 will be £5.9m.

- **Corporate Pay Review Reserve**

In line with the planned budget, a contribution of £1m to the Pay Review Reserve has been made. The remaining reserve is earmarked for the future costs of the job evaluation team and any additional costs associated with the Pay Review for Schools. Future review may allow for part of this balance to be released to general fund balances if it is no longer required.

- **Departmental Reserves**

All departments have reserves for identified purposes. In addition, Financial Reporting Standards require grant income to be carried on the Balance Sheet until the conditions of the grant have been satisfied. During the year, these departmental balances increased by a net £7.5m to £38.7m. This is primarily due to funding from the NHS relating to Section 256 funding and the transfer of Public Health.

Following the "Implications of the Ash Tree Disease" report to Transport & Highways Committee (21/03/2013) a new reserve has been created. This will ensure resources are earmarked to enable the potential effects to be managed in a measured and holistic manner. Although there are a number of unknown factors over an uncertain timescale, an estimate of £500,000 has been set aside, and is included in Table 1 above and reflected in Appendix A and D.

8 Capital Expenditure

- 8.1 Capital Expenditure in 2012/13 totalled £104.941m. Table 6 shows the final 2012/13 Capital Programme broken down by Committee.

Table 6 – 2012/13 Capital Expenditure

Committee	Original Budget £'000	Revised Budget £'000	Total Out-turn £'000	Variance £'000
Children & Young People's Services	41,268	39,854	33,389	(6,465)
Adult Social Care & Health	5,341	4,418	3,952	(466)
Transport & Highways	37,240	38,602	38,939	337
Environment & Sustainability	4,920	5,171	4,779	(392)
Culture	7,457	5,147	4,303	(844)
Policy	6,370	8,902	6,511	(2,391)
Finance & Property	9,206	18,080	12,951	(5,129)
Community Safety	0	3	11	8
Personnel & Performance	520	88	106	18
Contingency	6,000	0	0	0
Total	118,322	120,265	104,941	(15,324)

Note: These figures exclude any expenditure from the Schools Devolved Formula Capital Grant of £2.1m and schools' capital expenditure of £6.4m funded from their own revenue budgets.

- 8.2 Appendix E gives a more detailed breakdown of capital expenditure in 2012/13. Some major areas of investment in 2012/13 are listed in Table 7 below.

Table 7 – Major investment areas 2012/13

Committee	Scheme	2012/13 Capital Expenditure £'000
CYPS	School Capital Refurbishment Programme	22,676
	School Basic Need Programme	2,708
	Special Schools Programme	3,800
	Chuter Ede Primary	1,282
	School Access Initiative	752
ASCH	Day Services Modernisation	2,527
	Bassetlaw Specialist Day Centre	1,425
Transport & Highways	Road Maintenance & Renewals	15,311
	Local Transport Plan	8,402
	Mansfield Public Transport Interchange	6,034
	Street Lighting Renewal	2,411
	Transport and Travel Services	2,037
Environment & Sustainability	Local Improvement Schemes	3,861
Culture	West Bridgford Library	4,014
Policy	Ways of Working Programme	6,454
Finance & Property	Building Works	5,817
	Various IT Capital Projects	2,380
	Business Management System	1,522

Capital Programme Variations

8.3 The changes in the gross Capital Programme for 2012/13, since its approval at Council (28/02/12) are summarised in Table 8 below.

Table 8 2011/12 Capital Programme

	2012/13 £'000	£'000
Approved per Council (Budget Book 2012/13)		118,622
Incorporated in Budget report (Council 28/02/13)		
Net slippage from 2011/12 and financing adjustments	13,635	
Approved variations to February Council	4,601	
Re-phasing/slippage from 2012/13 to future years	(16,593)	
Subsequent to Budget Report (Council 28/02/13)		
Variations requiring F&P committee approval (see below)	(2,662)	
Net re-phasing/slippage from 2012/13 to future years	(12,662)	
		(13,681)
Final revised gross Capital Programme		104,941

8.4 The following variations to the Capital Programme were approved by Finance & Property Committee (17 June 2013).

- The 2012/13 Capital Programme for Transport & Highways was varied to reflect that:-
 - £1.320m less external funding than forecast was received for Transport and Highways schemes.
 - Additional works at both the Highways Depot Rationalisation Programme (£0.378m) and the Gamston Depot Salt Barn (£0.078m) have been funded from capital allocations that were originally approved against the Termination of MOPs project.
 - The completion of the Rights of Way scheme has been completed at a cost of £0.002m less than budget.
- The 2012/13 Capital Programme for Environment and Sustainability was varied to reflect that:-
 - revenue funding required to fund expenditure on the Eastcroft Incinerator was £0.238m less than estimated.
 - £0.100m less external funding than forecast was received for Environment and Highways scheme.

- The 2012/13 Capital Programme for Adult Social Care and Health was varied down to reflect underspends following the completion of the Sheltered Employment programme (£0.087m) and the Social Care Transformation Programme (£0.015m)
- The 2012/13 Capital Programme for Finance and Property Committee was varied down to reflect that the £900k grant to Nottinghamshire County Cricket Club has been treated as revenue in nature.
- The 2013/14 Capital Programme for Finance and Property Committee was varied down to include additional borrowing of £650k which will be used to fund an extension to the County Council's Microsoft Enterprise Agreement.
- The 2013/14 Capital Programme for Culture Committee was varied to reflect that:-
 - In conjunction with planned maintenance funding already approved, revenue underspends totalling £0.090m in the Young People's Service are used in 2013/14 to fund a refurbishment project at Balderton Young Peoples Centre.
 - Revenue underspends totalling £0.075m in the Young People's Service are used in 2013/14 to fund a refurbishment project at Bingham Young People's Centre.
- The 2013/14 Capital Programme for Children and Young People's Committee was varied down to reflect that:-
 - The confirmed School Basic Need Grant is £0.260m lower than the estimate that was included in the Budget Report and approved by County Council on 28th February 2013.
- The confirmed School Capital Maintenance Grant is £1.988m lower than the estimate that was included in the Budget Report and approved by County Council on 28th February 2013.

8.5 Maximising the use of grants in 2012/13

Sometimes when there is slippage on a scheme funded by grant, rather than slipping the grant funding for use in the next year, it is possible to use the grant to finance the expenditure on a different scheme in the current year. This does not affect the total expenditure on individual schemes, nor their phasing, but delays the use of prudential borrowing and the consequent impact on the revenue budget of having to set aside a minimum revenue provision (MRP).

Grant funding unapplied totalling £3.2m has been used to fund capital expenditure on the School Capital Refurbishment Programme in 2012/13 that would otherwise have been funded from borrowing.

Slippage/re-phasing of Capital Schemes

- 8.6 In addition to the slippage and re-phasing of schemes incorporated into the Budget Report 2013/14 there has been £12.7m of further net slippage/re-phasing on a number of schemes, of which £10.4m relates to schemes funded by capital allocations (borrowing). The main areas of this further slippage/re-phasing are:

Slippage

- Schools Capital Refurbishment Programme (£3.0m slippage)
- Ways of Working Programme (£1.5m)
- Business Management System (£1.5m)

Acceleration

Acceleration of £2.6m in the Roads Maintenance Programme / Local transport Plan has followed the planned over-programming of schemes.

Capital Financing

- 8.7 The following Table outlines how the 2012/13 capital expenditure has been financed.

Table 9 - 2012/13 Capital Financing

	Original Budget £'000	Revised Budget £'000	Total Out- turn £'000	Variance £'000
Funding Source:				
Prudential Borrowing	64,149	67,298	53,684	(13,614)
Capital Grants	50,102	46,162	46,126	(36)
Revenue/Reserves	4,371	6,805	5,131	(1,674)
Gross Capital Programme	118,622	120,265	104,941	(15,324)

- 8.8 Capital receipts for 2012/13 totalled £2.8m, which is close to the £3.6m anticipated in the 2013/14 budget report. These capital receipts have been set against the principal of borrowing in previous years. Analysis has determined that this application of funding sources is optimum in terms of reducing the impact of the Capital Programme on the revenue account.
- 8.9 Total borrowing for the year is £53.7m, which is £10.4m less than the original planned borrowing for 2012/13 of £64.1m. This is primarily as a result of the slippage/re-phasing of capital expenditure to be funded from prudential borrowing. The corresponding funding (capital allocations) will be carried forward and incorporated into the Capital Programme for 2013/14.
- 8.10 The Capital Programme for 2013/14 will be monitored to ensure that borrowing for 2013/14 is managed within the prudential limits for the year. Funding by borrowing in 2013/14 is now projected to be £83.5m. Although this is £11.1m more than the budgeted borrowing figure in the Budget Report 2013/14, any new capital expenditure slippage in 2013/14 will offset this and the Council's overall level of indebtedness is not expected to exceed previous forecasts. The size of the revised Capital Programme for 2013/14 is £145.4m.

9 Treasury Management Activities

- 9.1 All treasury management activities during 2012/13 were carried out within approved limits and adhered to approved policies and practices. Appendix G provides a full report on these activities.

10 Statement of Accounts

10.1 The pre-audited Statement of Accounts were certified by the S151 Officer before 30th June in line with statutory requirements. This document can be viewed on the Council's website at:

<http://www.nottinghamshire.gov.uk/thecouncil/democracy/finance/statement-of-accounts/>

The Council's external auditor, KPMG, is currently on site and therefore figures are provisional, pending the completion of the audit. In line with statutory requirements the audited Statement of Accounts will be completed by 30th September. This will be reported to Council 26th September and be published on the Council's web site.

Statutory and Policy Implications

11.1 This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATIONS

- 1.) To note the 2012/13 year end revenue position.
- 2.) To approve the year-end carry forwards set out in section 4.12 and Appendix B.
- 3.) To approve the level of County Fund Balances set out in section 7.1 and Appendix A.
- 4.) To note the movements in reserves as detailed in section 7 and Appendix D.
- 5.) To note the Capital Programme and its financing.
- 6.) To note that the Council's Prudential Indicators were not breached in 2012/13.
- 7.) To note the treasury management outturn report in Appendix G.

Paul Simpson
Service Director – Finance & Procurement

For any enquiries about this report please contact:

Pauline Moore - Senior Accountant, Financial Strategy & Accounting
Glen Bicknell - Senior Finance Business Partner, Capital & External Funding
Simon Cunnington – Senior Accountant, Pensions & Treasury Management

Constitutional Comments (KK 2/07/2013)

The proposals in this report are within the remit of Full Council.

Financial Comments (PM 19/06/2013)

The financial implications are set out in the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

MANAGEMENT ACCOUNTS SUMMARY 2012/13

	2012/13 Final Budget £'000	2012/13 Draft Out-turn £'000	Variance £'000
Committee			
Children and Young People	160,648	161,315	667
Adult Social Care and Health	195,009	194,948	(61)
Transport & Highways	61,193	60,635	(558)
Environment & Sustainability	27,596	26,975	(621)
Community Safety	4,163	4,088	(75)
Culture	14,382	13,892	(490)
Policy	26,929	25,805	(1,124)
Finance and Property	30,290	29,944	(346)
Personnel	4,697	3,579	(1,118)
Economic Development	898	799	(99)
Net Committee Total before restructuring	525,805	521,980	(3,825)
Committee Restructuring	-	1,402	1,402
Schools Restructuring	-	1,500	1,500
Net Committee Requirements	525,805	524,882	(923)
Schools Budget (after Dedicated Schools Grant)	1,306	7,486	6,180
Central Items Managed through Finance & Property Committee			
Capital Charges included in Committees	(47,292)	(47,201)	91
Statutory Provision for Debt Redemption	17,399	18,760	1,361
Interest	19,746	15,283	(4,463)
Contingency	18,815	-	(18,815)
Flood Defence Levies	291	265	(26)
Pension Enhancements	1,829	2,236	407
DSO Pension and NJE Costs	801	1,179	378
Write Offs	(218)	114	332
Local Services Support Grant	(1,719)	(921)	798
New Homes Bonus	(1,058)	(972)	86
Early Intervention Grant	(31,062)	(31,098)	(36)
Council Tax Freeze Grant	(7,721)	(7,721)	-
Academies funding transfer recoupment grant	-	(186)	(186)
Contribution to Ash Tree Disease	-	500	500
Expenditure before Use of Reserves	496,922	482,606	(14,316)

Reserves and Balances

Carry Forwards from 2011/12	(1,689)	(1,689)	-
Proposed Carry Forwards to 2012/13	-	1,350	1,350
Schools' Statutory Reserve	-	(6,178)	(6,178)
PFI Reserves:			
East Leake PFI	245	186	(59)
Bassetlaw PFI	274	4	(270)
Waste PFI	1,494	1,597	103
Improvement Programme	(8,130)	(6,547)	1,583
Pay Review	1,000	1,000	-
Earmarked Underspendings	3,100	3,100	-
Life Cycle Maintenance	500	500	-
Capital adjustment with Trading Activities	517	503	(14)
Capital Projects Reserve	-	7,500	7,500
Corporate Redundancy	-	2,801	2,801

Transfer to/(from) County Fund	4,930	12,430	7,500
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Funding Required	499,163	499,163	-
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Funding

Council Tax/Surplus on Collection	(309,811)	(309,811)	-
Revenue Support Grant/Business Rates	(189,352)	(189,352)	-

Total Funding	(499,163)	(499,163)	-
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PROPOSED BUDGET CARRY FORWARDS BY COMMITTEE 2012/13

	£'000	£'000
Adult Social Care and Health		
Care & Support Centres - to complete refurbishments		478
Culture		
Olympic Legacy		692
Finance and Property		
Councillors Divisional Fund		12
Economic Development		
Start-up Business Support	24	
Broadband	84	
Subtotal Economic Development	<hr/>	108
Central items		
Contingency approved in 2012/13 to be spent in 2013/14		60
Total proposed budget carry forward		<hr/> 1,350 <hr/>

ALLOCATIONS FROM CONTINGENCY

	£000	2012/13 £000	£000
Redundancy Contingency Budget	10,000		
General Contingency Budget	4,893		
Non-delivery of savings (net of horizontal savings) Budget	1,572		
Net Contingency Budget		16,465	
Add on departmental transfers:			
ASCH	8,000		
CFCS	4,000		
E&R	1,000		
T&H	(750)		
Procurement	(3,000)		
CFCS pressure materialised - contingency returned	(4,000)		
Subtotal additional transfers		5,250	
Total contingency budget			21,715
Less approved requests:			
Multi Agency Safeguarding Hub – part year effect	(312)		
Increase contribution to Experience Nottinghamshire	(100)		
Procurement Team funding	(440)		
Consultancy-End to End review of the Debt Recovery Process	(42)		
Dilapidations at Riverside Way	(300)		
Contribution to the Royal Visit to Nottingham	(24)		
Olympic & Paralympic Legacy Fund	(1,000)		
Care Home Refurbishment	(300)		
Economic Growth & Tourism	(34)		
Rufford County Park	(140)		
Net realignment of internal recharge budgets	(238)		
County Hall mosaic	(30)		
Subtotal contingency schemes approved in year			(2,960)
Add back approved schemes subject to carry forward			60
Reported underspend on contingency			18,815

SUMMARY OF REVENUE RESERVES

	Brought Forward 01/04/2012 £'000	Use (-) in 2012/13 £'000	Contribution (+) 2012/13 £'000	Transfers 2012/13 £'000	Carry Forward 31/03/2013 £'000
County Fund Balances	29,688	-	12,430	-	42,118
Schools Reserves	39,151	(6,178)	-	-	32,973
Other Earmarked Reserves					
2011/12 Carry Forwards	1,689	(1,689)	-	-	-
2012/13 Carry Forwards	-	-	1,350	-	1,350
Earmarked for Services	-	-	3,642	-	3,642
Corporate Pay Review (schools scheme provision transferred in year)	2,059	(309)	1,000	3,994	6,744
Departmental*	31,182	(9,022)	16,520	-	38,680
PFI Reserves:					
East Leake	3,114	(317)	186	-	2,983
Bassetlaw Schools	1,290	(457)	29	-	862
Waste	26,739	-	1,597	-	28,336
Capital Projects	27,636	(6,391)	8,882	-	30,127
Improvement Programme	17,997	(6,547)	-	-	11,450
Life Cycle Maintenance	3,705	-	500	-	4,205
Trading Activities	3,161	(1,509)	1,874	-	3,526
Corporate Redundancy Reserve	3,119	-	2,799	-	5,918
Insurance	7,571	-	2,790	-	10,361
Subtotal Other Earmarked Reserves	129,262	(26,241)	41,169	3,994	148,184
Total Usable Revenue Reserves	198,101	(32,419)	53,599	3,994	223,275

DEPARTMENTAL RESERVES DETAIL

	Brought Forward 01/04/2012 £'000	Use (-) in 2012/13 £'000	Contribution (+) 2012/13 £'000	Transfers 2012/13 £'000	Carry Forward 31/03/2013 £'000
Adult Social Care and Health & Public Protection					
Asset Replacement	673	(130)	-	-	543
Capital	60	-	-	(60)	-
Sheltered Employment	977	(290)	-	-	687
Other	10,372	(1,489)	13,007	169	22,059
Revenue Grants	5,568	(2,562)	4	(109)	2,901
Children, Families & Cultural Services					
Capital	1,334	(4)	-	-	1,330
Other	3,971	(2,079)	1,189	-	3,081
Revenue Grants	3,172	(1,120)	1,867	-	3,919
Environment & Resources					
Asset Replacement	691	(558)	150	-	283
Capital	1,210	-	-	-	1,210
Other	1,965	(571)	203	-	1,597
Revenue Grants	411	(166)	-	-	245
Policy, Planning & Corporate Services					
Asset Replacement	496	-	-	-	496
Other	57	-	46	-	103
Revenue Grants	225	(53)	54	-	226
Total Departmental Reserves	31,182	(9,022)	16,520	-	38,680

FINAL CAPITAL PROGRAMME 2012/13

CHILDREN AND YOUNG PEOPLE'S SERVICE COMMITTEE
CAPITAL PROGRAMME 2012/13

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Primary Schools					
School Refurbishment Programme	20,421	5,212	25,633	22,676	(2,957)
School Basic Need Programme	9,164	(6,564)	2,600	2,708	108
Special School Programme	3,791	63	3,854	3,800	(54)
School Access Initiative	1,000	187	1,187	752	(435)
Chuter Ede Primary	1,198	113	1,311	1,282	(29)
Brookside Primary	256	(246)	10	1	(9)
Other Projects	2,201	1,350	3,551	1,054	(2,497)
Young People					
Eastbourne Centre	750	-	750	692	(58)
Other Projects	555	(386)	169	38	(131)
Children's Social Care					
Short Breaks Capital Fund	-	355	355	179	(176)
The Big House	1,932	(1,498)	434	207	(227)
Total Committee	41,268	(1,414)	39,854	33,389	(6,465)

**ADULT SOCIAL CARE AND HEALTH COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Older Persons					
Aiming for Excellence	2,000	(2,000)	-	-	-
Learning Disability					
Day Services Modernisation	2,243	537	2,780	2,527	(253)
Bassetlaw Specialist Day Centre	1,098	438	1,536	1,425	(111)
Physical Disability					
Sheltered Employment	-	87	87	-	(87)
Other					
Social Care Transformation Capital Grant	-	15	15	-	(15)
Total Committee	5,341	(923)	4,418	3,952	(466)

**TRANSPORT AND HIGHWAYS COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Major Schemes					
Mansfield Public Transport Interchange	5,930	(146)	5,784	6,034	250
Gedling Transport Improvement	-	425	425	50	(375)
Other Major Schemes	499	666	1,165	820	(345)
Highways & Roads					
Highway Maintenance	13,039	(26)	13,013	15,311	2,298
Manage & Operate Partnerships-Terminate	1,300	(39)	1,261	649	(612)
Street Lighting Renewal	2,100	(49)	2,051	2,411	360
Flood Alleviation & Drainage	500	5	505	591	86
Road Safety	621	92	713	681	(32)
Highways Depot Rationalisation	345	300	645	1,099	454
Highways Trading	300	150	450	88	(362)
Integrated Transport Measures					
ITM	8,493	(442)	8,051	8,402	351
Other Schemes					
Land Reclamation	95	218	313	228	(85)
Civil Parking Enforcement	-	39	39	24	(15)
Rights of Way	-	3	3	1	(2)
Vehicle Purchase-Gritters	240	273	513	513	-
Transport & Travel Services	1,156	1,196	2,352	2,037	(315)
Transport & Highways External Funding	2,000	(681)	1,319	-	(1,319)
Other Projects	622	(622)	-	-	-
Total Committee	37,240	1,362	38,602	38,939	337

**ENVIRONMENT AND SUSTAINABILITY COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Local Improvement Schemes					
Local Improvement Schemes	3,245	345	3,590	3,761	171
Environ & Sustainability External Funding	200	-	200	100	(100)
Carbon Management					
Carbon Management	225	351	576	351	(225)
Waste Management					
Waste Management	1,250	(445)	805	567	(238)
Total Committee	4,920	251	5,171	4,779	(392)

**CULTURE COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Libraries					
West Bridgford Library	4,466	85	4,551	4,014	(537)
Workshop Library	-	109	109	109	-
Other Projects	2,991	(2,504)	487	180	(307)
Total Committee	7,457	(2,310)	5,147	4,303	(844)

**POLICY COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Policy, Planning & Corporate Services					
Customer Services Centre	380	100	480	32	(448)
Strategic Communications Initiatives	-	111	111	6	(105)
Improvement Programme					
EDRMS	-	397	397	19	(378)
Ways of Working	5,990	1,924	7,914	6,454	(1,460)
Total Committee	6,370	2,532	8,902	6,511	(2,391)

**FINANCE AND PROPERTY COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Property					
Building Works	4,798	949	5,747	5,817	70
Sun Volt Programme	-	340	340	159	(181)
County Supplies	-	604	604	212	(392)
Renewable Heat Programme	-	200	200	-	(200)
County Cricket Club	-	900	900	-	(900)
Property Acquisition & Disposals	500	2,700	3,200	2,790	(410)
Other projects	250	(217)	33	1	(32)
Risk Management					
Risk Management-Security	-	396	396	70	(326)
ICT Schemes					
Network Development	-	107	107	107	-
ICT Infrastructure	1,000	176	1,176	975	(201)
IT Data Centre	-	108	108	108	-
Microsoft Enterprise Agreement	1,227	93	1,320	950	(370)
Other ICT Projects	400	522	922	240	(682)
Business Management System	1,031	1,996	3,027	1,522	(1,505)
Total Committee	9,206	8,874	18,080	12,951	(5,129)

**COMMUNITY SAFETY COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Personnel & Performance					
Personnel Projects	-	3	3	11	8
Total Committee	-	3	3	11	8

**PERSONNEL COMMITTEE
CAPITAL PROGRAMME 2012/13**

	Original Budget Budget Report (Council 23/02/12) £'000	Approved Variations £'000	Revised Budget Budget Report (Council 28/02/13) £'000	Actual Expenditure £'000	Variance £'000
Personnel & Performance					
Personnel Projects	520	(432)	88	106	18
Total Committee	520	(432)	88	106	18
Total Capital Programme	112,322	7,943	120,265	104,941	(15,324)

REPORT OF THE SERVICE DIRECTOR – FINANCE AND PROCUREMENT

MONITORING OF 2012/13 PRUDENTIAL INDICATORS

To provide an update the County Council's current position in terms of capital expenditure, external debt, financing costs as a percentage of net revenue stream and the capital financing requirement relative to the Prudential Code indicators identified in the 2012/13 budget report.

Background

The Prudential Code for Capital Finance in Local Authorities was developed by CIPFA as a professional code of practice to support local authorities in determining their programmes for capital investment. Local authorities are required by Regulation to have regard to the Prudential Code under Part 1 of the Local Government Act 2003. Individual local authorities are responsible for deciding the level of their affordable borrowing, having regard to the Prudential Code. The Executive Summary of the Code states that "The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice."

In particular, the Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The costs of financing additional capital expenditure are the interest payable to external lenders and the amounts set aside to reduce the level of borrowing. In deciding whether or not borrowing is affordable, prudent and sustainable, the most important consideration is whether, over the term of the borrowing, these costs can be met from the revenue budget without unacceptable consequences.

Prudential Indicators

Monitoring Requirements

Under the Prudential Code, an authority is required to establish indicators that are sufficiently robust and credible for it to be able to use them to form a judgement as to whether its proposed capital investment is affordable, prudent and sustainable. The Prudential Code requires that the prudential indicators are monitored regularly throughout the year and that the actual values of some of them are reported at year end.

This report is concerned only with prudential indicators relating to capital investment indicators.

Overview of Prudential Indicators

The following prudential indicators, whose actual values must be reported at year end, relate to affordability and prudence.

Estimate of capital expenditure

In any year, the level of capital expenditure is likely to deviate from the estimate in the budget report as a result of new additions to the Capital Programme, cancellations of schemes, and slippage, acceleration and changing specifications of projects. The Capital Programme is monitored on a monthly basis and variations to the Capital Programme are reported to Cabinet approximately quarterly.

Estimate of the capital financing requirement (CFR)

The capital financing requirement is a measure of the Authority's underlying need to borrow for capital purposes. This relates to capital expenditure which has not yet been financed by capital receipts, capital grants or contributions from revenue income. This is not the same as external debt since the Authority manages its position in terms of borrowings and investments in accordance with its integrated treasury management strategy and practices. For example, rather than borrowing from an external body, the Authority may judge it prudent to make use of cash that it has already invested for long-term purposes, such as reserves, for 'internal borrowing'. This means that there is no immediate link between the need to borrow to pay for capital spending and the level of external borrowing.

In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of the capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

External debt

External debt includes gross borrowing and other long-term liabilities.

Operational boundary for external debt

The operational boundary is the estimated maximum level of external debt in the most likely (i.e. prudent, but not worst-case) scenario. The operational boundary is a key management tool for in-year monitoring. It will probably not be significant if the external debt temporarily breaches the operational boundary on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and would require investigation and possible action (e.g. to ensure that borrowing, other than temporary borrowing, is not undertaken for purposes other than funding approved capital expenditure).

Authorised limit for external debt

The authorised limit is the intended absolute limit for external debt and exceeds the operational boundary by an amount that provides sufficient headroom for events such as unusual cash movements. If it appears that the authorised limit might be breached, the Service Director – Finance and Procurement has a duty to report this to the County Council for appropriate action to be taken.

Financing costs as a percentage of net revenue stream

The Prudential Code requires the Council to be aware of the impact of financing capital expenditure on its overall revenue expenditure position. The relevant indicator is the financing costs of capital expenditure expressed as a percentage of the net revenue stream, where:

- the costs of financing capital expenditure are interest payable to external lenders less interest earned on investments plus amounts set aside to reduce the level of borrowing; and

- the net revenue stream is the amount of the revenue budget to be met from government grants and local taxpayers.

Prudential Indicators: Monitoring against 2012/13 Budget

The following table shows monitoring against those indicators that were approved for 2012/13 in the Budget Report to Council February 2012.

Indicator	Comments														
Estimated capital expenditure (excluding Schools Devolved Formula Capital and schools' capital expenditure funded from their own revenue budget) 2012/13 Budget: £118.622m Current programme: £133.351m	<p>Current capital programme is £14.729m more than anticipated, as explained in the table:</p> <table> <tr> <th>Reason</th><th>£m</th></tr> <tr> <td>Slippage from 2011/12 to 2012/13</td><td>13.635</td></tr> <tr> <td>Re-phasing/slippage in the 2011/12 Capital Programme</td><td>(0.837)</td></tr> <tr> <td>Other net variations</td><td>1.931</td></tr> <tr> <td>TOTAL</td><td>14.729</td></tr> </table>	Reason	£m	Slippage from 2011/12 to 2012/13	13.635	Re-phasing/slippage in the 2011/12 Capital Programme	(0.837)	Other net variations	1.931	TOTAL	14.729				
Reason	£m														
Slippage from 2011/12 to 2012/13	13.635														
Re-phasing/slippage in the 2011/12 Capital Programme	(0.837)														
Other net variations	1.931														
TOTAL	14.729														
Estimated capital financing requirement (taking into account PFI Finance Lease Liabilities) 2012/13 Budget: £708m Current estimate: £718m	<p>The actual level of the capital financing requirement is currently forecast to be £10m more than the indicator, as explained in the table:</p> <table> <tr> <th>Reason</th><th>£m</th></tr> <tr> <td>Borrowing below budgeted level in 201/12 (primarily due to slippage of expenditure funded by borrowing from)</td><td>(12)</td></tr> <tr> <td>MRP repayments and voluntary contributions in 2011/12 (from capital receipts, revenue and reserves) lower than forecast</td><td>(1)</td></tr> <tr> <td>Additional PFI / Finance Lease liabilities below budgeted level</td><td>(3)</td></tr> <tr> <td>Capital receipts set against previous borrowing forecast to be lower than forecast in 2012/13</td><td>15</td></tr> <tr> <td>Borrowing above budgeted level in 2012/13 (primarily due to slippage of expenditure funded by borrowing)</td><td>11</td></tr> <tr> <td>TOTAL</td><td>10</td></tr> </table>	Reason	£m	Borrowing below budgeted level in 201/12 (primarily due to slippage of expenditure funded by borrowing from)	(12)	MRP repayments and voluntary contributions in 2011/12 (from capital receipts, revenue and reserves) lower than forecast	(1)	Additional PFI / Finance Lease liabilities below budgeted level	(3)	Capital receipts set against previous borrowing forecast to be lower than forecast in 2012/13	15	Borrowing above budgeted level in 2012/13 (primarily due to slippage of expenditure funded by borrowing)	11	TOTAL	10
Reason	£m														
Borrowing below budgeted level in 201/12 (primarily due to slippage of expenditure funded by borrowing from)	(12)														
MRP repayments and voluntary contributions in 2011/12 (from capital receipts, revenue and reserves) lower than forecast	(1)														
Additional PFI / Finance Lease liabilities below budgeted level	(3)														
Capital receipts set against previous borrowing forecast to be lower than forecast in 2012/13	15														
Borrowing above budgeted level in 2012/13 (primarily due to slippage of expenditure funded by borrowing)	11														
TOTAL	10														

Indicator	Comments
<p>External debt (incl. PFI Finance Lease Liabilities)</p> <p>Authorised limit for borrowing: £424m Authorised limit for other long-term liabilities: £150m Authorised limit for external debt: £574m</p> <p>Operational boundary for borrowing: £399m Operational boundary for other long-term liabilities: £150m Operational boundary for external debt: £549m</p> <p>Actual borrowing: £320m Actual other long-term liabilities: £127m Actual external debt at 31/03/12: £447m</p>	<p>The actual level of external debt is forecast to be below both the authorised limit of £574m and the operational boundary of £549m throughout 2012/13.</p>
<p>Financing costs as a percentage of net revenue stream (incl. impact of PFI Finance Lease Liabilities)</p> <p>2012/13 Budget: 12.7% Current estimate: 9.7%</p>	<p>The total of actual financing costs as a percentage of net revenue stream is forecast to be below the budgeted figure as a result of lower than expected capital receipts in 2012/13.</p>

Summary

The Prudential Code indicators will continue to be monitored and reported against budgeted figures.

REPORT OF THE SERVICE DIRECTOR – FINANCE AND PROCUREMENT

TREASURY MANAGEMENT OUTTURN REPORT 2012-13

1. Purpose

To provide a review of the Council's treasury management activities for the year to 31 March 2013.

Information and Advice**2. Background**

- 2.1** Treasury management is defined as “the management of the council's investments and cashflows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
- 2.2** The Council's Treasury Management Strategy is approved annually by Full Council and there will also be a mid year report which will go to Full Council. Responsibility for the implementation, scrutiny and monitoring of treasury management policies and practices is delegated to the *Treasury Management Group*, comprising the Service Director (Finance & Procurement), the Group Manager (Financial Strategy & Compliance), the Senior Accountant (Pensions & Treasury Management) and the Senior Finance Business Partner (Capital & External Funding).
- 2.3** In 2012/13, borrowing and investment activities have been in accordance with the approved limits as set out in the Council's Treasury Management Policy and Strategy. The main points from this report are:
- All treasury management activities were effected by authorised officers within the limits agreed by the Council
 - All investments were made to counterparties on the Council's approved lending list
 - £40m of long-term borrowing was raised in 2012/13
 - The Council earned 1.19% on its cash investments, outperforming the average 7 day London Interbank BID rate of 0.39%.
 - Reports have been submitted to Council and the Finance and Property committee as required.

3. Outturn Treasury Position

- 3.1 The Council's treasury management strategy and associated policies and practices for 2012/13 were approved on 23 February 2012 by Full Council. The Service Director (Finance & Procurement) complied with the strategy throughout the financial year 2012/13. The Council's treasury portfolio position at 31 March 2013 is shown in Table 1 below.

Table 1. Treasury Position at 31 March 2013		£m	£m	Average Interest Rate
EXTERNAL BORROWING				
Fixed Rate	PWLB	209.9		6.34%
	Market Loan	100.0		3.85%
	Other	10.0	319.9	0.78%
Variable Rate	PWLB	0.0		
	Market Loan	0.0	0.0	
Total			319.9	5.44%
Other Long-Term Liabilities			134.0	
Total Gross Debt			453.9	
Less: Investments			41.6	1.19%
Total Net Debt			412.3	

Note 1: PWLB = Public Works Loans Board

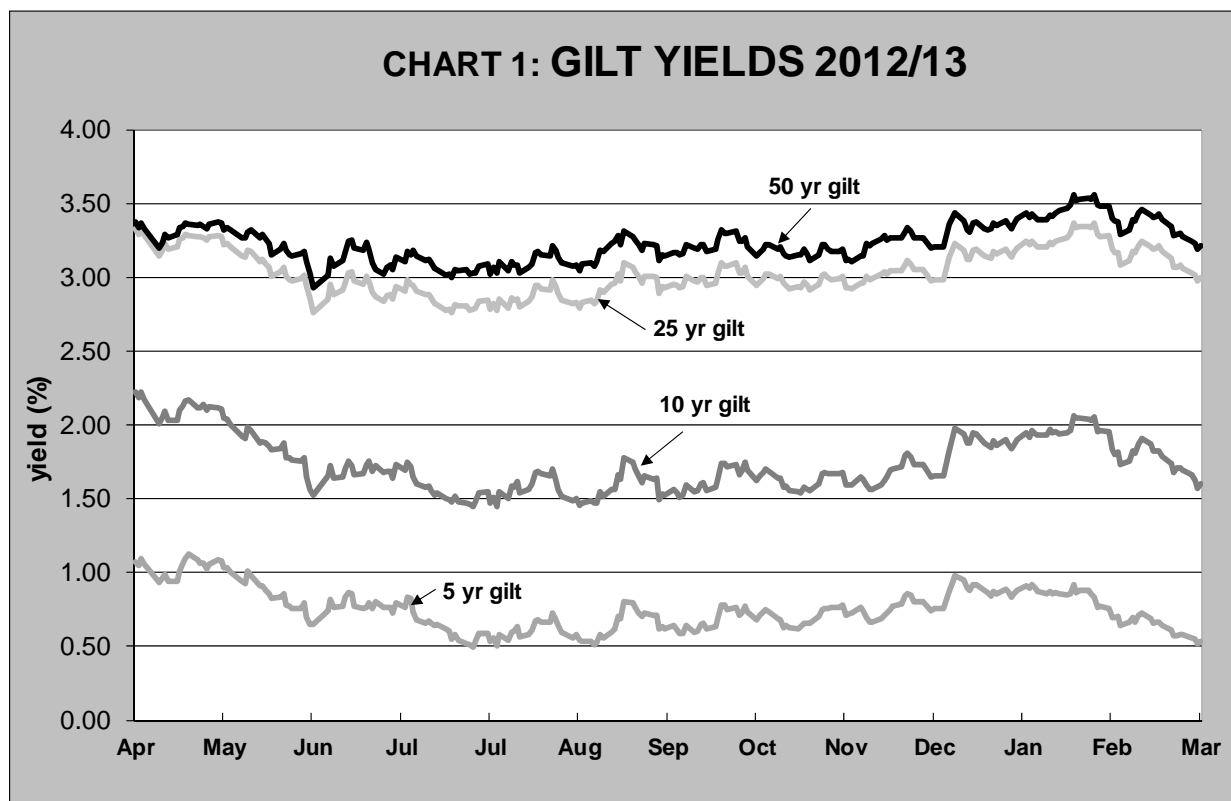
Note 2: Market Loans = Lenders' Option, Borrowers' Option (LOBO) loans

4. Economic Background

- 4.1 The UK's economic performance over the past year is summarized in Table 2 below showing the quarterly percentage change for gross domestic product, the annualized change to the consumer price index each quarter together with the percentage unemployed each quarter. This shows the economy fell back into recession in 2012 following two consecutive quarters of negative growth but avoided a 'triple-dip' in the first quarter of 2013.

Table 2	2012	2012	2012	2012	2013
Economic Indicators	Q1	Q2	Q3	Q4	Q1
Consumer Prices Index	3.5	2.4	2.2	2.7	2.8
Gross Domestic Product	-0.1	-0.4	0.9	-0.3	0.3
Unemployment	8.3	8.0	7.8	7.8	7.8

- 4.2** The consumer price index reduced over the year to 2.8%, having peaked in the first quarter of 2012 at 3.5%. This fall is attributed mainly to external shocks to the price level, such as higher energy prices, and increases in administered and regulated prices last year that are working through the index. The latest inflation report from the Bank of England (BoE) expects inflation to be above the 2% target for the next 2 years before falling back due to domestic cost pressures being contained by rising productivity.
- 4.3** The lack of sustained growth in the UK economy has meant that the BoE has maintained base rates at 0.5% throughout the year with no immediate prospect of an increase. With inflation expected to be on target over the medium term additional quantitative easing of £50bn was undertaken in July 2012 to bring the total to £375bn.
- 4.4** Gilt yields drifted lower during the first half of the year with low points attained during the summer before rising through the autumn and then falling again by the end of March. This is shown in Chart 1. The 5 and 10 year gilts ended the year just above the lows reached in the summer, having risen more than 50 basis points by the end of December. These movements reflect a number of factors:
- Investor sentiment over prospects for global growth
 - demand for gilts boosted by the BoE's quantitative easing programme
 - loss of the UK's 'safe haven' status as the Eurozone crisis eased
 - lower prospects for UK economic growth.



- 5.1** The Council manages its investments in-house and invests with institutions on the Council's approved lending list, aiming to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. The Council's temporary borrowing and lending activity over the year is set out in Table 3 below.

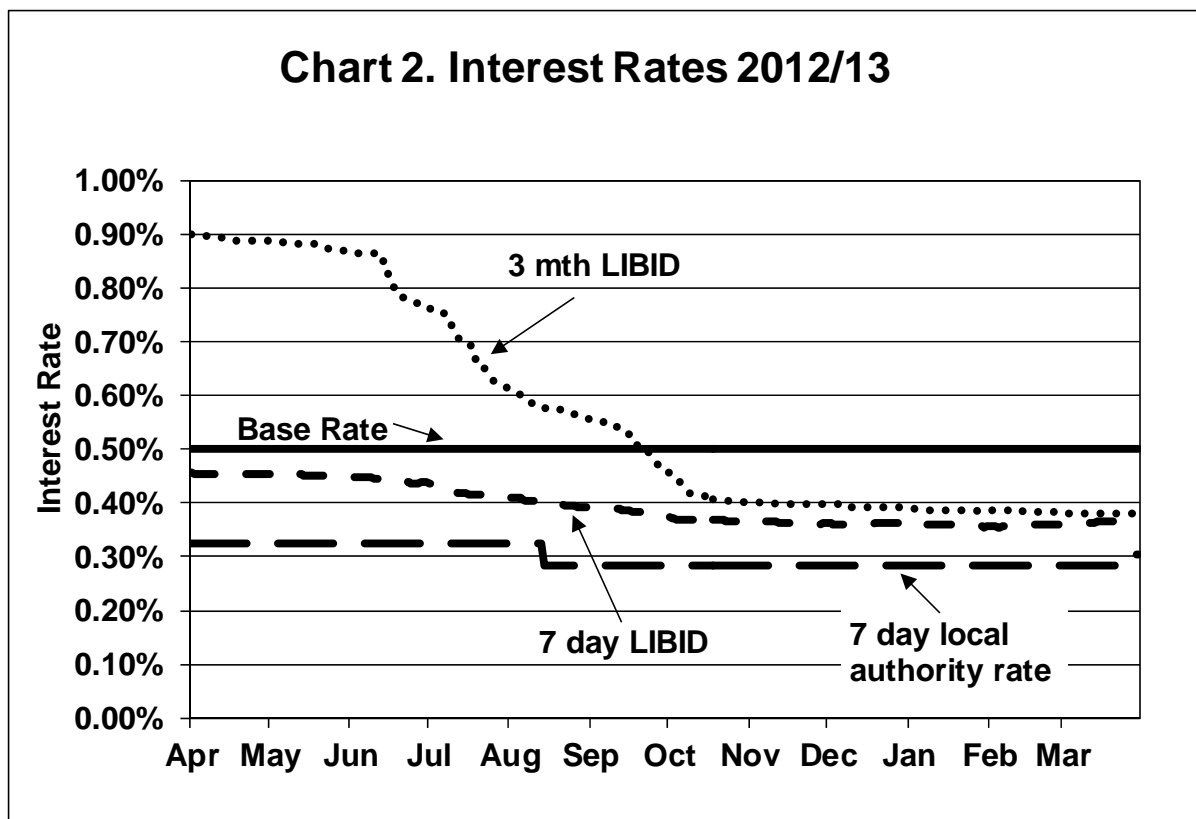
Table 3 Temporary Borrowing and Lending	Borrowing £m	Lending £m	Net Position £m
Outstanding 1 April 2012	0.0	(38.5)	(38.5)
Raised/ (lent) during period	177.8	(796.2)	(618.4)
Repayments during period	(177.8)	795.1	617.3
Outstanding 31 March 2013	0.0	(39.6)	(39.6)

- 5.2** Over the 12 months to 31 March 2013, the Council's cash flows were maintained through borrowing and lending activities on the wholesale money market and the net position at 31 March 2013 shows outstanding temporary lending of £39.6m. In addition, there was a further £2m invested for a period of 5 years as part of the Council's commitment to the Local Authority Mortgage Scheme. The average level of funds available for investment purposes over the year was £51.2m. This was mainly dependent on the timing of precept payments, receipt of grants, progress on the capital programme and net movement on creditors and debtors.
- 5.3** The Council's investment returns have significantly outperformed the benchmark, the 7-day London Interbank BID rate (LIBID) for the year which averaged 0.39% against actual returns of 1.19%, an outperformance of 0.80%. This equates to additional interest of over £400,000 for the year. Table 4 shows the returns achieved by type of investment. The use of fixed term investments of up to 364 days has allowed a higher return to be achieved and the use of call accounts has allowed the Council to optimize liquidity versus returns.

Table 4 Returns on Investments	Average Balance £m	Interest Earned £k	Average Return %
Fixed Term Investments (under 364 days)	30.0	457.9	1.53%
Fixed Term Investments (over 364 days)	0.2	4.8	2.24%
Bank Call Accounts	10.3	80.1	0.78%
Money Market Funds	10.7	65.9	0.62%
Total	51.2	608.7	1.19%

- 5.4** Investment rates available in the market are at a historical low point. Chart 2 shows how key benchmarks have moved over the year. Base rate remains at 0.5% but the 7 day and 3 month LIBID have fallen over the year, with the 3 month rate more than halving. This reflects the Bank of England's Funding for lending scheme introduced in July 2012 that provides cheaper loans to

banks and as a consequence demand for funds from the money markets has fallen.

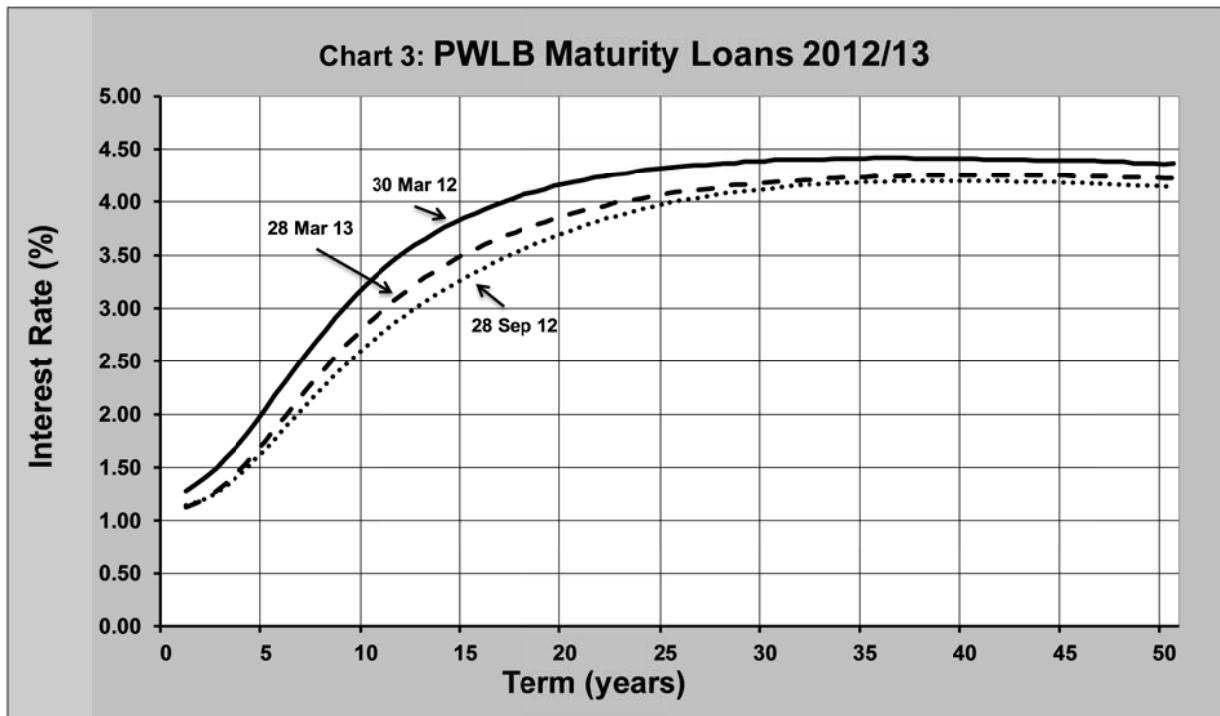


5.5 The Council has maintained average cash balances at around £50m in order to minimize long-term borrowing yet maintain sufficient liquidity to meet payments as they fall due. During the year temporary borrowing was required for a period of 35 days in total at an average rate of interest of 0.55%.

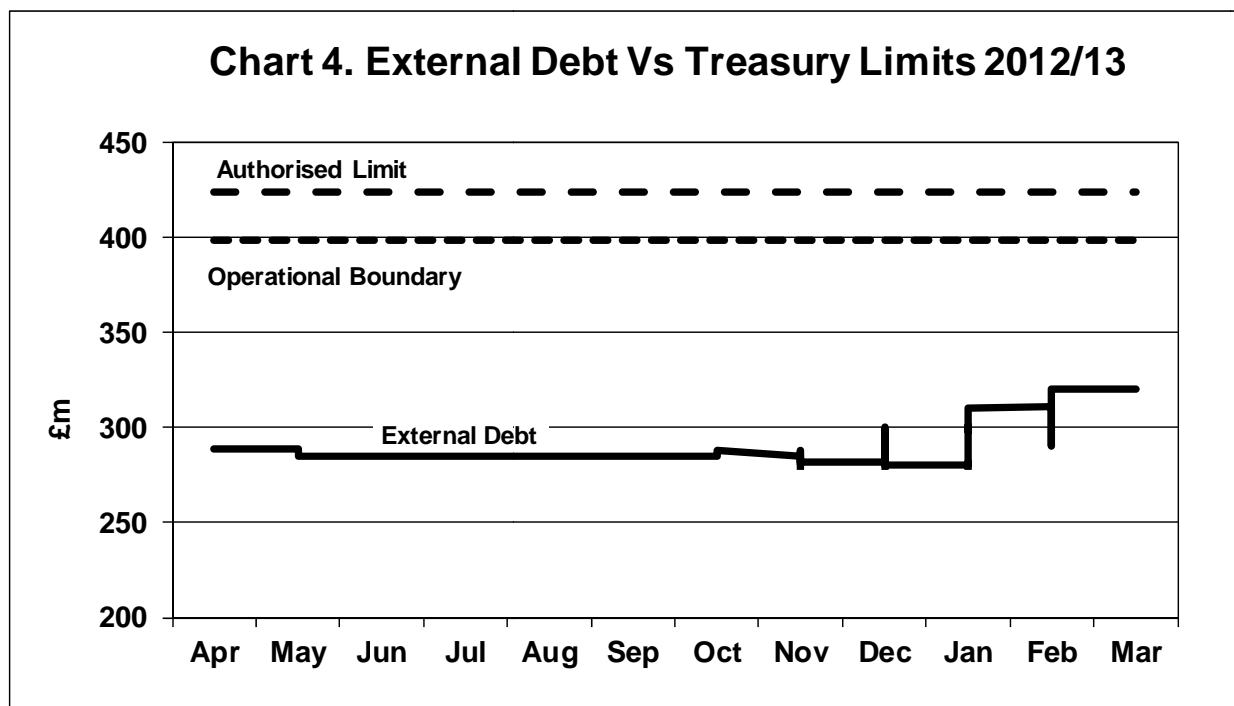
5.6 During the year as the crisis in the Eurozone developed the Treasury Management Group decided as a prudent measure to temporarily suspend Santander UK following concerns over its Spanish parent. In addition Dankse Bank was removed from the approved lending list due to a ratings downgrade.

6. Long Term Borrowing

6.1 The Council's Treasury Management Strategy for 2012/13 presented to Council in February 2012 outlined the Council's long term borrowing strategy for the year. The borrowing rates available from the PWLB reflect gilt yields which have fallen over the year as described in para. 4.4 above. Longer term borrowing rates were budgeted for at a 4.15% average borrowing rate but the graph below shows that interest rates have fallen with the low point being reached for most durations in July with the rates at the end of March 2013 around 20 basis points higher. In November the PWLB offered a reduction of 20 basis points for local authorities submitting additional financial data on their borrowing plans. The Council successfully applied for this 'certainty rate'.



- 6.2** Long term borrowing stood at £319.9m on the 31 March 2013 which is within the authorized limit agreed by the Council. Chart 4 below shows that the level of external debt throughout the year was below the key treasury indicators of the authorized limit and the operational boundary, demonstrating that borrowing was within plan during the year. Further details on these treasury prudential indicators are provided in Appendix F.

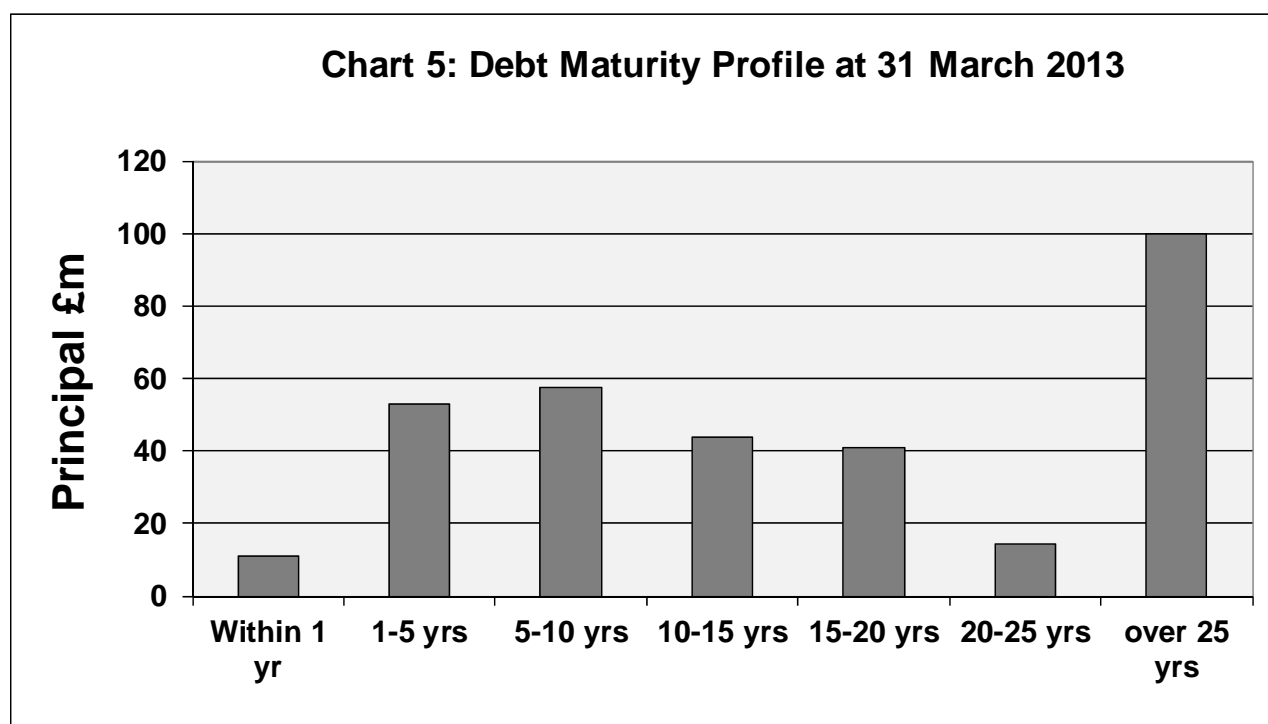


- 6.3** Net new borrowing of £31.1m in 2012/13 compares with an estimate of £100m in the approved strategy as a consequence of higher than anticipated cash balances and slippage on the capital programme. New borrowing totalling £30m was raised in February 2013 in the form of maturity loans from the PWLB for periods between 6 and 18 years at an average rate of 3.28%. A further £10m of loans were raised from the money markets at an average rate of 0.78% for periods up to 2 years.
- 6.4** The loan portfolio includes 10 LOBOs of £10m each. Two of these had call options in 2012/13 (whereby the lender can increase the interest rate payable) but these were not exercised. The rates on these loans ranged from 3.25% to 4.17% which compare favorably with the 50 year PWLB standard rate of 4.22% at the end of March 2013.

Table 5 Movements in Long-term Borrowing 2012-13

Lender	B/fwd 31/03/12 £m	Advances 2012/13 £m	Repayments at maturity 2012/13 £m	Premature Repayments 2012/13 £m	C/fwd 31/03/13 £m
PWLB	188.8	30.0	8.9	0.0	209.9
LOBO	100.0	0.0	0.0	0.0	100.0
Other	0.0	10.0	0.0	0.0	10.0
Total	288.8	40.0	8.9	0.0	319.9

- 6.5** The chart below shows that the debt maturity profile is well spread over the next 20 years with a maximum duration of 23 years for PWLB debt. The £100m shown in the over 25 year category comprises of LOBOs, the earliest redemption date of which is 2055. The average rate on external debt was 5.44% compared to 5.74% in the previous year.



- 6.6** The Council has the option of rescheduling its existing long-term debt should market conditions indicate opportunities for savings. This is achieved by redeeming fixed rate debt and raising new debt at a lower rate of interest. This opportunity is provided primarily for PWLB debt and may give rise to premiums or discounts depending on the rate differentials. No opportunities for debt rescheduling arose over the reporting period.

7. Prudential Indicators for Treasury Management

- 7.1** Table 6 below shows how the treasury management indicators compare with the outturn position. The objective of these indicators is to manage treasury management risks effectively. No indicators were breached during the year.

Table 6 TREASURY MANAGEMENT INDICATORS 2012/13	Approved limits	Outturn
Net Debt	£470m	£412m
Upper limit for Rate Exposure		
Fixed Rate	100%	100%
Variable Rate	75%	0%
Upper limit for principal sums invested for over 364 days	Higher of £20m and 15%	£2m

Maturity structure of fixed rate borrowing	Approved Lower limit	Approved Upper limit	Outturn
Under 12 months	0%	25%	3%
12 months and within 24 months	0%	25%	7%
24 months and within 5 years	0%	75%	10%
5 years and within 10 years	0%	100%	18%
10 years and above	0%	100%	62%

Adoption of CIPFA's Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes – **Adopted**