

## APPENDIX D

Fund	BDC CAPITAL PROGRAMME SUMMARY	Approved Programme 2013/14 £	Actual Outturn 2013/14 £	Variance 2013/14 £	Carried Forward requests 2014/15. £
<b>General Fund</b>					
<b>Assets</b>					
ASS	AMP - PV Lodges	70,302	48,951	(21,351)	0
ASS	AMP - The Arc	2,438	2,438	0	0
ASS	CCTV - Various Sites	53,733	24,411	(29,322)	29,322
ASS	Pleasley Vale Mills - HLF	25,000	4,040	(20,960)	20,960
ASS	Bolsover Public Realm Infrastructure	215,910	0	(215,910)	215,910
		<b>367,383</b>	<b>79,840</b>	<b>(287,543)</b>	<b>266,192</b>
<b>Project Horizon</b>					
HOR	ICT infrastructure - Project Horizon	64,774	5,566	(59,208)	59,208
HOR	Bolsover Mini Hub	2,433,000	0	(2,433,000)	2,433,000
HOR	Clowne Campus - Refurbishment	301,212	226,010	(75,202)	75,202
HOR	Sherwood Lodge Disposal	453,345	9,849	(443,496)	443,496
		<b>3,252,331</b>	<b>241,425</b>	<b>(3,010,906)</b>	<b>3,010,906</b>
<b>ICT Schemes</b>					
ICT	ICT infrastructure	153,795	146,803	(6,992)	6,992
ICT	Fleet Management System	23,560	12,558	(11,002)	11,002
ICT	Idox Uniform Estates Managemnt System	16,100	0	(16,100)	16,100
		<b>193,455</b>	<b>159,360</b>	<b>(34,095)</b>	<b>34,094</b>
<b>Leisure Schemes</b>					
LEI	Playbuilder	13,020	12,524	(496)	0
LEI	Clune Street Recreation Ground	12,626	5,682	(6,944)	6,944
LEI	Bols Improv Play Pitches Initiative	34,242	34,241	(1)	0
LEI	P Vale Outdoor Education Centre Ph 2	53,485	6,352	(47,134)	47,134
		<b>113,373</b>	<b>58,797</b>	<b>(54,576)</b>	<b>54,078</b>
<b>Private Sector Schemes</b>					
PS	Disabled Facility Grants	250,000	169,617	(80,383)	0
PS	Portland Street Group Repair	0	(20)	(20)	0
PS	Group Repair Carr Vale	0	(169)	(169)	0
PS	New Houghton Renewal Area	0	(1,529)	(1,529)	1,529
PS	Pte Sector Decent Homes	16,736	(1,875)	(18,611)	18,611
PS	Station Road Shirebrook	6,771	1,771	(5,000)	5,000
PS	Verney & Crompton Street	250,780	98,264	(152,516)	154,954
PS	Fuel Poverty Fund	78,175	78,175	(0)	0
		<b>602,462</b>	<b>344,233</b>	<b>(258,229)</b>	<b>180,094</b>
<b>Vehicles and Plant</b>					
VEH	Van (CAN AG05 LYW)	12,000	0	(12,000)	12,000
VEH	Van (Health FY53 DEU)	12,000	0	(12,000)	0
VEH	Van (Health FL05 JFE)	12,000	0	(12,000)	0
VEH	Refuse Vehicle (VX55 CVA)	140,000	139,002	(998)	0
VEH	Pick up Streetscene	22,000	0	(22,000)	22,000
VEH	8 x Hedgecutters (GM)	125	0	(125)	0
VEH	10 x Strimmers (GM)	2,417	0	(2,417)	0
VEH	1 x Luton Van (Leisure)	853	844	(9)	0
VEH	Ransome Mower FJ06 WVS	2,583	2,583	0	0
VEH	Cage Pick-up YP56 VFZ	3,875	3,959	84	0
		<b>207,853</b>	<b>146,388</b>	<b>(61,465)</b>	<b>34,000</b>
<b>Total General Fund</b>		<b>4,736,857</b>	<b>1,030,045</b>	<b>(3,706,812)</b>	<b>3,579,364</b>

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<b>Housing Revenue Account</b>					
HRA	Group Dwellings Safety Work	169,460	5,015	(164,445)	0
HRA	Housing Asset Management	38,000	30,382	(7,618)	0
HRA	External Wall Insulation	18,038	(6,265)	(24,303)	0
HRA	Window Replacement	9,748	3,125	(6,623)	0
HRA	Electrical Rewiring Decent Homes	136,804	95,050	(41,754)	0
HRA	Cavity Wall + Loft Insulation	26,452	3,637	(22,815)	0
HRA	External Door Replacements	483,821	502,652	18,831	0
HRA	Heating Upgrades	105,126	110,777	5,651	0
HRA	Environmental Works	55,020	44,633	(10,387)	0
HRA	Decent Homes - External	249,507	96,186	(153,321)	0
HRA	Kitchen Replacements - Decent Homes	248,202	304,185	55,983	0
HRA	Tarran Preliminary Costs	18,935	0	(18,935)	0
HRA	Mobile Working	61,624	0	(61,624)	0
HRA	HRA New Build - Lang Junction	55,555	55,554	(1)	0
HRA	Regeneration Mgmt & Admin	69,320	69,320	0	0
HRA	Choice based lettings IT Scheme	2,656	0	(2,656)	0
HRA	HRA New Build - New Houghton	2,024,683	667,662	(1,357,022)	1,345,022
HRA	Sprinkler Systems	20,000	12,000	(8,000)	0
HRA	Vehicle Tracking Devices	18,525	18,467	(58)	0
HRA	HRA New Build - New Houghton -Dist Payments	90,000	30,192	(59,808)	0
HRA	Ford Fiesta Rent Collector (Housing)	10,250	9,924	(326)	0
HRA	Van (R & M YP56 VFZ)	18,000	0	(18,000)	18,000
HRA	Van (R & M DY56 OFB)	18,000	0	(18,000)	18,000
HRA	Van (R & M YS56 LYG)	10,000	0	(10,000)	10,000
HRA	Van (R & M YP10 KTK)	15,000	12,505	(2,495)	0
<b>Total HRA</b>		<b>3,972,726</b>	<b>2,065,002</b>	<b>(1,907,724)</b>	<b>1,391,022</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>8,709,583</b>	<b>3,095,047</b>	<b>(5,614,536)</b>	<b>4,970,386</b>
<b>Capital Financing</b>					
<b>General Fund</b>					
	Specified Capital Grant	(250,000)	(169,617)	80,383	
	Private Sector Contributions	(69,586)	(50,486)	19,100	
	Prudential Borrowing	(608,700)	0	608,700	
	Section 106	(32,262)	(31,766)	496	
	Reserves	(227,455)	(113,167)	114,288	
	External Grant	(294,085)	(78,175)	215,910	
	Capital Receipts	(3,254,769)	(586,835)	2,667,934	
		<b>(4,736,857)</b>	<b>(1,030,045)</b>	<b>3,706,812</b>	
<b>HRA</b>					
	Major Repairs Allowance	(1,711,238)	(1,277,166)	434,072	
	1-4-1 Capital Receipts	0	(341,083)	(341,083)	
	Direct Financing	(10,250)	(9,924)	326	
	External Grant	(20,000)	(13,321)	6,679	
	Development Reserve	(2,170,238)	(412,324)	1,757,914	
	Vehicle Reserve	(61,000)	(11,184)	49,816	
		<b>(3,972,726)</b>	<b>(2,065,002)</b>	<b>1,907,724</b>	
<b>TOTAL CAPITAL FINANCING</b>		<b>(8,709,583)</b>	<b>(3,095,047)</b>	<b>5,614,536</b>	
<b>Checks</b>		<b>0</b>	<b>0</b>	<b>0</b>	

**BDC Treasury Management****Activity 2013/14****Capital Financing Requirement**

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2013/14 and the actual outturn CFR are shown in the table below: -

	<b>Revised Budget 2013/14 £000</b>	<b>Actual Outturn 2013/14 £000</b>
Capital Financing Requirement 1 April	115,840	115,840
Prudential Borrowing General Fund	609	0
Prudential Borrowing HRA	0	0
Leasing Repayments	(66)	(66)
Minimum Revenue Provision (MRP)	(529)	(529)
Movement on other debt – retentions	0	(112)
HRA Debt Repayment per business plan	(2,000)	(2,000)
Repayment of Allowable Debt (HRA)	0	(556)
Debt Repayment – General Fund	(4,908)	(3,010)
<b>Capital Financing Requirement 31 March 2014</b>	<b>108,946</b>	<b>109,567</b>

The overall outturn position shows a net reduction of outstanding debt of £6.273m in 2013/14. This is lower than anticipated in the revised budgets due to the lower level of actual capital receipts being available to repay the Project Horizon debt incurred during 2012/13. This debt will now be fully repaid during the 2014/15 financial year.

The capital financing applied in 2013/14 has meant that no new prudential borrowing has been undertaken by the Council in 2013/14.

The repayment of outstanding debt from the Sale of Council House receipts is the Allowable Debt sum of £0.556m. Under the current regulations when a Council dwelling is sold the Council is allowed to retain some of the capital receipts because it is carrying debt on each property following the HRA reforms settlement. It is called the Allowable Debt calculation. It is advisable that the retained receipt element for Allowable Debt is actually utilised to repay the debt outstanding on the sold houses otherwise the Council is carrying debt where it has no asset.

The Capital Financing requirement is split between the HRA and General Fund the balance of each is shown below:

<b>Capital Financing Requirement at 31 March 2014</b>	<b>£000</b>
General Fund	12,617
Housing Revenue Account	96,950
<b>Total CFR</b>	<b>109,567</b>

From the HRA CFR the Council is able to calculate the "headroom" available which is the gap between the HRA debt limit set by the Government when the HRA reforms were introduced. This is shown in the table below:

<b>HRA "Headroom" calculation</b>	<b>£000</b>
Housing Revenue Account – Debt Limit	112,350
Housing Revenue Account CFR 31 March 2014	96,950
<b>Headroom at 31 March 2014 =</b>	<b>15,400</b>

The above table shows that the Council's HRA has a headroom figure of £15.400m at 31 March 2014.

#### **How the CFR is covered.**

As mentioned above the CFR is the Council's underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing, finance leases and the use of its own reserves and balances. The position as at 31 March 2014 is as follows:

	<b>£000</b>
Capital Financing Requirement 31 March 2014	109,567
Financed from:	
External Borrowing via PWLB	105,100
External Borrowing via Leasing arrangements	107
Use of internal balances and reserves	4,360
<b>Total Financing of CFR</b>	<b>109,567</b>

The table above shows that the Council is effectively under borrowing by £4.3m at 31 March 2014. This means that no debt charges are being incurred on £4.3m of borrowing but also means that this sum is not available for investing in the money market. However, the cost of borrowing from the PWLB would incur interest charges that are higher than the investment interest foregone.

#### **PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £107,100,000 at 1 April 2013. During 2013/14 £2,000,000 principal repayments were made. No new loans have been taken out with the PWLB during 2013/14. The profile of the outstanding debt is analysed as follows: -

<b>PWLB BORROWING</b>	<b>Maturity Profile 31 March 2013</b>	<b>Maturity Profile 31 March 2014</b>
<b>Term</b>	<b>£</b>	<b>£</b>
12 Months	2,000,000	1,000,000
1 - 2 years	1,000,000	1,000,000
2 - 5 years	2,000,000	1,000,000
5 - 10 years	12,700,000	16,100,000
Over 10 year	89,400,000	86,000,000
<b>Total PWLB Debt</b>	<b>107,100,000</b>	<b>105,100,000</b>

### PWLB Interest

The interest cost to the Council of the PWLB debt for 2013/14 is £3,687,647.00. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

### Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During 2013/14 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

### Temporary Investments

The table below details the short term investments made at various times during the year of 2013/14. Please note the Iceland investment is not included in the table below:

<b>Bank Name</b>	<b>Amount Invested 2013/14 £000</b>	<b>Amount Returned 2013/14 £000</b>	<b>Balance Invested 31 March 14 £000</b>
Bank of Scotland	4,900	0	4,900
Barclays	5,000	0	5,000
Nat West	4,520	0	4,520
Money Market funds	62,680	(60,690)	1,990
<b>Total</b>	<b>77,100</b>	<b>(60,690)</b>	<b>16,410</b>

From the table above it can be seen that the balance invested by the Council at 31 March 2014 is £16.410m. Interest earned from temporary investments during 2013/14 amounted to £67,487 and is detailed in the table below:

<b>Bank Name</b>	<b>Amount Received</b>
Nat West Bank	(2,472)
Bank of Scotland	(32,634)
Barclays	(12,932)
Money Market Funds	(19,449)
<b>Total</b>	<b>(67,487)</b>

### Iceland Investment update

The Council invested £2m in the Icelandic bank Landsbanki Islands (LBI) on 18 December 2007 and a further £1m in the same bank on 16 May 2008. In October 2008 the Icelandic banking system collapsed and the Landsbanki Islands bank along with other Icelandic financial institutions went into administration. Since then the Local Government Association have co-ordinated action on behalf of the UK Councils to recover the funds for those Councils which had invested in Iceland. The Council qualified as a priority creditor and as such was expected to see the return of the full investment plus interest in due course.

During 2013/14 an analysis of the available options resulted in the Council taking the decision to sell its investment. This action was managed and coordinated in

conjunction with the majority of local authorities holding such investments and on 31 January 2014 the Council sold its claim against the insolvent estate of LBI. The claim was sold through a competitive auction process. The price at which the claim was sold was based on a reserve price set by the Council on the basis of legal advice received from Bevan Brittan and the Council's analysis of the financial position. The sale resulted in the Council recovering 96.5% of the amounts that were originally deposited with LBI in 2008. The Council is now no longer a creditor of LBI and has no further claims outstanding.

### **Overnight Balances**

The balance of any daily funds are retained in the Council's general account with the Co-Operative Bank. Following the Treasury Management advice received from Sector, officers aim to minimise the balance retained in this account. No interest is received on the balances held in this account.

### **Compliance with Treasury Limits**

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	<b>Actual in year 2013/14 £000</b>	<b>Set Limits in year 2013/14 £000</b>
Authorised Limit (total Council external borrowing limit)	105,430	116,851
Operational Boundary	105,430	111,851

**APPENDIX F**

**SUMMARY OF USABLE BALANCES AS AT 31ST MARCH 2014**

	<b>Balance at 31 March 2013 £'000</b>	<b>Transfers Out 2013/14 £'000</b>	<b>Transfers In 2013/14 £'000</b>	<b>Balance at 31 March 2014 £'000</b>
<b>General Fund</b>				
General Fund Balance	(1,443)	0	(257)	(1,700)
Area Based Grant/Working Neighbourhoods Fund	(890)	305	0	(585)
General	(429)	44	(66)	(451)
Historic Building	(9)	9	0	0
Insurance - GF	(285)	22	(90)	(353)
Invest to Earn	0	0	(50)	(50)
IT and Office Equipment	(44)	102	(125)	(67)
Legal Costs	(33)	1	(68)	(100)
Local Development Scheme	(264)	30	(49)	(283)
Planning Delivery	(132)	16	0	(116)
Transformational Reserve	(341)	1,152	(3,969)	(3,158)
Transition Grant Reserve	(1,934)	1,934	0	0
Vehicle Repair and Renewal	(45)	26	(13)	(32)
<b>General Fund Total</b>	<b>(4,406)</b>	<b>3,641</b>	<b>(4,430)</b>	<b>(5,195)</b>
<b>HRA</b>				
HRA Balance	(1,776)	0	(85)	(1,861)
New Build Reserve - HRA	(1,000)	412	(1,250)	(1,838)
Insurance - HRA	(56)	74	(50)	(32)
Vehicle Repair and Renewal	0	11	(200)	(189)
<b>HRA Total</b>	<b>(2,832)</b>	<b>497</b>	<b>(1,585)</b>	<b>(3,920)</b>
<b>Total Reserves</b>	<b>(7,238)</b>	<b>4,138</b>	<b>(6,015)</b>	<b>(9,115)</b>

The following gives an outline of the purpose of each of the 'above' balances:

## General Fund

**General Fund Balance :** This is the level of balances available to support sound financial management. In particular in a situation in which the Council experienced a reduction in income or an unforeseen increase in expenditure General Balances would be used to cushion the impact on services to local residents. Without a reasonable level of General Fund balances the Council would be quickly forced into 'crisis' or unplanned expenditure cuts. Their level is related to the level of financial risk facing the Council.

**Area Based Grant/Working Neighbourhoods Fund:** This supports the activities of the Partnership team.

**General :** The 'General' earmarked balance covers grants received to undertake specific activity and work carried forward from 2013/14 into 2014/15. This reserve therefore reflects a requirement to undertake and to fund certain specified work.

**Insurance :** To meet anticipated future years claims which are not funded by the Insurance Policy. These include excesses and the potential liability associated with the MMI insurance arrangements.

**Invest to Earn :** To fund initiatives on an 'Invest to Save' basis designed to increase the level of the Council's income.

**IT and Office Equipment :** To meet investment needs which have been carried forward from previous financial years.

**Legal Costs:** To meet the anticipated costs of a range of outstanding legal actions against the Council.

**Local Development Scheme:** To cover costs of preparing the Local Plan which cannot be met from 'in year' budgets.

**Planning Delivery :** Residual grant which is 'earmarked' to support the Planning service.

**Transformational Reserve :** At the end of the year increased significant by absorbing carry forward of Efficiency Grant reward, together with Transitional Grant. This will be utilised for Invest to Save projects and Efficiency Grant projects where the expenditure will not be incurred until 2014/15..

**Vehicle Repair and Renewal :** To fund unanticipated vehicle costs which could not be met from within existing budgets.



## **HRA Balances.**

**HRA Balance :** This is the level of balances available to support sound financial management. In particular in a situation in which the Council experienced a reduction in income or an unforeseen increase in expenditure General Balances would be used to cushion the impact on services to local residents. Without a reasonable level of General Fund balances the Council would be quickly forced into 'crisis' or unplanned expenditure cuts. Their level is related to the level of financial risk facing the Council.

**New Build Reserve :** This is to support the building of new Council houses. Effectively the existing balance of £1.8m is contractually committed to the costs of completing the new build project at New Houghton.

**Insurance :** To meet anticipated future years claims which are not funded by the Insurance Policy. These include excesses and the potential liability associated with the MMI insurance arrangements.

**Vehicle Repair and Renewal :** To fund unanticipated vehicle costs which could not be met from within existing budgets.