

AUDIT COMMITTEE

26TH JUNE 2014

FINANCE & CORPORATE SERVICES

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES - H JENKINS

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Doc. Code: AUD-260614-REP-FS

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SECTION B – MATTERS FOR INFORMATION

ITEM 1

INTERNAL AUDIT SERVICE – PROGRESS REPORT TO 30TH MAY 2014

1. Purpose of the report

- 1.1 To provide details of the work undertaken for the period from the 1st March 2014 to 30th May 2014 and an update on progress against the 2014/15 Internal Audit Plan.

2. Background

- 2.1. One of the terms of reference of this Committee is to ‘monitor internal (and external) audit performance’. In order to comply with this requirement to monitor the in-house service, a progress report is given below outlining internal audit work undertaken in the last quarter. This work is then set against the original Internal Audit Plan to show what progress has been achieved against that plan.
- 2.2. In addition, information is provided for members on the current position regarding staff vacancies and other staffing issues within the section.

3. Audit Assignments Completed

- 3.1. A total of 16 formal audit reports have been issued since the 1st March 2014 in line with normal distribution guidelines.
- 3.2. The following is a summary list of the reports that have been issued:
- 8 Primary Schools
 - 1 Special Investigation
 - 1 Comprehensive School
 - National Non- Domestic Rates
 - Council Tax
 - Officers’ Interests
 - Housing Benefits
 - Creditors
 - Interim Report – I-Procurement Project

- 3.3. Attached as Appendix 1 to this report is a full list of the reports along with a brief summary of their findings.
- 3.4. In addition to the above, Internal Audit continues to carry out post audit reviews (follow ups) on all the planned audits carried out.
- 3.5. There are no issues in terms of the post audit reviews that need to be brought to Members' attention.

4. Progress against the Audit Plan

- 4.1. Appendix 2 gives details of the work carried out to date against the 2014/15 audit plan.
- 4.2. There are currently no special investigations in progress.

5. Staffing

- 5.1 Currently there are three members of staff studying for their professional accountancy qualifications. Two are studying CIPFA and one ACCA; they are at different stages of their various courses.
- 5.2 There is currently 1 Audit Assistant vacancy it is anticipated that this will be filled shortly.

6. Audit Structure

- 6.1 Following the promotion of the Chief Internal Auditor to the post of Head of Financial Services, a re-structure of the Internal Audit Section has taken place which has delivered the required staffing savings for the Authority's Forward Financial Plan and maintained staffing resources at an appropriate level.
- 6.2 The Head of Financial Services will retain the role of Head of Internal Audit though this role will be very much removed from the day to day activities of the section, in order to ensure that Internal Audit still retains its independence when carrying out its duties.
- 6.3 The post of Chief Internal Auditor has now been deleted and replaced by the post of Audit Manager and a post of Audit Assistant has also been deleted. These changes generated full year savings of £27,000.

6.4 The previous and new structures (FTE) are as follows:

Previous Structure

Chief Internal Auditor

2 Senior auditors

3 Auditors

3 Audit Assistants

New Structure

Audit Manager

2 Senior Auditors

3 Auditors

2 Audit Assistants

6.5 During the process, discussions were held with the Director of Finance and Corporate Services, Wales Audit Office and the Trades Union.

7. Role of the Audit Committee

7.1 The Finance Division's Project Team is currently carrying out a review of risk management arrangements within the Council. Discussions with the Wales Audit Office, the Chair of Audit Committee and other senior officers have led to the conclusion that the Audit Committee can play a key role in those arrangements. When the review is complete a further report including options will be brought to the Committee.

7.2 In addition, this report will also comment on the role Audit Committee should play in terms of Treasury Management and include options to resolve the issues that the lay member of the Committee has experienced to date in receiving appropriate information in a timely manner.

8. Property Bay Wales

8.1 At the audit committee meeting held in March 2014, Members asked for an update on Property Bay Wales.

8.2 As Members are aware the concerns raised by Internal Audit were around the legal standing of PBW, state aid implications, the governance arrangements in place, staffing arrangements and procurement of work.

- 8.3 A review of PBW was presented to Members of the Policy and Resources Cabinet Board on 13th February 2014, 4 appendices accompanied the report namely the Internal Audit Report, Legal Brief received, Legal Advice received and a draft business plan. The purpose of the report was to obtain a decision on the future of PBW; the decision was taken that the company should continue to trade. Further reports were presented to the Social Services Health & housing Cabinet Board on 3rd March 2014.
- 8.4 Since the issue of the Internal Audit report PBW have commissioned independent legal advice regarding the legality of the Company's trading activities and the implications in relation to state aid with regards to its association with NPTCBC.
- 8.5 The decision to continue trading has been taken and PBW will be guided by the Council on what activities and areas it can trade in. NB the legal advice stated that PBW could not trade with private individuals outside of the county borough area unless well-being powers are being met.
- 8.6 The composition of the Board of Directors has also been reviewed and an elected Member (Cllr John Rogers) now sits on the Board. No independent/non-executive member has yet been found. Training for Board members is being finalised, due to competing work pressures it is envisaged that this training will be web based.
- 8.7 SLAs in relation to staffing arrangements are currently in the process of being finalised.
- 8.8 Procurement documentation has been revised and all reference to NPTCBC removed.
- 8.9 The social lettings agency arm of PBW has now been brought back to NPTCBC where in the opinion of Internal Audit it should always have sat.
- 8.10 In conclusion whilst it is pleasing to note that action has been taken to address the recommendations made it is intended that future work will be undertaken by Internal Audit in the coming months and further updates provided to Members.

Appendices

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2014/15

List of Background Papers

Audit Files

Wards Affected

Not Applicable

Officer Contact

Mr David Rees – Head of Financial Services

Tel. No. : 01639 763634

E-mail: d.rees1@npt.gov.uk

Miss Anne-Marie O'Donnell – Audit Manager

Tel. No. : 01639 763628

E-mail: am.odonnell@npt.gov.uk

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2013-14 R77	Tonmawr Primary School	Excellent controls were found to be in place in all areas tested. Only verbal/minor recommendations were made.	1
2013– 4 R78	Glyncorrwg Primary School	Excellent controls were found to be in place in all areas tested. Only verbal/minor recommendations were made.	1
2013-14 R79	Crynallt Primary School	Generally good controls were found to be in place. Some recommendations were made including in respect of driver checks for staff who use their vehicles on official school business.	2
2013-14 R80	Cwrt Sart Comprehensive School	Good controls were found to be in place. Some recommendations were made the main one being in respect of the unofficial fund.	2
2013-14 R81	Central Infants School	Good controls were found be in place. Recommendations were made in relation to petty cash and inventory records.	2
2013-14 R82	Cwmnedd Primary School	Generally good controls were in place. One recommendation was made in respect of dinner money arrears	2
2013-14 R83	No report issued – error when numbering subsequent reports		
2013-14R84	Pen Afan Primary School	Generally good controls were found to be in place and only one recommendation was made which related to petty cash	2

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2014-15 R1	Housing Benefits 13/14	Generally good controls were found to be in place. Weaknesses were identified in relation to accuracy checks and claims classification and recommendations made to address these areas.	2
2014-15 R2	Neath Abbey Infants School	Good controls were found to be in place and recommendations were made to strengthen controls where a weakness was identified.	2
2014-15 R3	Baglan Primary School	Good controls were found to be in place and recommendations were made in respect of employee files and inventory records.	2
2014-15 R4	Council Tax – Key Controls 13/14	Good controls were found to be in place and minor recommendations were made.	2
2014-15 R5	Creditors 13/14	Generally good controls were found to be in place. The recommendations made to strengthen controls have been made previously. The Head of Financial Services has started work on ensuring that these are now implemented.	2
2014-15 R6	Officers Interests	Improvements were noted from previous years in respect of documentation retention. The Employee Code of Conduct requires updating to properly reflect the requirements of staff.	2
2014-15 R7	NNDR 13/14	Excellent controls were found to be in place and only 1 minor recommendation was made.	1
2014-15R8	Interim Report – I-Procurement Project	Controls within the new system are adequate; some further work needs to be done on the management information provided.	N/A

Published Reports

Report Ref	Report Subject	Report Conclusion	Category
2014-15 R10	Special Investigation	This arose from an internal referral. A number of actions have taken place and further work is being carried out to implement the recommendations from the report.	N/A

Key:

Category 1 – Service risk assessed as low.

Category 2 – Service risk will be assessed as low when the recommendations are implemented.

Category 3 – There are significant risks that Audit Committee needs to be aware of.

Category 4 – Immediate action is required to reduce the level of risk

Audit Plan Monitoring 2014-15

<u>Monitoring Date</u>	<u>30th May 2014</u>				
<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
<u>Education, Leisure and Lifelong Learning</u>					
School Based Audits					
20 Primary Schools	M	2 schools audited and reports issued			
3 Secondary Schools	H				
Other Education					
Adult Education	M	Audit in planning stage			
PLASC	M				
Leisure, Culture and Lifelong Learning					
None					
<u>Finance and Corporate Services</u>					
Revenue Collection					
Council Tax	M	Unannounced checks taking place			
NNDR	M				
Sundry Debtors	H				
Cash Collection	H				
Benefits Administration					
Housing Benefits	M	The regular meetings are attended by Audit			
Attendance at Prosecution Panel	N/A				

Audit Plan Monitoring 2014-15

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
Exchequer					
Payroll	M				
Creditor Payments	H				
Travel and Subsistence Allowances	M				
Accountancy					
Treasury Management	H				
Bank Reconciliation	M				
Legal Services					
None					
<u>Chief Executive's</u>					
Electoral Registration	M				
Internal/Public Information	L				
<u>Social Services, Health and Housing</u>					
Housing General Fund:					
Homelessness	M				
Social Services					
Fostering & Adoption	H				
Hillside Secure unit	M				
Community Meals	M				
Environmental Health	H				
Pre-Employment Checks - Adults	H	Audit commenced			

Audit Plan Monitoring 2014-15

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
<u>Environment</u>					
Asset Register	M	Audit in planning stage			
Stores/Equipment	M				
Planning	M				
Grant Funding	H				
CRC Submission	H				
<u>Cross Directorate</u>					
Special Investigations	N/A	1 Report issued. No new investigations currently in progress			
Advice and Guidance Requests	N/A	On-going			
I.T. Audit	N/A	1 audit in progress			
Contract Audit	N/A				
Corporate Governance Arrangements	N/A	On-going			
Bribery Act	N/A				
Officer Declarations	M	Work in Progress			
Data Protection	H				
Petty Cash	M				
Risk Management	M				
Banking System Administrator	N/A	On-going			
<u>Other Commitments</u>					
Attendance at Working Parties	N/A	On-going			
Servicing/Attendance at Audit Committee	N/A	On-going			
FOI Requests	N/A	None received to date			
Review of Accounting Instructions	N/A	On-going			
Contingencies	N/A				

Audit Plan Monitoring 2014-15

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
West Glamorgan Blind Welfare Association	N/A				
WPI Work inc. Performance Indicators	L	Audit in planning stage			
SWTRA	N/A				

ITEM 2

INTERNAL AUDIT SERVICE – ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2014

1. Purpose of the Report

- 1.1 To provide details of the work undertaken for the financial year 2013/14 compared with that included in the Internal Audit Plan, and to highlight issues relevant to the performance of the section.

2. Background

- 2.1. One of the terms of reference of this Committee is to ‘monitor internal (and external) audit performance’. In order to comply with this requirement to monitor the in-house service, an annual report is given below outlining Internal Audit work undertaken during the last year.
- 2.2. In addition, information is provided for Members on the current position regarding staff vacancies within the Section and the actions being taken to address it.

3. Audit Performance

- 3.1 A comparison of the work completed during the financial year with the work planned is provided at appendix 1. In the past it has been customary in the Annual Report to Members to provide the Section’s performance indicators. However, due to a request from the Wales Audit Office (WAO) to bring the annual report forward to the June Committee, the performance indicator analysis work of the Welsh Chief Auditor’s Group is not available at this time. Therefore the performance data in full will be reported to Members at the September Committee.
- 3.2 The position with regard to vacant posts in the section has been reported to Audit Committee on a regular basis throughout the year. At the present time there is 1 vacant audit assistant post within the section. It is anticipated that this vacancy will be filled shortly.

4. Assurance Statement

- 4.1 As part of the annual reporting procedures, Internal Audit has to provide a statement of assurance on the systems of internal control operating within the Authority. This statement is based on the work carried out by the section during the year.
- 4.2 It is necessary to highlight to this Committee, any problems in connection with non implementation of significant recommendations contained within agreed Internal Audit Reports. Non implementation could point to continuing weak internal controls operating or non compliance with existing satisfactory controls which then present risks to the Authority. ***The issue of implementation of recommendations in respect of both the debtors and creditors systems is currently being addressed by the Head of Financial Services in collaboration with Internal Audit.***
- 4.3 The remaining aspect that needs to be highlighted concerns, in general terms, the various Internal Control Systems operating within the Council. This Committee in line with one of its Terms of Reference (and importantly in compliance with the Council's Code of Corporate Governance), i.e. ***“to examine and keep under review the adequacy and effectiveness of internal controls/compliance”*** requires a regular appraisal of the work undertaken by the Internal Audit Service, throughout the year in connection with this important area of its duties and responsibilities. It must be stressed that assurance – on the existence of robust internal controls – can never be absolute – the most the Internal Audit Service can provide to this Committee is a reasonable assurance that there are no major weaknesses in the internal control systems examined during any year.
- 4.4 In terms of giving an assurance on the robustness of internal controls / compliance within the Authority based upon the assignments and sample testing completed this financial year including the majority of fundamental financial systems and the subsequent response to implementation of recommendations, the conclusion is that:

Reasonable assurance can be given that there have been no major weaknesses noted in relation to the various internal control systems operating within the Authority.

- 4.5 In addition to the assurance statement above, the work carried out by Internal Audit is essential in enabling the Director of Finance and Corporate Services to review the effectiveness of the system of internal financial control and to support the production of the 'Annual Governance Statement' that is included in the annual Statement of Accounts.

5. Issues Affecting Audit Performance

- 5.1. The main issue for Internal Audit during 2013/14 was the deletion of the Chief Internal Auditor post and the need to have an interim arrangement in place while a re-structure of the Financial Services Division was carried out. The staff coped very well with the situation however, and there was no significant impact on performance as a result.

List of Background Papers

Internal Audit Files

Appendices

Appendix 1 –Actual work undertaken against work planned

Wards Affected

All

Officer Contact

Mr. David Rees – Head of Financial Services
Tel. No. 01639 763634
E-mail: d.rees1@npt.gov.uk

Miss Anne-Marie O'Donnell – Audit Manager
Tel. No. 01639 763628
E-mail: am.odonnell@npt.gov.uk

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
<u>Education, Liesure and Lifelong Learning</u>			
School Based Audits			
Twenty Primary Schools	M	20 audits completed	In addition to the 20 primary schools an audit of Bryncoch PRU was also undertaken.
Three Secondary Schools	H	3 audits completed	
Other Education			
Delegated School Reserves	M	Not undertaken by Internal Audit, work is undertaken by Education Accountant on an annual basis. Replaced by grant audit.	
<u>Leisure, Culture and Lifelong Learning</u>			
Margam Park	M	Audit completed	
<u>Finance and Corporate Services</u>			
Revenue Collection			
Council Tax	H	Audit completed	
NNDR	M	Audit completed	
Debtors	H	Audit completed	
Cash Collection	H	Audit completed	

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
Benefits Administration			
Benefits	M	Audit completed	
Prosecution Panel	N/A	Attendance at each Panel held.	
Exchequer			
Payroll	M	Audit completed	
Creditors	H	Audit completed	
Travel Expenses	M	Audit completed	
Accountancy			
Treasury Management	H	Audit completed	
Bank Reconciliation	M	Audit completed	
Insurance	M	Audit completed	
Legal Services			
None			
<u>Chief Executive's</u>			
Members' Declarations of Interest	M	Audit completed	
Urgency Action Procedures	L	Audit completed	
<u>Social Services, Health and Housing</u>			
Housing General Fund:			
Housing Renewal Area	M	Audit completed	Report will be issued shortly

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
Social Services			
Monitoring of External Care Providers	H	Work ongoing	Delays due to office moves & staff availability
Hillside Secure unit	M	Audit completed	
Direct/Indirect Payments	M	Audit completed	
Childrens' Services	H	Audit completed re CSE & Missing Children (report to be agreed)	
Route 16	M	Special investigation undertaken	
<u>Environment</u>			
Building Maintenance	M	Audit completed	
Stores/Equipment	M	Audit completed	
Planning/Building Regulations	M	Building Control element completed. Planning moved to 14/15 at request of Head of Service	
Fuel Usage of Vehicles	M	Not undertaken, replaced by work on trade waste.	Problems experienced in obtaining useable information from fuel system
Trade Waste	M	Partially complete	Unable to fully test due to changes in the system

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
<u>Cross Directorate</u>			
Special Investigations	N/A	A number of special investigations were undertaken throughout the year and formal reports issued when appropriate	
Advice and Guidance	N/A	On-going throughout the year	
I.T. Audit	N/A	Assurance work carried out throughout the year and as part of other audits. One specific report has been issued.	
Contract Audit	N/A	Work was undertaken during the year on ongoing projects prior to the final account being signed off	
Corporate Governance	N/A	Attendance at the regular meetings of the Governance Group, and contributed to the production of the Annual Governance Statement.	
Bribery Act	N/A	Not done	Moved to 2014/15 due to other pressures
Officer Declarations	M	Audit completed	

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
FOI Act	M	None undertaken due to resources diverted to other higher priority areas.	Not considered a risk due to other work undertaken in relation to individual FOI requests and monitoring arrangements in place.
Petty Cash	M	3 reports issued	
CRB Checks	M	Audit completed	
VFM Work	N/A	None undertaken due to resources diverted to other higher priority areas.	
Annual Governance Statement	N/A	Contribution made to the production of the statement.	
Banking System Administrator	N/A	Work ongoing	
<u>Other Commitments</u>			
Working Parties	N/A	Attendance at the various South Wales and All Wales Audit Groups.	
Audit Committee	N/A	Four Audit Committees held each year.	

<u>Audit Plan Item</u>	<u>Risk Factor</u>	<u>Year end position</u>	<u>Comments</u>
FOI Requests	N/A	One FOI received and responded to.	
Accounting Instructions	N/A	Work on-going to update all the Authority's Accounting Instructions.	
Contingencies	N/A	A number of unplanned audits were undertaken following requests from service managers e.g. Time Recording Systems, Building Services, and 2 grants	
WGBWA	N/A	Audit completed	
WPI's	L	14 WPI's examined and reports issued	
SWTRA	N/A	No work undertaken	

ITEM 3

CLOSURE OF ACCOUNTS 2013/14

1. Purpose of the report

- 1.1 This report introduces the information in relation to the Council's Outturn position for Revenue and Capital and the Statement of Accounts for 2013/14.

2. Background

- 2.1 The Council's financial year ends on 31st March and following this date, the exercise starts to complete the annual accounts.
- 2.2 The Council prepares its revenue and capital position which provides financial information reflecting the structure and operations of the Council. A draft Statement of Accounts is also produced to comply with the current Accounting Code of Practice which is issued by the Chartered Institute of Public Finance and Accounting.
- 2.3 The Accounts and Audit (Wales) Regulations 2005 require that by the 30th June, the Section 151 officer, our Director of Finance and Corporate Services, signs and dates the accounts to certify that they present a true and fair view.

3. Closure of Accounts 2013/14

- 3.1 The Revenue Outturn and Reserves Position Statement 2013/14 and the Capital Programme Outturn 2013/14 reflect the Council's management budget and are included as Addendum 1. This report reflects the information provided for decision by Cabinet on 25th June 2014.
- 3.2 The draft Statement of Accounts 2013/14 is included as Addendum 2 (separate copy).

4. Next Steps

- 4.1 This report is now subject to audit by the Wales Audit Office culminating in the final report being signed by the Chair of this Committee at the meeting on 26th September 2014.

5. Recommendation

5.1 That the report be noted.

Appendices

Addendum 1 – Revenue Outturn and Reserves Position Statement and Capital Programme Outturn

Addendum 2 – Draft Statement of Accounts 2013/14

Background Papers

Closing working papers 2013/14

Wards Affected

All

Officer Contact

For further information on this report item, please contact:

Mr David Rees – Head of Financial Services

Tel. No. 01639 763634

E-mail: d.rees1@npt.gov.uk

Mrs Janet North – Chief Accountant, Technical and Exchequer

Tel. No: 01639 763635

E-mail: j.north@npt.gov.uk

CABINET

25th JUNE 2014

FINANCE AND CORPORATE SERVICES

REPORT OF THE CORPORATE DIRECTORS' GROUP

INDEX OF REPORT ITEMS

Doc.Code: CAB-250614-REP-CDG

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SECTION B – MATTER FOR INFORMATION		
2. Capital Programme Outturn 2013/14	21–23	All

ITEM 1

REVENUE OUTTURN AND RESERVES POSITION STATEMENT 2013/14

1. Introduction

- 1.1. The purpose of this report is to provide details relating to the Council's General Fund Revenue Outturn and Reserves position for the 2013/14 financial year.

EXECUTIVE SUMMARY

The Council's Outturn position for its Directorates shows a net underspend of £1m, when compared to the revised estimate reported in January 2014.

After taking account of all revenue movements there are net contribution to the General Reserve during 2013/14 of £7.780m. This includes £4.8m expected at the Revised Budget stage and a further £2.9m at year end.

This results in the General Reserve having a closing balance of £13.713m, which incorporates £8.5m from the former HRA Reserve. The closing balance on Specific Reserves at 31st March 2014 is £35.178m.

2. Service Outturn Position 2013/14

2.1. The initial outturn position for the Directorates Service budgets, indicates an under spend of £1.384m (-0.58%), as outlined below.

	Original Budget £'000	Revised Budget £'000	Outturn Position £'000	Variance %
Education, Leisure & Lifelong Learning	107,007	107,007	107,111	0.09%
Social Services and Health	78,893	78,837	78,035	-1.02%
Environment	33,350	33,162	33,168	0.01%
Corporate Services	18,860	18,926	18,234	-3.66%
Net Position	238,110	237,932	236,548	-0.58%

A further summary of the under spend of £1.384m is included in Appendix 1 (page 8).

An explanation of the main budget variances for all service areas is included in Appendix 2 (pages 9-11)

This report seeks approval to transfer £384k of that underspend to Specific Reserves to fund identified future cost pressures, thus reducing the overall underspend to £1m.

3. Specific Reserves 2013/14

3.1. The outturn position has been prepared based on a range of contributions to reserves which have been made in accordance with the following principles.

- The schedule of interim specific reserve balances as at 31st March 2014 was agreed by Council on 30th January 2014 as part of the 2013/14 Revised Budget deliberations.
- The final reserve balances will be further reviewed following audit and as part of the annual budget process for 2015/16.

- School Reserves (£3.174m) – delegated school budget reserves must be carried forward in accordance with current legislative requirements. Reserve balances have reduced by £495,000 during the year and a small number of Schools are in a deficit position. The Authority will not allow a school to set a deficit budget without a fully costed recovery plan in place. The recovery plans are signed off by the Director of Education and Lifelong Learning, the Head Teacher and Chair of Governors and reviewed on an annual basis. Schools are required to provide the Authority with details on how they intend to utilise their reserves.

- 3.2. Approval is sought to transfer some of the net underspend reported to specific reserves to meet identified future cost pressures. Full details of these reserve requests are included as Appendix 3.

Directorate		£'000
Education, Leisure and Lifelong Learning	From	-104
Social Services Health and Housing	To	22
Environment	From	-6
Corporate Services	To	472
Total	To	384

- 3.3. Following the approval of these proposals, the Specific reserves position is as follows:

	£'000
Opening Balance 1 st April 2013	38,721
Net reserve movements (Appendix 4)	(3,927)
	<hr/> 34,971
Additional Transfers (from para 3.2)	384
Closing Balance as at 31st March 2014	<hr/> 35,178 <hr/>

Full details of Specific Reserve balances are given in Appendix 4.

4. Revenue Account and General Reserves 2013/14

- 4.1. A review of specific reserves was undertaken during 2013/14 and as a consequence £5.337m was transferred to the ERVR transitional reserve to meet the cost of staff opting to take early retirement/ redundancy, of which £3.3m was utilised in 2013/14 leaving a balance of £2.0m available for future years.

- 4.2 If the recommended contributions to specific reserves detailed above are approved, the Council's closing General Reserve position will be £13.713m, made up as follows:

	£'000
Opening Balance 1 st April 2013	5,933
Reserve Movements	7,780
Closing Balance 31st March 2014	<hr/> 13,713 <hr/>

Full details of the movement in the General Reserve are shown in Appendix 5.

5. Housing Revenue Account

- 5.1 The Council's housing stock was transferred to NPT Homes in March 2011 and the net balance of £8.499m has been transferred to the general reserve following approval from Welsh Government.

6. Recommendations

- 6.1. It is recommended that the following be commended to Council for determination and approval:
- the Revenue Outturn position for 2013/14
 - the Specific Reserves attached at Appendix 4
 - the General Reserve attached at Appendix 5
 - The draft Statement of Accounts incorporate these proposals

Reason for Proposed Decision

To agree the revenue outturn position and reserve schedules for 2013/14

List of Background Papers

Outturn Working Papers 2013/14

Appendices

Appendix 1 – Revenue Outturn Summary 2013/14 (page 8)

Appendix 2 – Variance Statement (pages 9-11)

Appendix 3 – Additional Reserve Movements (pages 12-13)

Appendix 4 – Reserves Schedule (pages 14-19)

Appendix 5 – General Reserve Statement (page 20)

Wards Affected

All

Officer Contact

For further information on this report item, please contact:

Mr Hywel Jenkins – Director of Finance & Corporate Services

Tel no 01639 763251

Email: h.jenkins@npt.gov.uk

Mr David Rees – Head of Financial Services

Tel no 01639 763634

E-mail: d.rees1@npt.gov.uk

Mrs Sue Gorman, Chief Accountant - Financial Services

Tel. No. 01639 763937

E-mail: s.gorman@npt.gov.uk

COMPLIANCE STATEMENT

**REVENUE OUTTURN AND RESERVES POSITION STATEMENT
2013/14**

Implementation of Decision

The decision is proposed for implementation immediately after consultation with the relevant Scrutiny Committee and determination by Council.

Sustainability Appraisal

Community Plan Impacts

Economic Prosperity
Education & Lifelong Learning
Better Health & Well Being
Environment & Transport
Crime & Disorder

Other Impacts

Welsh Language
Sustainable Development
Equalities
Social Inclusion

The Council has delivered its services within budget and the general reserve balance has improved. The report identifies various movements to and from reserves. The overall impact on the Council's finances is therefore positive.

Consultation

This item has been included in the Forward Work Programme.

REVENUE OUTTURN SUMMARY 2013/14

	Original Budget	Revised Budget	Actual	Interim Variance	Further Reserve Adj	Final Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Directly Controlled Expenditure						
Education Leisure & Lifelong Learning	107,007	107,007	107,111	104	-104	0
Social Services and Health	78,893	78,837	78,035	-802	22	-780
Environment	33,350	33,162	33,168	6	-6	0
Corporate Services	18,860	18,926	18,234	-692	472	-220
Total Directly Controlled Expenditure	238,110	237,932	236,548	-1,384	384	-1,000
Other Budget Movements						
Capital Financing	16,426	16,604	16,602	-2	0	-2
Levies, Precepts and Contributions	6,981	6,981	6,999	18	0	18
Council Tax Support	16,199	16,199	15,892	-307	0	-307
Contingencies, Reserves and Miscellaneous	152	-4,697	-6,337	-1,640	0	-1,640
Outcome Agreement Grant	-1,477	-1,477	-1,477	0	0	0
Total Expenditure	276,391	271,542	268,227	-3,315	384	-2,931
Revenue Support Grant and NNDR	-218,969	-218,969	-218,969	0	0	0
Council Tax income	-57,422	-57,422	-57,422	0	0	0
Income	-276,391	-276,391	-276,391	0	0	0
Net Expenditure from/-to General Reserve	0	-4,849	-8,164	-3,315	384	-2,931

General Reserve Summary 2013/14

	£'000	£'000
Opening Balance 1st April 2013		Cr 5,933
Reserve Movements - revised budget	Cr 4,849	
Reserve Movements - additional movement	Cr 2,931	
		Cr 7,780
Closing Balance 31st March 2014		Cr 13,713

Education, Leisure and Lifelong Learning – Variances

Service Area	Value £000	Reason/Action
Home to School Transport	Ov 145	This Variance is due to an increase in the number of routes coupled with price increases from the retendering exercise across all areas of the service from September 2013.
Schools Meals	Ov 82	An over spend has arisen due to increased demand for the service resulting in higher than anticipated staffing costs.
School Effectiveness Grant	Ov 100	Additional match funded expenditure has been recorded against this service to ensure maximization of grant funding. Compensating savings have been made in the Cwmtawe/Afan Valley Project and Education, Development & Inclusion Service
Early Years Development	Un 94	Demand for the service was less than anticipated.
Cwmtawe/ Amman Valley Project	Un 54	Savings have been made on this service as a result of innovative use of grant funding.
Out of County Placements	Ov 54	This is a demand led budget - more children have been placed Out of County than expected
Education outside school settings	Ov 85	This budget fluctuates throughout the year depending on pupil numbers and all children who engage within this service meet agreed criteria. More children have used this service than anticipated
Youth Offending Team	Un 79	Savings have been made on this service as a result of grant funding.
Margam Country Park	Un 70	Tarmacing the Margam Park Drive and Cycling course have been delayed.
Leisure Trust	Un 66	This underspend is largely due to increased income as a direct result of the Authority working closely with schools

Social Services, Health and Housing – Variances

Service Area	Value £000	Reason/Action
Children's & Family Services - Other Community Care - Adoption Service	Ov 64	The overspend has arisen due to additional cost of inter-agency adoption expenses
Children's and Family Services – Other Community Care - External Provision	Ov 87	Additional cost of allowances paid to independent foster carers including four new mothers & babies
Management & Support Services - Central Services	Ov 54	The overspend has arisen as a result of increased costs of CRB checks and medical fees £21k, IT £20k, postage £5k and telephone charges £9k
Management & Support Services - Child & Family Management	Ov 114	The additional cost of childcare legal fees (£135k) has been partly offset by savings arising from staff vacancies (health visitor).
Management & Support Services - Business Support Services	Un 141	The under spend is a result of savings on staff costs.
Elderly Services - Homecare Service	Un 105	The under spend is largely attributable to savings on staff costs, car allowances and greater than expected income from clients
Elderly Services - Other Community Care - Internal Provision	Un 65	The under spend has arisen mainly due to staff vacancies £44k, £6k on pool car hire and an additional £7k funding from health, with the balance made up from savings on delegated budgets.
Elderly Services - Other Community Care - External Provision	Un 252	An over spend on direct payments of £56k has been more than offset by savings in the following areas - £107k external dom care providers, £21k ABMU bridging service recharge, consultancy £10k, £22k temporary social worker vacancies, £82k additional grant income and a reduction in the cost of residential placements making up the balance.
Learning Disabilities - Residential Care - External Provision	Un 336	The under spend is largely attributed to a reduction in placement costs - timing of savings sooner than expected.
Mental Health Needs - Residential Care - External Provision	Un 91	Additional income received, back dated adjustments and changes in placement activity.

Environment – Variances

Service Area	Value £000	Reason/Action
Winter Maintenance	Un 65	An under spend has arisen due to the mild winter.
Refuse Collection	Ov 73	The trade refuse income has fallen due to service changes introduced to encourage businesses to improve their recycling of waste.

Corporate Services – Variances

Service Area	Value £000	Reason/Action
Accountancy - Financial Services	Un 99	This was mainly due to less spend of £47k on Wales Audit Office grant audit fees, and also additional income of £31k from recharging grant projects for accountancy support.
Information & Communications Technology	Un 71	This was mainly due to less spend on IT maintenance and equipment £51k offset by an over spend on training £23k and also additional fees and charges income of £53k.
Legal Services	Un 96	Additional income from legal fees and charges, mainly due to legal work on the PDR £61k and also a recharge for trainee solicitor costs £53k from the South West Wales legal services special interest group.

Other - Variances

Service Area	Value £000	Reason/Action
Council Tax Support	Un 307	Reduction in support paid out compared to estimate for the first year of the CTRS Scheme.
Contingencies, Reserves and Miscellaneous	Un 1,640	This has been generated from various sources including a surplus on Housing Benefit, non use of the Contingency, Council Tax income surplus and additional sums from former HRA balances.

Additional Reserve Requests

	Service Area/Reserve	Reserve Movement £000	Reason/Action
ELLL	Schools' Repairs and Maintenance Reserve	Out 46	An over spend has arisen due to the nature of the cost of emergency repairs and maintenance. It is proposed that there should be a movement from the Schools Repairs and Maintenance Reserve to cover the additional costs incurred.
ELLL	Education Equalisation Reserve	Out 58	It is proposed that there should be a transfer from the Education Equalisation Reserve to balance the budget for 2013/14.
SSHH	Elderly Services - Other Community Care - External Provision	In 22	To transfer savings arising from vacant social worker posts to the Social Care Equalization reserve to meet the costs of review work to be undertaken in 2014/15.
ENVT	Transport Support	In 40	At the end of the financial year the Authority was given additional funding from SWWITCH, ring fenced for expenditure on bus services. The Authority will incur the expenditure in 2014/15 so it needs to be temporarily added to a reserve.
ENVT	Environment Equalisation Reserve	Out 46	It is proposed that there should be a transfer from the Environment Equalisation Reserve to balance the budget for 2013/14.

Additional Reserve Request (cont)

CORP	Accountancy - Technical / Misc Income/ Housing Benefit	In 70	To transfer underspend to the Corporate Equalisation Reserve to assist towards finding a replacement debtors system.
CORP	Council Tax	In 30	To transfer underspend to the Corporate Equalisation Reserve to fund development work on Council Tax bankruptcy and committals and the single person discount review.
CORP	Information & Communications Technology	In 50	To transfer underspend to the ICT Renewals Reserve to fund ongoing project development and support in 2014/15 mainly in line with Grant requirements.
CORP	Legal Services	In 50	To transfer to the Legal Equalisation Reserve to cover trainee extension/FFP.
CORP	Legal Services - Land Charges	In 100	To transfer to the Legal Equalisation Reserve a provision for Land Charges settlement claims.
CORP	Corporate Services	In 67	To transfer underspend to the Management Capacity Reserve to fund planned / slipped expenditure on transformation programme commitments, and also to provide contingency for any expenditure deemed ineligible under the ESF rules.
CORP	Human Resources / Unions	In 11	To transfer underspend to the Corporate Equalisation Reserve to fund project development of the Disclosure Barring Service.
CORP	Human Resources-Training	In 18	To transfer underspend to the Corporate Equalisation Reserve to invest in online learning, with an initial HR-related focus on workforce-related management of change support.
CORP	Human Resources-Occupational Health Service	In 26	To transfer underspend to the Corporate Equalisation Reserve to fund HR project developments in 2014/15.
CORP	Human Resources-Health & Safety/ Civil Contingencies	In 50	To transfer underspend to the Corporate Equalisation Reserve to cover the Head of HR costs.

Closing Position - Specific Reserves 2013/14

Description	Reserve at 1st April 2013 £000	Budget movements £000	Interim Balance at 31st March 2014 £000	Additional Requests £000	Final Balance at 31st March 2014 £000
EDUCATION, LEISURE & LIFELONG LEARNING					
<i>Delegated Schools Cash Reserves</i>					
ERVR New Deal Primary	Cr73	32	Cr41	0	Cr41
Primary Schools Reserve A/C	Cr2,467	518	Cr1,949	0	Cr1,949
Secondary Schools Reserve A/C	Cr777	Cr61	Cr838	0	Cr838
Special Schools Reserve A/c	Cr145	Cr40	Cr185	0	Cr185
Repair & Maintenance reserve	Cr207	0	Cr207	46	Cr161
	Cr3,669	449	Cr3,220	46	Cr3,174
<i>Education, Leisure and Lifelong Learning</i>					
School Improvement Reserve	Cr248	101	Cr147	0	Cr147
Leisure Regeneration	Cr1,652	Cr500	Cr2,152	0	Cr2,152
Equalisation Account-Leisure	Cr229	229	0	0	0
Equalisation Account-Education	Cr761	447	Cr314	58	Cr256
School Transport Reserve	Cr66	66	0	0	0
Youth Offending Team	Cr100	5	Cr95	0	Cr95
	Cr3,056	348	Cr2,708	58	Cr2,650
Total Education Leisure & Lifelong Learning	Cr6,725	797	Cr5,928	104	Cr5,824

Description	Reserve at 1st April 2013	Budget movements	Interim Balance at 31st March 2014	Additional Requests	Final Balance at 31st March 2014
	£000	£000	£000	£000	£000
SOCIAL SERVICES, HEALTH & HOUSING					
<i>Hillside Secure Unit</i>					
Hillside General Reserve	Cr1,753	Cr361	Cr2,114	0	Cr2,114
	Cr1,753	Cr361	Cr2,114	0	Cr2,114
<i>Other</i>					
Social Services Equalisation	Cr1	0	Cr1	Cr22	Cr23
Residential Care - rent provision	Cr272	Cr272	Cr544	0	Cr544
Homecare ECM Equipment reserve	0	Cr19	Cr19	0	Cr19
	Cr273	Cr291	Cr564	Cr22	Cr586
Total Social Services, Health and Housing	Cr2,026	Cr652	Cr2,678	Cr22	Cr2,700

Description	Reserve at 1st April 2013	Budget movements	Interim Balance at 31st March 2014	Additional Requests	Final Balance at 31st March 2014
	£000	£000	£000	£000	£000
ENVIRONMENT					
Concessionary Fare -Bus Pass Replacement Reserve	0	Cr112	Cr112	0	Cr112
Transportation Planning Reserve	Cr20	20	0	Cr40	Cr40
Future Jobs Fund Reserve	Cr100	Cr40	Cr140	0	Cr140
Local Development Plan	Cr387	44	Cr343	0	Cr343
Regeneration Scheme Reserve	Cr35	35	0	0	0
Planning Equalisation	Cr200	200	0	0	0
Parking Improvements	Cr57	57	0	0	0
Economic Development	0	0	0	0	0
Winter Maintenance Reserve	Cr222	Cr100	Cr322	0	Cr322
Improvement & Relocation Reserve	Cr105	105	0	0	0
Carbon Reduction Commitment Equalisation Reserve	Cr55	55	0	0	0
Building Maintenance Reserve	Cr187	137	Cr50	0	Cr50
European Fund	Cr56	54	Cr2	0	Cr2
Environment Equalization Reserve	0	Cr200	Cr200	46	Cr154
Workways Equalisation Reserve	Cr15	15	0	0	0
Grounds Maintenance Commuted Sums	Cr5	5	0	0	0
SWTRA Reserve	Cr60	0	Cr60	0	Cr60
Phytophthora Reserve	Cr60	60	0	0	0
Civic Buildings Future Maintenance	Cr570	Cr2	Cr572	0	Cr572
	Cr2,134	333	Cr1,801	6	Cr1,795

Description	Reserve at 1st April 2013	Budget movements	Interim Balance at 31st March 2014	Additional Requests	Final Balance at 31st March 2014
	£000	£000	£000	£000	£000
<i>Operating Accounts</i>					
Operating Account –Equalisation	Cr277	158	Cr119	0	Cr119
Fleet Sentinel Maintenance Reserve	Cr100	0	Cr100	0	Cr100
Vehicle Tracking	Cr18	0	Cr18	0	Cr18
Operating Accounts -Vehicles Renewal	Cr1,413	Cr183	Cr1,596	0	Cr1,596
	Cr1,808	Cr25	Cr1,833	0	Cr1,833
Total Environment	Cr3,942	308	Cr3,634	6	Cr3,628

Description	Reserve at 1st April 2013 £000	Budget movements £000	Interim Balance at 31st March 2014 £000	Additional Requests £000	Final Balance at 31st March 2014 £000
CORPORATE SERVICES					
Elections Equalisation Fund	Cr70	Cr25	Cr95	0	Cr95
Job Evaluation Reserve-New pay and grading	Cr1,458	858	Cr600	0	Cr600
Job Evaluation JE Employee Support	Cr9	9	0	0	0
Health & Safety/Occupational Health	Cr78	46	Cr32	0	Cr32
Legal Equalisation Account	Cr312	260	Cr52	Cr150	Cr202
F&CS I.T. Developments	Cr386	386	0	0	0
Desktop Replacement Reserve	Cr400	400	0	0	0
Community Engagement	Cr20	20	0	0	0
Development Fund for Modernisation	Cr93	42	Cr51	0	Cr51
Transformation , Management Capacity, Development, Advisors etc.	Cr630	355	Cr275	Cr67	Cr342
Equalisation Reserve	Cr72	72	0	0	0
IT Renewals Fund	Cr1,406	Cr455	Cr1,861	Cr50	Cr1,911
Corporate Equalisation Reserve	0	Cr386	Cr386	Cr205	Cr591
Access to Services Strategy	Cr6	6	0	0	0
Building Capacity & Capability	Cr72	Cr90	Cr162	0	Cr162
Management of Change Reserve	Cr71	70	Cr1	0	Cr1
Grants to Voluntary Organisations	Cr40	40	0	0	0
Total Finance and Corporate Services	Cr5,123	1,608	Cr3,515	Cr472	Cr3,987

Description	Reserve at 1st April 2013 £000	Budget movements £000	Interim Balance at 31st March 2014 £000	Additional Requests £000	Final Balance at 31st March 2014 £000
CORPORATE					
Energy-Spend to Save	Cr60	31	Cr29	0	Cr29
Insurance-Risk Management Reserve	Cr10	10	0	0	0
Insurance-Claims Reserve	Cr9,704	3,518	Cr6,186	0	Cr6,186
Housing Warranties	Cr220	0	Cr220	0	Cr220
Fire Reserve	Cr136	21	Cr115	0	Cr115
Welfare Reserve	Cr130	130	0	0	0
Waste Reserve	Cr3,329	1,610	Cr1,719	0	Cr1,719
LAWDC Contingency Reserve	Cr1,080	92	Cr988	0	Cr988
Treasury Management Equalisation Reserve	Cr1,295	Cr1,676	Cr2,971	0	Cr2,971
ERVR Transitional Reserve	0	Cr2,046	Cr2,046	0	Cr2,046
Accommodation Strategy	Cr4,832	67	Cr4,765	0	Cr4,765
Housing - Post Transfer Reserve	Cr109	109	0	0	0
OTHER	Cr20,905	1,866	Cr19,039	0	Cr19,039
TOTAL ALL REVENUE RESERVES	Cr38,721	3,927	Cr34,794	Cr384	Cr35,178

Use of General Reserves

	Revised 2013/14 £000	Actual 2013/14 £000	Difference 2013/14 £000
Opening Balance 1 April	Cr 5,933	Cr 5,933	0
Council Tax increased income	Cr 1,500	Cr 2,066	Un 566
Capital Financing Costs-Accommodation	390	390	Ov 0
Doubtful Debt Provision	160	161	Ov 1
Economic Development Fund	200	200	Ov 0
Community Councils Grant Scheme		59	Ov 59
HRA Balances	Cr 8,245	Cr 8,499	Un 254
Job Evaluation / Legal / Settlements	200	0	Un 200
Increased Pension Fund contributions	Cr 135	0	Ov 135
Children's Services - investment to reduce costs	1,539	1,539	Ov 0
Elderly residential	806	806	Ov 0
Additional funding for further Social Services pressures	507	507	Ov 0
Other	1,229	1,129	Un 100
Net underspend	0	Cr 2,005	Un 2,005
Closing Balance	Cr 10,782	Cr 13,713	Un 2,931

ITEM 2**CAPITAL PROGRAMME OUTTURN 2013/14****1. Purpose of Report**

- 1.1 This report sets out the financial outturn position for the Capital Programme for 2013/14

2. Budget Outturn

- 2.1 For 2013/14 the approved revised Capital Programme totalled £56.213m, the actual expenditure for the year was £53.718m which represents approximately 96% delivery of the Programme. A summary of this position can be found in Appendix 1 of this report.

- 2.2 This expenditure represents significant investment within the County Borough which has led to community and service improvements, the following bullet points note some of the significant achievements during the year:

- Opening of the Awel y Mor Primary School, a brand new state of the art primary school for up to 334 pupils. The new school replaces both Glanymor and Tirmorfa Primary Schools and provides an exciting and innovative learning environment to meet the needs of the local community.
- Completion of the Harbour Way Peripheral Distributor Road which will ease congestion on the M4 and open up the Port Talbot Docks for regeneration.
- Continued investment of circa £5m in replacement of the Authority's street lighting infrastructure.
- Upgrading and conservation at Margam Country Park totalling over £1m including the rebuilding of the Castle Steps and other visible improvements.
- Opening of the new Community Enterprise Centre at Croeserw. This new facility provides a purpose built centre for the wider community of the Upper Afan Valley.

3. 2014/15 Capital Programme

- 3.1 Work is ongoing to deliver the 2014/15 Capital Programme totalling £48m which was approved by Members as part of the Council's budget setting process in January 2014. This Programme will be continually updated and revised as changes to profiles and funding are identified. Updated information will be reported to Members as part of the 2014/15 budget monitoring cycle.

4. Recommendation

It is recommended that the 2013/14 Capital Programme outturn position be noted.

List of Background Papers

Capital Programme Working Files

Wards Affected

All

Officer Contact

For further information on this report item please contact:

Mr David Rees – Head of Financial Services

Tel. No. 01639 763646

d.rees1@npt.gov.uk

Mr Huw Jones

Chief Accountant

Capital, Treasury, FIS and Projects

Tel. No. 01639 763575

h.jones@npt.gov.uk

Appendix 1 – Details of 2013/14 Capital Expenditure

Project Description	Revised Budget	Actual Expenditure	Variance
	£'000	£'000	£'000
Harbour Way	9,300	9,413	113
Physical Regeneration	4,028	2,663	-1,365
SSIP - Awel Y Mor	4,338	3,831	-507
Street Lighting	4,636	5,132	496
Respite Centre - Adult	4,520	3,831	-689
Neath Town Centre Regeneration	1,000	1,025	25
Disabled Facilities Grants	3,225	3,216	-9
Highways Improvement Grant	1,897	712	-1,185
Margam Park HLF	1,519	1,192	-327
Vehicle Replacement Programme	952	983	31
Housing Renewal Areas	961	965	4
Health & Safety	850	909	59
Dwr Y Felin Comp Single Site Amalgamation	200	167	-33
Environmental Improvements - Harbour Way	4,400	3,489	-911
Cycling Centre Of Excellence	539	575	36
Baglan Energy Park Link Bridge	1,780	1,763	-17
Replacement Leisure Facility Aberafan Seafront	1,700	1,711	11
Contingency	336		-336
Remaining Capital Programme *	10,032	12,141	2,109
	56,213	53,718	-2,495

*Note – re Remaining Capital Programme

The main reasons for the variances in the Remaining Capital Programme are as follows:

Late Grant approvals not included in the Capital Programme - £913k

Strategic Schools Improvement Feasibility - £350k

Delegated Schools Asset Financing – (funded from Schools) - £375k

ITEM 4

TREASURY MANAGEMENT MONITORING 2014/15

1. Purpose of Report

This report sets out treasury management action and information since the previous report.

2. Rates of Interest

Bank base rates continue to be at an all time low of 0.5% (since 5th March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 5th June 2014.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 24 April 2014	Current 05 June 2014	Previous 24 April 2014	Current 05 June 2014	Previous 24th April 2014	Current 05 June 2014
	%	%	%	%	%	%
5-5.5 years	1.99	2.22	1.85	2.23	2.76	2.99
10-10.5 years	2.76	2.99	2.69	3.03	3.63	3.82
20-20.5 years	3.63	3.82	3.68	3.91	4.18	4.34
35-35.5 years	4.11	4.27	4.17	4.36	4.24	4.42
49.5-50 years	4.24	4.41	4.24	4.43	4.21	4.38

3. General Fund Treasury Management Budget

The following table sets out the treasury management budget for 2014/15 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2013/14 Revised Budget £'000	2013/14 Actual £'000		2014/15 Original Budget £'000
16,044	15,017	Principal and Interest charges	16,890
1,300	2,176	Contribution to Treasury Management Equalisation Reserve to fund SSIP and other Capital Programme over the next 3 years.	
17,344	17,193	Subtotal Expenditure	16,890
		Investment Income	
(900)	(778)	- Total	(654)
160	189	- less allocated to other funds	200
(740)	(589)	Subtotal Income	(454)
16,604	16,604	Net General Fund	16,436

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

4. Borrowing

No borrowing has been carried out since the last report.

5. Investment Income

Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently with the major banks including Barclays, Lloyds Group, Bank Santander, Clydesdale, RBS and Nationwide BS.

The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.

No additional long term investments have been carried out since the last report. The Council currently has £10m invested for periods in excess of 12 months:

Counterparty	Value £'000	Period	Maturity	Rate %
Eastbourne Borough Council	4,000	4.5 Years	June 18	2.2
Peterborough City Council	6,000	5 Years	Dec 18	2.1

Icelandic Bank Update

Members should note the following position in relation to the recovery of monies from investments in Icelandic related banks.

There have been no further dividends received since the last report. The tables below show the amounts outstanding.

Table 1 – Original Investments

Bank	Original Investment	Amount of Principal Repaid	Current Outstanding Investment
	£'000	£'000	£'000
Heritable	9,000	8,597	403
KSF	3,000	2,516	484
	14,000	13,113	887

Table 2 – Investments Held in Escrow Accounts – Icelandic Kroner

Bank	Investment (Sterling Equivalent) £'000	Amount Repaid £'000	Outstanding Investment £'000
New Glitnir	387	0	387

Some of the investments matured by the old Glitnir have resulted in cash being held in the form of Icelandic Kroner. In line with Icelandic law, the Kroner is not tradable and can only be spent within Iceland. The Local Government Association is pursuing ways of transferring these

investments to realise repayments into Sterling. These new investments with the new bank are held in an Escrow Account in the name of the local authority and generating interest in excess of 4%.

List of Background Papers

Treasury Management Files

PWLB Notice Number 214/14

Appendix

None

Wards Affected

All

Officer Contact

For further information on this report item, please contact:

Mr David Rees – Head of Financial Services

Tel. No. 01639 763646

E-mail: d.rees1@npt.gov.uk

Mr Huw Jones – Chief Accountant

Capital, Treasury, FIS and Projects

Tel. No: 01639 763575

E-mail: h.jones@npt.gov.uk