

**EXECUTIVE BOARD DECISION FORM****DECISION TO BE TAKEN BY:** Executive Board**KEY DECISION:** Yes**PORTFOLIO AREA:** All**PORTFOLIOS AFFECTED:** All**WARDS AFFECTED:** All

SUBJECT: Corporate Budget Monitoring Report 2013/14 – June 2013

1. RECOMMENDATIONS:

The Executive Board is recommended to note the report and:

- a) approve the revised capital programme as per Appendix 1, together with the variations shown in Appendix 2,
- b) approve the variations to revenue expenditure listed in Section 6.3 giving rise to a predicted figure of £9.421 million unallocated General Fund revenue reserves at 31 March 2014.
- c) approve the cash limit adjustments outlined in Appendix 3.
- d) Approve the entering into of a new contract to replace the adult social care IT system.

2. REASONS FOR THE DECISION

To provide latest available capital and revenue budget monitoring information.

3. STATEMENT OF COMPLIANCE

The recommendations are made further to legal advice from the Deputy Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been completed. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

4. DECLARATION OF INTEREST

None.

Signed: Executive Member:  Date: 30 th July 2013. Also present:	Signed:  Chief Officer: Date: 30 th July 2013.
Date of Senior Policy Team Meeting(s):	

A list of background papers on this issue is held with:

Contact Officer: Jeanette Moister (Ext 5702)
Date: 26 July 2013

Date of Publication: 9th August 2013

Date of Expiry of Call-In Period: 15th August 2013



EXECUTIVE MEMBER BRIEFING PAPER

TO: Executive Member - Resources
FROM: Director of Finance
DATE: 8 August 2013

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: Yes

CORPORATE BUDGET MONITORING REPORT 2013/14 – JUNE 2013

1. PURPOSE

- 1.1 To report the overall financial position of the Council, both capital and revenue, highlighting major issues and explaining variations since the last report.

2. RECOMMENDATIONS

- 2.1 The Executive Board is recommended to note the report and:
- a) Approve the revised capital programme as per Appendix 1, together with the variations shown in Appendix 2.
 - b) Approve the variations to revenue expenditure listed in Section 6.3 giving rise to a predicted figure of £9.421 million unallocated General Fund revenue reserves at 31 March 2014.
 - c) Approve the cash limit adjustments outlined in Appendix 3.
 - d) Approve the entering into of a new contract to replace the adult social care IT system.

3. RATIONALE

- 3.1 To provide the latest available capital and revenue budget monitoring information.

4. KEY ISSUES

- 4.1 The projected aggregate cost of the Council's capital investment for 2013/14 has now increased from £57.4 million to £67.8 million. This figure now includes slippage from 2012/13 reported to Executive Board in July.
- 4.2 As at 30 June 2013, current year capital expenditure across all portfolios was £6.9 million (10% of the current projected spend).

- 4.3 The estimate of capital receipts is £3.6 million. Actual capital receipts at the end of June were £0.155 million.
- 4.4 Actual revenue expenditure at 30 June 2013 in relation to cash limited budgets across all portfolios was £30.614 million, which is 24% of the current budget. Details of the predicted year end position in respect of each portfolio are outlined at 6.2.2.
- 4.5 General Fund unallocated reserves are predicted to be £9.421 million at 31 March 2014 if all budgetary pressures are contained within the financial year.
- 4.6 Earmarked reserves available to the Council are predicted to be £19.930 million at 31 March 2014 with a further £14.239 million of other reserves, largely in relation to schools.

5. POLICY IMPLICATIONS

- 5.1 Accords with the capital strategy and the three year budget forecast within the Medium Term Financial Strategy 2013/2016, as approved at Finance Council on 4 March 2013 and incorporated within the Council's Corporate Plan.

6. FINANCIAL IMPLICATIONS

6.1 CAPITAL PROGRAMME AND CAPITAL FINANCING

6.1.1 Capital programme

The variations in projected spend and resource availability for 2013/14 are summarised, by portfolio, in Appendix 1. Details of variations in spending of over £50,000 are set out in Appendix 2. Slippage from 2012/13 was also reported to the Executive Board in July 2013.

6.1.2 Capital variations

The major capital variations to note are as follows:

Health & Adult Social Care

- Disabled Facilities Grant - The planned spend on Disabled Facilities Grant has increased by £111,000 resulting from an external contribution from Twin Valley Homes of £149,000 and an increase in grant income of £5,000. This is partially offset by £43,000 used to fund expenditure in 2012/13.
- Extra Care – The scheme was tendered in November 2012 and will be developed by the successful bidder. The Council contribution towards spend for 2013/14 is anticipated to be £50,000 to be funded from money set aside in Contingent Schemes.
- Telehealth – An increase of £70,000 is reported resulting from slippage carried forward from 2012/13 and reported to July Executive Board.

Children's Services

- Disabled Facilities Grant - A net reduction of £80,000 is reported due to £20,000 slippage carried forward from 2012/13 and slippage of £100,000 to 2014/15 which is based on the profile of spend for previous financial years.

Environment

- Pleasington Cemetery – Remaining spend for the scheme is £908,000. The reduction of £132,000 is due to £14,000 slippage carried forward from 2012/13 and a reduction of £146,000 in relation to previous year's spend.

Leisure, Culture & Young People

- Blackburn Leisure Centre Replacement – A transfer of £8.5 million is requested from money set aside in Contingent Schemes. The scheme is anticipated to be completed in September 2014 with £3.9 million costs to be incurred in 2013/14 and the remaining £4.6 million to be incurred in 2014/15.
- Darwen Leisure Centre – £52,000 has been carried forward from 2012/13 to pay for final minor works as reported to July Executive Board.
- Library Cladding – The net reduction in the scheme for 2013/14 is £1.048 million. The tender came in at £1million below the original budget, however, until all the cladding is removed it is difficult to assess the full extent of any damage to the stonework below. The scheme has an expected completion date of February 2014 and slippage of £345,000 is requested to be carried forward to 2014/15 to provide a contingency. Approval is also requested to transfer £300,000 of the remaining underspend to the Witton Park Athletics Development scheme as detailed below.
- Witton Park Athletics Development – The tender process has now been completed resulting in a budget pressure of £300,000. Approval is requested to transfer £300,000 from the anticipated underspend on the Library Cladding project. Together with slippage of £22,000 used to fund costs in 2012/13 and slippage of £105,000 carried forward into 2014/15 has resulted in a net increase of £173,000 for 2013/14.

Neighbourhoods, Housing & Customer Services

- Griffin Clearance – £11,000 has been carried forward from 2012/13. £444,000 is requested to be carried forward to 2014/15. There are 11 properties remaining to be purchased in the clearance area, including some on-going negotiations which may require compulsory purchase. Demolition works are also on-going and will continue into 2014/15.
- Neighbourhood Intervention Fund – Slippage of £78,000 was carried forward from 2012/13. A number of properties have been subject to

compulsory purchase orders and there has been a lack of identified ownership. It is anticipated that the compensation payments may not take place in 2013/14, therefore, £200,000 has been reprofiled to 2014/15. A capital receipt of £34,000 in respect of one property has been recycled into the Neighbourhood Intervention Fund.

Regeneration

- Cathedral Quarter Development - £118,000 of costs were incurred in 2012/13 funded from the 2013/14 capital budget. All scheme costs have now been included with £17.5 million being:
 - (a) elements funding through ERDF (£3.6 million) and HCA (£4.7 million) support along with the use of c£800,000 main programme support from the Contingent scheme within the capital programme.
 - (b) £8.4 million for purchasing the new office building, rather than the commitment to a long term head lease, as approved by Executive Board in June.

However, the majority of spend has been profiled for future years.

- Highway Network Recovery - July Executive Board approved the Highways Network Recovery programme, to be funded from the existing Contingent Scheme for Highways Investment and from use of some DfT Local Transport Plan resources. The overall spend is planned at just over £10 million, over four years, with around £2.5 million planned spend in 2013/14.
- New Blackburn Market – Increased costs of £70,000 in 2012/13 were met from the balance held in the 2013/14 capital programme.
- Pennine Reach – At Executive Board in April it was agreed to make the full approval application to the DfT for the scheme, now totalling £39.67 million (including £2.326 million site assembly costs on Resources portfolio) and to accept tenders for works, subject to DfT approval for the whole scheme. The Council is still waiting for final DfT approval, but it is proposed to approve the transfer of the Pennine Reach scheme from Contingent Schemes into the Regeneration portfolio's programme with approval to incur expenditure subject to confirmation of DfT final approval.
- Redevelopment of Existing Markets Site - £146,000 of additional expenditure in 2012/13 was met from funding brought forward from 2013/14. Demolition of the old market is underway and it is anticipated that £50,000 will be required to be carried forward into 2014/15 to cover remaining costs. Asbestos has been found during phase 1 of the demolition, removal of which will add £14,000 to the cost of the scheme for 2013/14.
- Regional Growth Fund - £398,000 has been slipped from 2012/13. The Council will act as the Accountable Body for Regenerate Pennine

Lancashire Company who will manage the £3 million Government funded 3 year programme. £2.398 million is likely to be incurred in 2014/15 with £1 million profiled to be paid in 2013/14.

- Street Lighting – The investment in street lighting has now been reprofiled to reflect the procurement programme with £4.556 million falling in 2014/15.

Resources

- Corporate ICT - £420,000 was slipped from 2013/14. A number of schemes have been amalgamated and the capital spend forecast has been re-profiled. New schemes have been included for replacement HR & Payroll System and replacement infrastructure equipment totalling £2.1 million for which there will be some spend in 2013/14 but the majority of spend is forecast for future years.
- Adults Social Care IT system – A request is made to transfer £230,000 from the Corporate ICT earmarked capital scheme to fund the replacement of this system. The current system does not meet the Council's needs and based on the cost for this financial year it is estimated that the revenue cost for the system over the next 5 years would be £530,000. The implementation of the new system will result in revenue savings of c£415,000 over the 5 year contract lifetime.
- Superfast Broadband - £300,000 was slipped in respect of the Lancashire wide superfast broadband scheme. Approval is requested to transfer £225,000 back to the ICT earmarked capital scheme.
- 10 Duke Street – Milestone payments 9 and 10 were expected to be achieved in 2013/14 but due to changes in the construction programme, costs totalling £1.012 million were incurred in March.
- 13-15 New Market Street – Improvement works are being undertaken on this empty property with a view to re-letting it. Costs are anticipated to be £80,000 and are funded from the Corporate Property Investment earmarked scheme.
- Carbon Management Plan - £18,000 of costs incurred in March were funded from budget which had previously been slipped to 2013/14. Replacement of the heating system at the Blackburn Technology Management Centre is unlikely to be completed until 2014/15, therefore, £226,000 will be required next year.
- Corporate DDA Work – £6,000 has been slipped from 2012/13. In the second half of the year, works will be commencing at Queen's Park Boat House, Livesey Library, Roman Road Library, Witton Park Visitors Centre and Sudellside Neighbourhood Centre. £75,000 from the current budget has been reprofiled to 2014/15.

- Freckleton St Property Acquisitions – The acquisition of the Spiritualist Church commenced earlier than planned resulting in legal and surveyor's costs being incurred in 2012/13.
- Pennine Reach Site Assembly – A request is made to transfer £2.326 million from the Pennine Reach Contingent Scheme for the purchase of land in respect of the Pennine Reach scheme. It is currently anticipated that this work will be fully covered by DfT funds, but it is proposed that the Contingent Scheme for Futhergate/Burnley Road Acquisitions be retained for now, pending the outcome of the DfT approval for Pennine Reach.
- Tower Block Air Conditioning System – Approval is sought to transfer £330,000 from the Contingent Schemes in order to replace the existing central chilling/air conditioning plant in the plant room.
- Velvet Lounge – It is anticipated that only a limited amount of consultancy work will be undertaken this year, therefore, a request is made to transfer £336,000 into 2014/15.

Schools & Education

- Building Schools for the Future – Slippage of £1.203 million is mainly due to the timing of milestone payments which were profiled in 2012/13 but not paid until 2013/14.
- Lower Darwen Primary - £22,000 was incurred in 2012/13 and met from 2013/14 budgets. Predicted spend for the current year is £998,000 with £440,000 profiled for 2014/15.
- St Barnabas & St Paul's – Slippage of £304,000 was carried forward from 2012/13.
- Sudell Primary – Delays on site due to adverse weather conditions has resulted in a carry forward of £224,000. Spend for 2013/14 is anticipated to be £260,000 which is fully funded by capital grant.
- School Minor Works – In addition to the schools listed above, a further £1.523 million of capital grant from the Department for Education has been allocated for minor works across 24 different schools. The largest of these projects are £250,000 for Cedars Infant, £181,000 for Daisyfield Primary and £200,000 for Intack Primary. The figures are based on initial estimates and may be subject to change following the tendering process. £672,000 brought forward into 2013/14 from grant received in 2012/13 has now been fully allocated to specific projects. A further £975,000 of the unallocated grant expected in 2013/14 has now been assigned to larger projects, leaving an estimated remainder of £622,000 to be carried forward at the end of 2013/14 (which may be used for additional minor works identified later in the year).

6.1.3 Capital receipts

The estimate of capital receipts is £3.6 million. Actual capital receipts at the end of June were £0.155 million.

6.2 **CASH LIMITS AND REVENUE EXPENDITURE**

6.2.1 Revenue budget overview

Continuing robust cash balances have allowed the Council to delay the incurring of borrowing in respect of financing capital expenditure. This has generated projected savings for 2013/14 of £160,000, along with lower interest charges from Lancashire County Council of £95,000. These projected borrowing cost savings are partly offset by a £15,000 fall in projected interest receipts from investments due to lower interest rates.

The net £240,000 saving on interest costs is supplemented by a saving of around £151,000 on the cost of Minimum Revenue Provision (MRP) in this year, as a result of outturn capital expenditure financed by borrowing in 2012/13 being lower than anticipated when the Original Revenue Estimates for 2013/14 were set.

6.2.2 Performance against cash limits

Appendix 3 details the approved portfolio cash limits, and recent adjustments now being requested. The principal items for each portfolio are as follows:

Health & Adult Social Care

The portfolio is currently forecasting a breakeven position. In general, the commissioning budget in Adult Services is a demand led budget, and as such is exposed to fluctuations in the year. Expenditure continues to be monitored closely to enable reporting of issues as they arise.

- There are currently 2.5 fte surveyors who carry out work on Disabled Facilities Grant projects. The staffing budget is currently with Adult Services, however they are managed within the Neighbourhoods, Housing & Customer Services portfolio, therefore, a recurring transfer of £90,500 is required to realign budgets.
- A one year only virement of £5,800 to the Children's portfolio has been agreed to enable face to face training to be undertaken for social workers on safeguarding protocols.

Public Health budgets are funded by ring fenced Public Health Grant and any underspends in year are transferrable to a specific earmarked reserve for continuation of the programme in the following financial year.

- The Public Health investment plan 2013-15 has been agreed to achieve £1m transformation savings approved by Finance Council in March 2013. Allocations of Social Determinants of Health funds to each portfolio are linked to the achievement of five specific health improvement targets each financial year and are detailed in Appendix 3.

Children's Services

The Children's Services Portfolio is currently forecasting to overspend by approximately £500,000 against its cash limit as a result of the following:

Commissioned placements budget is already over committed by around £200,000 as at the end of June monitoring. Work is ongoing to review commissioning placement trends and estimate potential costs for the remainder of the year alongside ensuring placements are made in house wherever possible.

It is anticipated there will be a pressure on adoption fees due to the new fee structure and increasing number of placements to be made. Work is underway to assess the financial impact of these changes and the scope to mitigate pressures by utilisation of the unringfenced adoption reform grant.

Special guardianship orders continue to be a strategy to provide an exit route from care. Due to increasing numbers of SGOs this budget is already overspent at this stage of the year.

- A transfer of £5,800 from Health & Adult Social Care portfolio is requested, for this year only, as detailed above.
- A transfer of £4,000 to Neighbourhoods, Housing and Customer Services portfolio is requested as a contribution to surveyors fees for building works.
- The portfolio requests an increase in the cash limit of £349,800 in relation to the unringfenced funding awarded to the Council for this year by way of the Early Intervention Grant to support Adoption Reform. The portfolio has an investment plan for the Adoption Reform Grant which supports their ongoing strategy to invest in permanence and exit routes from care. The intended use of the Adoption Reform Grant will be reported separately to SPT.
- The portfolio requests a transfer of £35,000 from earmarked reserves to support the budget for the local safeguarding children's board for this year. This will be used to fund a Safeguarding Policy and Support Officer and support safeguarding training.

Environment

The portfolio is currently forecasting to spend within the cash limit.

The Council is considering its options for Residual Waste Management, in order to secure firm prices in the longer term. The next stage will be a soft market testing exercise which will inform the scoping and procurement.

Landfill tonnages are currently in line with the estimate of 34,000 tonnes for the year which is broadly in line with previous years.

Leisure, Culture & Young People

The portfolio is currently forecasting to overspend by £36,900 as a result of a predicted shortfall of income at Blackburn Library.

- Leisure services have requested the carry forward of £7,500 from over recovery of income in 2012/13 for the replacement of Sports Hall doors at Darwen Leisure Centre. Work has been completed and the Executive Board is requested to approve the transfer from reserves.
- The department identified funding in 2012/13 to enable the replacement and maintenance works to Darwen Library windows. The scheme was delayed due to road closures in the area. Work has now been completed and a cash limit increase of £30,000 is requested to be funded from reserves.
- Funding of £30,000 was identified from 2012/13 budget for essential maintenance works to the car park at Turton Tower. However, work was delayed due to discussions with National Heritage. Work is due to be completed in the summer of 2013 and a cash limit increase is requested from money set aside in reserves.
- The Health & Fitness department in conjunction with Health consultants, have identified a programme of health improvement schemes. The Executive Board is requested to approve the transfer of £126,500 from money set aside in reserves for delivery in 2013/14.
- A temporary part time post within Museum Services has been approved. The Executive Board is requested to approve a cash limit increase of £5,600 from earmarked reserves.

Leisure attendances in Quarter 1 are currently showing at 235,937; 6% down on Quarter 1 for 2012/13. However, it should be noted that some community figures are outstanding.

Neighbourhoods, Housing & Customer Services

The portfolio is currently predicted to spend above the cash limit by £49,000.

A proposal has been put forward to the Health & Adult's Social Care portfolio for a contribution from Supporting People but this has yet to be agreed.

- A virement from Health & Adults Social Care portfolio of £90,500 is requested in relation to 2.5 fte surveyors posts as detailed above.
- Approval is requested to increase the portfolio's cash limit by £466,600 in respect of a number of grants carried forward from 2012/13 as detailed in Appendix 3.
- A virement of £4,000 is requested from Children's Services as a contribution to surveyors fees for building works.

Homelessness prevention work is increasing as a result of welfare reforms, and the benefit cap. The reduction in housing benefits as a consequence of “under occupation” has resulted in the Housing Associations having to transfer people to smaller properties, therefore it is taking longer to get the Homelessness prevention cases housed – these outstanding cases cannot be included in the statistics as they have not been re-housed as yet. There have been 43 cases so far in the first month of the second quarter.

The number of clients seen by Customer Services has increased year on year due to changes in the benefits system both at local level and national for example reduction in council tax support, under occupation, welfare reforms and changes in circumstances. These are all factors resulting in increased foot fall.

Regeneration

The portfolio is currently forecasting to spend within its cash limit.

Whilst the portfolio is currently reporting a break even position it has received Business Rates demands for the old market building and perimeter shops amounting to £223,000. Rates revaluations are being pursued for the current and previous financial years. At present it is anticipated that refunds will be received to offset this pressure.

Resources

The portfolio is currently predicting to overspend by £164,700 against the cash limit as a result of a reduction in the income share from the shopping centre and car park.

A further pressure has been identified in relation to an increase in court fees for childcare cases. The potential overspend is currently predicted to be £50,000, however, this budget will be closely monitored to assess if the pressure can be contained within the portfolio.

Legal childcare caseloads have increased quite dramatically over the last 3 months or so with 20 care applications already having been made in this financial year.

- A cash limit reduction of £58,600 is requested in respect of the Incentive Scheme for Business Rates (a ring fenced budget) resulting from current low interest rates.
- A cash limit increase of £40,000 is requested from money set aside for corporate property improvements for replacement windows at Darwen Town Hall.
- £150,000 is requested from earmarked reserves for property improvements for repairs to the Old Town Hall quadrangle.
- A cash limit increase of £161,000 is requested in respect of a DCLG grant carried forward from 2012/13 in respect “Sharing Experiences”.

- A cash limit increase of £30,000 is requested for DEFRA grant carried forward to commission external support which will enable the Council to complete the reservoir project, develop detailed mapping of existing sites and produce awareness materials for the warning and informing element of the project.

Blackburn with Darwen, Blackpool and Lancashire County Council are the 3 shareholders of the Via Partnership (formerly known as CXL / Connexions). To assist with cash flow in relation to a number of contracts which are now on a 'payment by results' basis, LCC have agreed to provide a loan to the company on commercial terms. The shareholders are required to guarantee their share of the loan facility and further reports on financial performance will be provided to the Executive Member, Resources.

Schools & Education

The portfolio is currently forecasting to spend within its current cash limit.

- A cash limit increase of £35,500 is requested in relation to grant carried forward from 2012/13 for the continuation of the Local Delivery Project grant for raising participation age among 14-19 year olds.
- The portfolio requests a cash limit increase of £187,800 carried forward from 2012/13 in respect of services to schools to be delivered as "traded services" from September 2013.

Dedicated Schools Grant / Schools Block

Services in Schools & Education (DSG) are currently predicted to spend the funding available in 2013/14 through the Dedicated Schools Grant and Pupil Premium.

6.2.3 Collection fund

Council Tax

Current income projections for council tax in 2013/14 are above the original estimate, although the collection rate is slightly less than for the same period last year. Existing monitoring processes are being updated to track the impact of the local Council Tax Support scheme and the removal of discounts for long term empty properties.

Business Rates

Changes to the system of allocating resources to local government from 2013/14, have included the development of a Business Rates Retention Scheme, whereby the Council will retain 49% of the business rates it collects locally. As a result of these changes the Council needs to develop its current monitoring systems to accurately forecast business rates income.

Current income projections for business rates in 2013/14 are above the original estimate, and the collection rate is broadly in line with the same period last year.

6.3 **RESERVES**

6.3.1 General fund unallocated reserves

Note: In this paragraph predicted underspendings lead to an increase in reserves and are shown as a plus (+) and overspendings are shown as a minus (-).

	<u>£000</u>	<u>£000</u>
<i>Balance at 31 March 2013 including effect of final revenue outturn 2012/13</i>		8,222
<u>Variations now requested</u>		
Adjustment for Council Tax Freeze Grant	- 10	
Adjustment for Incentive Scheme (business rates)	+ 59	
Education Support Grant	+ 67	
RSG adjustment for academies (See 6.3.2)	+ 692	
Savings in relation to interest and debt repayments (see 6.2.1)	+ 391	+1,199
Predicted unallocated general fund reserves at 31 March 2014		<u>9,421</u>

6.3.2 An adjustment has been made in respect of prior year's Revenue Support Grant (RSG) following the Government's acceptance that grant was reduced excessively as a result of schools converting to academies.

6.3.3 Earmarked reserves

Earmarked reserves held for discretionary use by the Council, which were £21.455 million at 31 March 2013, are currently expected to reduce to £19.930 million. Other earmarked reserves, largely in respect of schools, are currently £14.239 million. Details of all earmarked reserves are shown in Appendix 4.

6.4 **BALANCE SHEET POSITION**

6.4.1 Overview

Good balance sheet management assists in effective use and control over the Council's assets and liabilities. Key assets comprise the Council's tangible fixed assets, debtors, investments and bank balances. Key liabilities are long and short-term borrowing, creditors and reserves. The usable reserves position is set out in section 6.2.

6.4.2 Non-current assets

Tangible non-current assets include property, plant and equipment held by the Council for use in the production or supply of goods and services, for rental to others or for administrative purposes. Property assets are the responsibility of the Resources portfolio. One fifth of all assets are re-valued every year, and annual reviews are undertaken to establish whether any

impairment or other adjustments need to be applied. New assets, and enhancements to existing assets, are managed by way of the capital programme, which is reported on in section 6.1.

6.4.3 Borrowing and investments

Long term borrowing requirements flow from the capital programme. Regular meetings take place between the Director of Finance, her staff and the Council's independent treasury consultants, Sterling Consultancy Services, and options for optimising borrowing requirements are actively reviewed.

Short term borrowing and investments are used only to help with cash flow management, whereby the Council's surplus cash balances are managed on a day to day basis in line with the Treasury Management Strategy approved by Finance Council. The Council spreads its investment risk over a number of institutions, and has limits on how much can be invested in any one institution and for how long.

The list of approved institutions undergoes regular review by the Treasury Management Group in conjunction with information from the Council's treasury consultants.

Investment criteria have been temporarily modified to reduce the length of time deposits are made with particular institutions. In addition, the Council has continued to defer taking out new borrowing, partly financing the capital programme from internal deposits, in order to reduce the amount of externally invested sums. Both these changes may affect the Council's opportunities for obtaining the maximum benefit from interest rate changes but this increased risk has been balanced against the reduction in exposure to potential investment risks.

	Amounts at 30/06/13 £ 000's
Long term borrowing	139,889
Transferred debt re Local Government Re-organisation	18,640
Investments made by the Council	56,200

6.4.4 Debtors

The Council has a corporate debt policy and more specific policies for the key areas of council tax, business rates, housing benefit overpayments, sundry debts and adult social care. The table below summarises the collection performance of the various debts.

	Arrears at 30/06/13 £'000	Arrears at 31/03/13 £'000	Collection Rates
Council tax arrears			
Current year balances *	35,467		
Previous year balances	5,354	5,726	
Current collection rate June 2013			27.71%
Equivalent collection June 2012			28.46%
Business rates arrears			
Current year balances *	36,534		
Previous year balances	2,172	2,113	
Current collection rate June 2013			26.40%
Equivalent collection June 2012			26.60%
Housing benefit overpayments			
Current balances June 2013	1,898	1,795	
Equivalent balances June 2012	1,703		
Current collection rate June 2013			16.39%
Equivalent collection June 2012			18.80%
Sundry debt arrears			
Current balances	3,484	4,155	
Equivalent balances June 2012	2,334		
Current collection rate June 2013			90.44%
Equivalent collection June 2012			91.78%
Adult social care arrears			
Current balances	505	501	
Equivalent balances June 2012	416		
Current collection rate June 2013			73.59%
Equivalent collection June 2012			72.66%

* Current year arrears balances for council tax and business rates are the total amounts due for the year, but not yet paid. Comparative figures for the same period in 2012/13 are £32.529 million and £35.366 million respectively.

The current debt collection rate for Adult Social Care is 73.59% as at the end of June 2013. This equates to a marginal increase of 0.93% on the position for the same period to June 2012. Although the 12 month total is lower than the 2012/13 outturn position in March, this is expected to recover in year due to positive action being taken to reduce the number of arrears outstanding.

6.4.5 Creditors

The Council's general policy is to ensure all creditors are paid within the contractual terms agreed, with a view to optimising cash flow benefit. However, for the time being, in response to the Government's request to assist businesses during the recession, the Council is aiming to pay all trade creditors within 10 days of receipt of invoices. Performance in this respect is shown in the table below.

Month	Balance at end of month £'000	Percentage paid within 10 days		
		In month	Year to date	Equivalent previous years
April	2,080	70.13%	70.13%	73.27%
May	42	77.99%	74.09%	77.14%
June	213	74.35%	74.17%	78.17%

The percentage of invoices paid within 10 days has fallen compared to last year as a result of staffing issues.

7. LEGAL IMPLICATIONS

7.1 None

8. RESOURCE IMPLICATIONS

8.1 None

9. EQUALITY IMPLICATIONS

9.1 The decisions to be taken do not change policy and do not require any further consideration in respect of equality issues.

10. CONSULTATIONS

10.1 Regular and frequent consultation with service departments is an essential feature of the budget monitoring process.

<p>Signed: </p> <p>Director of Human Resources and Legal Services</p> <p>Date: 30/7/13</p>	<p>Signed: </p> <p>Director of Finance</p> <p>Date: 30/7/13</p>
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Contact Officer: Jeanette Moister – Deputy Finance Manager (Ext 5702)

Date Prepared: 30 July 2013

Background Papers: Capital Programme 2013-16
Revenue Budget 2013/14

OVERALL CAPITAL MONITORING 2013/14

	APPROVED PROGRAMME £'000	UPDATED PROGRAMME (slippage b/f) £'000	YEAR END PREDICTION £'000	VARIATION £'000
<u>PREDICTED COST OF PROGRAMME</u>				
Health & Adult Social Care	2,208	2,243	2,447	204
Children's Services	479	543	443	-100
Environment	2,885	2,903	2,757	-146
Leisure, Culture & Young People	4,018	4,035	7,085	3,050
Neighbourhoods, Housing & Customer Services	3,021	3,184	2,539	-645
Regeneration	15,357	15,812	21,585	5,773
Resources	10,560	10,338	10,875	537
Schools & Education	18,919	20,835	20,101	-734
Total Predicted Expenditure	57,447	59,893	67,832	7,939
<u>ESTIMATED CAPITAL RESOURCES</u>				
- Building Schools for the Future	9,308	10,585	10,586	1
- Department for Education Grants	4,304	4,757	4,023	-734
- Department for Health Grants	120	190	233	43
- Department for Transport Grants	3,482	3,482	13,762	10,280
- Disabled Facilities Grants	668	668	673	5
- ERDF	0	0	0	0
- Housing Grants	1,255	1,365	1,362	-3
- Regional Growth Fund	2,132	2,530	3,132	602
- Other Grants	0	0	1,900	1,900
Government Grants	21,269	23,577	35,671	12,094
Unsupported Borrowing	32,535	32,635	27,165	-5,470
External Contributions	8	8	327	319
Usable Capital Receipts	3,235	3,235	3,569	334
Revenue Contributions	400	438	1,100	662
Total Resources	57,447	59,893	67,832	7,939
Difference	0	0	0	0
<u>Supplementary Information</u>				
Earmarked Capital Schemes	2,444	2,482	1,794	-688

Scheme variations to 2013/14 Capital Programme

(Variations over £50,000 identified individually)

	Transfer (to) / from next year £ 000	Cost Increase / (Decrease) £ 000	Total £ 000	Transfer (to) / from last year £ 000	Grand Total £ 000
Health & Adult Social Care					
Disabled Facilities Grant	-	154	154	(43)	111
Extra Care	-	50	50	-	50
Telehealth	-	-	-	70	70
Minor variations	-	-	-	8	8
	-	204	204	35	239
Children's Services					
Disabled Facilities Grant	(100)	-	(100)	20	(80)
Minor variations	-	-	-	44	44
	(100)	-	(100)	64	(36)
Environment					
Pleasington cemetery	-	(146)	(146)	14	(132)
Minor variations	-	-	-	4	4
	-	(146)	(146)	18	(128)
Leisure, Culture & Young People					
Blackburn leisure centre replacement	(4,600)	8,500	3,900	-	3,900
Darwen leisure centre	-	-	-	52	52
Library cladding	(345)	(700)	(1,045)	(3)	(1,048)
Witton Park athletics development	(105)	300	195	(22)	173
Minor variations	-	-	-	(10)	(10)
	(5,050)	8,100	3,050	17	3,067
Neighbourhoods, Housing and Customer Services					
Griffin clearance	(444)	-	(444)	11	(433)
Neighbourhood intervention fund	(200)	34	(166)	78	(88)
Minor variations	(35)	-	(35)	74	39
	(679)	34	(645)	163	(482)
Regeneration					
Cathedral Quarter Development	(16,303)	17,557	1,254	(118)	1,136
Highways investment	(7,641)	10,096	2,455	-	2,455
LTP (funding transferred to Highways Invmt)	-	(984)	(984)	-	(984)
New Blackburn Market	-	-	-	(70)	(70)
Pennine Reach	-	7,038	7,038	382	7,420
Redevelopment of Existing Markets Site	(50)	14	(36)	(146)	(182)
Regional Growth Fund	(2,398)	3,000	602	398	1,000
Street lighting	(4,556)	-	(4,556)	-	(4,556)
Minor variations	-	-	-	9	9
	(30,948)	36,721	5,773	455	6,228
Resources					
Corporate ICT	(2,329)	1,030	(1,299)	420	(879)
Superfast broadband	-	(225)	(225)	300	75
10 Duke Street	-	-	-	(1,012)	(1,012)
13-15 New Market Street	-	80	80	-	80
Carbon Management Plan	(226)	-	(226)	(18)	(244)
Corporate DDA Work	(75)	-	(75)	6	(69)
Freckleton Street Property Acquisitions	-	-	-	(71)	(71)
Pennine Reach site assembly	-	2,326	2,326	-	2,326
Tower block air conditioning	-	330	330	-	330
Velvet Lounge	(336)	-	(336)	8	(328)
Minor variations	-	(38)	(38)	145	107
	(2,966)	3,503	537	(222)	315
Schools and Education					
Building Schools for the Future	-	-	-	1,203	1,203
Lower Darwen CP	(440)	425	(15)	(22)	(37)
St Barnabas & St Paul's	-	-	-	304	304
Sudell Primary	-	36	36	224	260
Other Schools Minor Works	-	1,514	1,514	9	1,523
Schools Minor Works - Unallocated 2012-13	-	(672)	(672)	198	(474)
Schools Minor Works - Unallocated 2013-14	(622)	(975)	(1,597)	-	(1,597)
	(1,062)	328	(734)	1,916	1,182
Portfolios Total					
	(40,805)	48,744	7,939	2,446	10,385
Transfers from earmarked schemes		885			
Transfers from contingent schemes		25,359			
Additional grant or external contributions		12,030			
Increased costs - Cathedral Quarter		11,369			
Increased costs / (savings) - other schemes		(899)			
		48,744			

SCHEDULE OF CASH LIMIT ADJUSTMENTS REQUESTED - AUGUST 2013

APPENDIX 3

	Health & Adult Social Care	Children's Services	Environment	Leisure, Culture & Young People	Neighbourhoods, Housing & Customer Services	Regeneration	Resources	Schools & Education (Non-DSG)
	£	£	£	£	£	£	£	£
Approved cash limit 2013/14	38,851,100	25,504,100	10,238,200	7,897,100	5,430,200	11,511,700	20,258,400	7,079,300
<i>Transfers between portfolios:</i>								
Disabled Facilities Grant Surveyors (recurring)	(90,500)				90,500			
Local Safeguarding Adults Board training (one year only)	(5,800)	5,800						
Surveyors fees for building works		(4,000)			4,000			
<i>Transfers to/from earmarked reserves</i>								
Local Safeguarding Children Board funds		35,000						
Darwen Library Window replacement				30,000				
Turton Tower Car Park				30,000				
Sports Hall doors				7,500				
Health & Fitness				126,500				
Temporary post Museum Services				5,600				
ER/VR quarter one payments				24,600				
Collective Energy switching grant c/fwd					6,700			
Warm Homes Healthy People grant c/fwd					5,100			
Preventing Evictions & Repossessions grant c/fwd					49,800			
Troubled Families grant c/fwd					405,000			
Redundancy Payments					18,000			
Darwen Town Hall Windows							40,000	
Town Hall Quadrangle							150,000	
Use of Flood Defence grant for Reservoir							30,000	
Sharing Experiences use for National Conference							161,000	
Raising Participation 14-19 grant c/fwd								35,500
Transition costs - traded services								187,800
<i>Transfers to/from unallocated reserves for Ring Fenced Accounts:</i>								
Increase in respect of EIG Adoption Reform Grant		349,800						
Incentive Scheme for Business Rates							(58,600)	
<i>Other budget adjustments</i>								
Public Health - Social Determinants of Health	(70,000)	(155,000)	(55,000)	(345,000)	(110,000)	(125,000)	(100,000)	(40,000)
REVISED PORTFOLIO TOTALS	38,684,800	25,735,700	10,183,200	7,776,300	5,899,300	11,386,700	20,480,800	7,262,600

DETAILS OF GENERAL FUND EARMARKED RESERVES FOR USE BY THE COUNCIL

March 2013	Estimated balances at March 2014	
	£000	£000
ICT developments		
41	Neighbourhood Learning Services	41
486	ICT revenue projects	486
70	Procurement of new HR/payroll system	70
		<hr/>
		597
Welfare, council tax and business rates reforms		
707	Support collection fund deficit	707
362	Welfare and council tax reforms	362
		<hr/>
		1,069
Investment in assets and infrastructure		
741	Building Schools for the Future	741
171	Improvements to One Stop Shop	171
500	Office Accommodation and property improvements	310
232	Highways Winter Maintenance	232
100	Waste Project	100
200	Redevelopment of Blackburn Markets site	200
200	Repairs etc - in-house establishments	200
29	Support for costs of asset disposals	29
350	Davyfield Road development	350
38	Darwen Leisure Centre windows / doors	0
30	Turton Tower car park	0
40	Crematorium income shortfall whilst capital project underway	40
111	Corporate properties	111
150	Flood Defence	120
50	Cemetery memorials	50
715	Infrastructure (incl flood defence & remedial works)	315
		<hr/>
		2,969
Other Resources and Transformation projects		
66	Leadership and management development	66
188	Traded Services	0
95	Legal childcare protection costs	95
161	Sharing experiences	0
120	Your Call	120
14	Elections	14
		<hr/>
		295
Support for People Services		
50	Telecare project	50
226	Health improvement / transition funding	226
262	Demand management	262
160	Re-ablement	160
500	Potential loss of health grants	500
229	Child workforce development and social work improvements	229
405	Troubled families	0
36	Raising participation 14-19 years	0
211	YOT partnership	211
98	Music Services	98
122	General Well-Being support	122
500	Disabled Facilities Grants	500
		<hr/>
		2,358
Town Centres, Special Events and Economic Development		
184	Special Events / Town Centres	184
80	High Street innovation fund	80
138	Music, Arts and Heritage	138
45	Strategic inquiries	45
30	PLACE	30

APPENDIX 4

360	New Homes Bonus	360	
500	Investment to support business rates growth	<u>500</u>	1,337
	Invest to Save projects		
117	Purchasing Cards / e-tendering	117	
150	Income Collection Systems	150	
108	Customer Services Improvements	108	
200	Leisure facilities	200	
60	Libraries	60	
61	King Georges Hall	61	
33	Insurance risk investment fund	<u>33</u>	729
	Contingent sums to support future downsizing and transformation programmes		
411	Review of services provided by strategic partnership	411	
3,230	Support for future redundancy costs	5,176	
2,830	Support for part year effect of future savings plans	2,830	
218	Corporate Improvement and Transformation Programme	<u>86</u>	8,503
	Amounts carried forward in respect of unspent grants and contributions		
214		<u>26</u>	26
1,603	Amounts committed in future year budgets/MTFS	<u>236</u>	236
	Reserves held for specified non discretionary purposes		
939	Developers Contributions (S106 Income)	639	
506	Future Maintenance of Wainwright Bridge	506	
	Highways claims anticipated for years up to current year but not yet received		
202		202	
11	Art Acquisitions Fund	11	
29	W. Ferrier Bequest (for museum re Kathleen Ferrier)	23	
430	Allowance for contingent liabilities (eg MMI)	<u>430</u>	1,811
<u>21,455</u>		<u>19,930</u>	
	<u>Details of Other Earmarked Reserves</u>		
	Reserves held in respect of joint arrangements and charitable bodies		
2	Darwen Market Traders Association	2	
79	Joint Building Control Account	79	
19	Turton Tower Charity	19	
43	Youth Bursary Fund	43	
239	LSCB Safeguarding Partners Fund	<u>204</u>	347
	Reserves held in relation to schools		
1,791	Dedicated Schools Grant - Surplus	1,791	
12,101	LMS Schools Balances	<u>12,101</u>	13,892
<u>14,274</u>		<u>14,239</u>	