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WIRRAL

Cabinet

Date:	**Thursday, 21 June 2012**
Time:	**6.15 pm**
Venue:	Committee Room 1 - Wallasey Town Hall

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SUPPLEMENTARY AGENDA

FINANCE

38. **EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

    The following item contains exempt information.

    RECOMMENDATION: That, under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined by the relevant paragraphs of Part I of Schedule 12A (as amended) to that Act. The Public Interest test has been applied and favours exclusion.

FINANCE

39. COLLECTION SUMMARY 2011-2012 INCLUDING WRITE OFFS (Pages 65 - 68)

Exempt Appendix to Agenda Item 6
Collection Summary 2011/2012

The appendix contains details of Sundry Debtor Account Write Offs and is exempt by virtue of paragraph 3 as it contains information related to the financial affairs of individuals.

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	**FINANCIAL OUT-TURN 2011/12**
WARD/S AFFECTED	**ALL**
REPORT OF	**ACTING CHIEF FINANCE OFFICER**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**YES**

1.0 EXECUTIVE SUMMARY

1.1 A full review of the financial accounts for 2011/12 has now been completed. This report provides a comparison of the Out-turn against the Estimate for 2011/12 and an analysis of the major variations together with details of the amounts held in reserves and provisions at 31 March 2012.

1.2 In respect of the General Fund the main headlines are:-

a) For 2011/12 there was a net underspend of £3.9 million. 'One-off' savings within Treasury Management, Housing Benefit and on the Efficiency investment Budget more than offsetting the overspends which was primarily within Adult Social Services. As the Budget 2012/13 included for a net overspend of £2 million the year-end position shows an improvement of £5.9 million.

b) The level of balances at 31 March 2012 increased by £2 million. This included £14.2 million transferred from reserves in the year with £7.8 million used to support the 2011/12 Budget and includes £4 million for the Council Tax Reimbursement for 2012/13 that now has to be accounted for in the 2011/12 financial year.

c) The Councils provisions and reserves at 31 March 2012 were £13 million lower than a year earlier. This was essentially through the release and transfer of a number of provisions and reserves into General Fund balances.

2.0 BACKGROUND AND KEY ISSUES

. **General Fund Revenue Accounts 2011/12**

2.1 The table compares estimated expenditure with the actual position for 2011/12. The final out-turn includes contributions to and from reserves and other accounting adjustments which are required in order to comply with the prescribed guidance, the Code of Practice on Local Authority Accounting and Reporting Standards.

2.2 An element of the variations results from the required adjustments and includes those due to the treatment of capital that are offset by a corresponding entry within the Treasury Management accounts. This results in the large ‘underspend’ within Finance and accounts for a significant element of the ‘overspends’ within Children & Young People and Technical Services. Similarly with any re-allocations of central support service and administrative buildings charges there is no overall impact upon the total Council expenditure. The variations detailed in section 2.4 exclude these adjustments and reflect the departmental issues as reported to Cabinet throughout the year.

	Current Estimate £000	Final Out-turn £000	Variation £000
Adult Social Services	69,097	75,887	6,790
Children & Young People	74,477	88,551	14,074
Schools	190	176	(14)
Finance	26,061	(4,171)	(30,232)
Law, HR and Asset Management	15,839	16,584	745
Regeneration, Housing and Planning	24,822	24,143	(679)
Technical Services	63,179	68,787	5,608
Merseytravel	28,817	28,817	0
Local Pay Review	218	218	0
Departmental Overspends	2,000	In above	(2,000)
Council Tax Reimbursement	0	3,990	3,990
Contribution from balances	(9,688)	(7,970)	1,718
TOTAL EXPENDITURE	**295,012**	**295,012**	**0**
INCOME			
Revenue Support Grant	37,498	37,498	0
Council Tax Freeze Grant	3,285	3,285	0
Local Support Grant	1,483	1,483	0
National Non Domestic Rate	121,312	121,312	0
Council Tax Income	131,434	131,434	0
TOTAL INCOME	**295,012**	**295,012**	0

	Current Estimate £000	Final Out-turn £000	Variation £000
STATEMENT OF BALANCES			
Balance as at 1 April 2011	14,070	14,070	0
Contribution to General Fund Budget	(9,688)	(7,970)	(1,718)
Contribution from Other Reserves	14,023	14,248	(225)
Balance as at 31 March 2012	18,405	20,348	(1,943)

2.3 **Contribution from other Reserves**

2.3.1 At the time of setting the Budget 2011/12 the expected level of balances were £6.9 million. A number of contributions to General Fund balances have been made as result of Cabinet decisions in this financial year. These are summarised below:

	£000
Financial Outturn 2010/11	1,000
Review of Reserves and Provisions	
Working Neighbourhoods Fund	3,312
Other Reserves and Provision	2,266
EVR/VS Provision	2,670
Housing Benefit	5,000
Total Contributions from Other Reserves	14,248

2.4 **Analysis of Main Variations**

2.4.1 After excluding the required accounting adjustments outlined earlier the departmental variations were;-

Department	**Overspend £m**	**Underspend £m**
Adult Social Services	5.9	-
Children & Young People	0.9	-
Finance	-	9.9
Law, HR & Asset Management	0.2	-
Regeneration, Housing and Planning	-	1.1
Technical Services	0.1	-
Overall Underspend		**3.8**

As part of the Budget 2012/13 provision was made in 2011/12 for a net overspend of £2 million:-

Department	**Overspend £m**	**Underspend £m**
Adult Social Services	5.9	-
Children & Young People	1.1	-
Finance	-	4.5
Regeneration, Housing and Planning	-	0.5
Overall Overspend	**2.0**	

The overall position is that there has been an improvement of £5.9 million though ‘one-off’ savings from Housing Benefits of £2.6 million, further savings from treasury management activities of £1.2 million, the under-use of the Efficiency Investment Budget of £1.5 million and savings within Regeneration, Housing and Planning of £0.6 million.

2.4.2 The main departmental variations were:-

	Overspend £000	Underspend £000
Adult Social Services		
Contracts / EVR savings not achieved	2,950	
Increased demand for care services	2,689	-
Community care shortfall	1,200	-
NHS winter pressures funding	-	1,133
Children & Young People		
Social care - foster care and adoptions	4,180	-
Integrated transport	1,200	-
Children's centres income	-	1,200
School improvements	-	1,070
Early Intervention Grant	-	1,000
Control of general expenditure	-	906
Finance		
Treasury Management activities (net of increase in bad debt provision)	-	3,735
Efficiency Investment Fund	-	3,538
Housing Benefit grant and payments	-	2,655
Law, HR & Asset Management		
Asset Savings not achieved	726	-
Staffing, legal and audit fees	-	516
Regeneration, Housing and Planning		
Planning income reduced	550	-
Next Generation Broadband	-	1,075
Control of general expenditure	-	450
Technical Services		
Crematorium and Golf income	440	-
Pacific and Floral Pavilion income	410	-
Car Parking including income	300	-
Austerity / Control Spend measures	-	685
Streetlighting	-	250

2.5 Adult Social Services

2.5.1 Throughout the year the Acting Director and Director reported the pressures in containing spend within the budget allocated and the final out-turn reflects those earlier projections.

2.5.2 During 2011/12 there have been underlying pressures of £2.6 million relating to increased demand particularly for older peoples services and learning disabilities. These have been partly offset by the receipt of the 'one-off' winter pressure funding that was allocated the Department of Health.

2.5.3 The delayed achievement of savings including those from the Early Voluntary Retirement / Voluntary Severance scheme and the market review (contract negotiations) of £3 million. Additionally there has also been a £1.2 million shortfall on community care services due to re-provision costs exceeded the sums that were allocated.

2.6 **Children & Young People**

2.6.1 Throughout the year the department reported financial pressures within Social Care relating to residential care and foster care placements. The number of children in residential placements has exceeded the target and the number of foster allowances paid is greater than at the beginning of 2011/12.

2.6.2 The transport service continues to show increased costs within the areas of Special Educational Needs and vulnerable adults. Whilst these have been partially mitigated by identifying efficiencies such as re-routing journeys the end position shoed as £1.2 million overspend.

2.6.3 In order to offset the increased costs the opportunity was taken to re-align grant funding to meet Council priorities such as for Early Intervention Grant. In addition Children's Centre income targets have been exceeded over a number of years and the accumulated surplus was used to meet the costs.

2.7 **Finance**

2.7.1 The Efficiency Investment Budget was used to fund a number of specific items including the Early Voluntary Retirement / Voluntary Severance scheme re-provision costs (£1.8 million). As part of the Budget 2012/13 it was agreed that £2 million would be allocated in 2011/12 to fund potential departmental overspends. At the year-end the residual amount of £1.5 million remained unused.

2.7.2 Treasury Management activity including management of the Council's cash flow and funding of the capital programme has resulted in savings. After setting aside additional sums for potential bad debts arising from the current economic position there was a net underspend of £3.7 million. Of this sum £2.5 million was reported and included as a saving within 2011/12 as part of the Estimates 2012/13. The Treasury Management Annual Report 2011/12 is on this agenda.

2.7.3 As with previous years improvements in respect of the administration and payment of Housing and Council Tax benefit to eligible recipients have continued to realise savings. This approach continues to offer the potential for further savings in future years.

2.8 **Law, HR and Asset Management**

2.8.1 The transfer and disposal of assets plus the rationalisation of office accommodation and facilities management have been the subjects of a number of reports to Cabinet. This has delayed the achievement of savings and this shortfall has been partly met by 'one-off' savings on the costs of democracy, audit fees and by expenditure controls.

2.9 **Regeneration, Housing and Planning**

2.9.1 The decision to release the 2011/12 allocation for the Next Generation Broadband resulted in an underspend of £1.1 million which was incorporated within the projections for the year as reported in the Estimates 2012/13.

2.9.2 Planning and building control income was less than budgeted due to the ongoing economic conditions but a number of actions were taken within the department to control spending and mitigate this shortfall.

2.10 **Technical Services**

2.10.1 Monitoring reports throughout the year identified difficulties meeting the income targets in respect of car parking, the Floral Pavilion / Pacific Road and golf courses. In order to contain overall spend within the budget allocated actions were taken to reduce departmental costs in a number of areas from the commencement of the year.

2.11 **Local Pay Review**

2.11.1 The liability to the Council to meet the on-going costs of the implementation of the harmonisation and Local Pay Review is being back-dated to 1 April 2007. The exercise is now expected to conclude during the 2012/13 financial year. In accordance with Accounting Standards, money has been set-aside in the 2011/12 accounts to meet potential costs arising from this back-dating.

2.12 Council Tax Reimbursement

2.12.1 On 1 March 2012 the Council agreed the Budget 2012/13 which included the reimbursement of £3.99 million to Council Taxpayers. As residents were notified of this in the Council Tax demands received in March 2012 this commitment is required to be included within the 2011/12 financial year.

2.12.2 The reimbursement is funded from General Fund balances. In order to account for this in 2011/12 a provision has been established to cover the commitment which has required the funding set aside from balances in 2012/13 to be brought forward to 2011/12.

2.13 Statement of Balances

2.13.1 At 1 April 2011 the balances were £15.1 million. When Council agreed the Budget 2011/12 the projections were for £6.9 million at 31 March 2012. This projection was revised to £18.4 when the Budget 2012/13 was agreed with £9.6 million of this sum used in setting the Budget 2012/13.

2.13.2 At 31 March 2012 the balances were £20.3 million. After the accounting adjustment for the Council tax reimbursement the final position for 2011/12 shows that balances are £5.9 million higher than expected – the reasons being detailed in the section 2.4.1. An updated Budget Projections for 2013/16 report will be presented to Cabinet on 19 July 2012.

2.14 Collection Fund

2.14.1 The income to the Fund was £218.2 million with expenditure of £216.9 million:-

	£000
Wirral Precept	131,434
Police Precept	15,336
Fire and civil Defence Precept	6,793
Business Rates	61,502
Adjustment to provision	1,829
	216,894

2.14.2 The surplus for 2011/12 of £1.3 million results in a Collection Fund surplus of £2.3 million at 31 March 2012. In accordance with accounting practice the Wirral share of the surplus is included within the Comprehensive Income and Expenditure Statement of the Authority.

2.15 Provisions and Reserves

2.15.1. At 31 March 2012 the following provisions for bad debts were made within the General Fund:-

	£000
Sundry Debtors	7,622
Summons Costs	635
Housing Benefit	6,543
Total	**14,800**

2.15.2 At 31 March 2012 the following provision was made for bad debts within the Collection Fund;-

	£000
Council Tax	8,572

2.15.3 In accordance with accounting practice, the Authority shows within its own accounts the element of Council bad debt and provision relating to its share of the total debt. Business Rates are now accounted for on an agency basis. There is therefore no provision for this in the Council accounts.

2.15.4 In addition to providing for bad debts the Council maintains provisions and reserves which are amounts set-aside to meet identified possible future liabilities. These are analysed in the Appendix.

2.16 Insurance Fund

2.16.1 The combined balance of the Insurance Fund and Reserve has increased by £0.4 million to £15.7 million at 31 March 2012 with the Fund making a contribution of £0.2 million to General Fund balances in 2011/12.. The Insurance Fund Annual Report 2011/12 is on the agenda for this meeting.

2.17 School Balances

2.17.1 Under the Education Reform Act 1988 all primary, secondary, special and nursery schools now manage delegated budgets. At 31 March 2012 the balances held by the schools totalled £11.7 million. These can only be used for schools' purposes and are not, therefore, available to support general Council expenditure.

3.0 RELEVANT RISKS

3.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2011/12 and the balances at 31 March 2012. The financial position is monitored throughout the year and is within the Performance and Financial Review reports presented to Cabinet each quarter.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options were considered. There is a legal requirement to publish the Council financial accounts at the end of each financial year.

5.0 CONSULTATION

5.1 This is an end of year report. Consultation takes places as part of the planning and implementation of the specific schemes within the Council Budget.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising directly from this report. These would be considered as part of the planning and implementation of the specific schemes.

7.0 RESOURCE IMPLICATIONS

7.1 The financial implications are within the Executive Summary and are detailed throughout this report.

7.2 There are no staffing, IT or asset implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There is a legal requirement to publish the Statement of Accounts each year. This report provides an extract related to the revenue accounts and related balances, including sums held in reserves and provisions.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising from this report as it is a report on the overall financial affairs for the financial year. An Equality Impact Assessment (EIA) is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report. These will be included within reports to Cabinet on individual schemes and included within the annual Carbon Budget report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the revenue out-turn for 2011/12 be agreed.

12.2 That the provisions and reserves be agreed.

13.0 REASON FOR RECOMMENDATIONS

13.1 Local authorities have to produce an annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of that period. The Accounts must comply with the Code of Practice on Local Authority Accounting and Reporting Standards and the full Statement is approved by Audit & Risk Management Committee on behalf of the Council. This report informs Cabinet of the key elements.

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REFERENCE MATERIAL

Code of Practice on Local Authority Accounting in the UK 2011/12 - CIPFA.
Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 – as amended in subsequent years.
Accounts and Audit Regulations 2003.

SUBJECT HISTORY

Council Meeting	**Date**
Cabinet - Estimates 2010/11	22 February 2010
Cabinet - Revenue Out-turn 2009/10	24 June 2010
Cabinet - Estimates 2011/12	21 February 2011
Cabinet - Revenue Out-turn 2010/11	23 June 2011
Cabinet - Estimates 2012/13	21 February 2012

APPENDIX

GENERAL FUND PROVISIONS AS AT 31 MARCH 2012

	£000
Council Tax Refund Reimbursement	3,990
Working Neighbourhoods Fund	713
Land Charges	569
Carbon Reduction Commitment	488
You Decide	306
Other	1,777
	7,843

Council Tax Refund Reimbursement
Council Taxpayers were notified through the Council Tax demands for 2012/13 that were sent in March 2012 of the reimbursement. This provision is to fund the reimbursement.

Working Neighbourhoods Fund
There are a number of contractual commitments to schemes that the Fund supports. The provision contains the sums identified for the delivery of schemes to reduce worklessness, increase apprenticeships and award grants.

Land Charges
For claims for searches carried out in previous years and is to cover any Council liability for claims for income incorrectly charged in respect of searches.

Carbon Reduction Commitment
To fund the purchase of allowances from the Government in 2012/13 which relate to 2011/12 and therefore have to be included within the 2011/12 financial year.

You Decide
You Decide funding for Area Forums. Commitments to using this allocation have been made and this provision covers the funding of the actual activities and items that the Council has committed to implement.

GENERAL FUND RESERVES AS AT 31 MARCH 2012

	£000
School Balances	11,767
Housing Benefit	11,155
Working Neighbourhoods Fund	7,960
Debt Restructuring and Financing	7,941
Minimum Revenue Provision	4,400
Community Fund Community Asset Transfer	3,301
IT/Intranet	3,161
Local Pay Review	2,641
One Stop Shop / Libraries IT Network	2,119
Supporting People Programme	1,505
Cosy Homes Insulation	1,244
School Harmonisation	1,241
Stay, Work, Learn Wise	908
Schools Capital Schemes	801
Matching Fund	558
20MPH Zones	550
Home Adaptations	537
West Wirral Schemes	530
Merseyside Information Service Termination Costs	500
ERDF Match Funding	500
Strategic Asset Review	495
Planned Preventative Maintenance	483
Heritage Fund	420
Schools Automatic Meter Readers	415
Childrens Workforce Development Council	399
Schools Contingency	370
Business Improvement Grant	342
Local Area Agreement Reward	322
Primary Care Trust – Physical Activities	300
Schools Service IT	294
Schools Summer Term	280
Homelessness Prevention	271
Schools Premature Retirement Costs	233
Group Repair	231
Energy Conservation	230
Vehicle Purchase	220
Road Surfacing	220
Street Lighting	210
Other Reserves	8,904
Total Reserves	**76,614**

Schools Balances
These are earmarked for use purely by the schools. The balance consists of: -

	£000
Schools underspending	11,992
Schools overspending	(225)
Net Schools balances	11,767

Housing Benefit
There is an ongoing issue relating to the previous Housing Benefit Supporting People arrangements, the potential claw-back of subsidy and sums set-aside for the further development of the integrating the supporting IT systems.

Working Neighbourhoods Fund
Working Wirral resources are used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills levels and increasing enterprise, business growth and investment. The reserve represents the sums identified for the delivery of the programme which covers a number of years.

Debt Restructuring and Financing
To cover the premiums associated with the early repayment of debt, future interest rate increases and costs associated with the termination of leases.

Minimum Revenue Provision (MRP)
The Capital Finance and Accounting Regulations 2008 introduced new methods for calculating the MRP. The reserve has been established to offset any resultant increase in costs.

Community Fund Community Asset Transfer
The Community Fund grant has been allocated by Wirral Partnership Homes and this is the balance of the grant to implement the Community Fund Asset Transfer. After progress made in 2011/12, the funding is to be used by 31 March 2013.

IT/Intranet
For the expansion and development of ICT services in the implementation of the programme agreed as part of the IT Strategy.

Local Pay Review
The amount identified, and set-aside, to fund the costs of implementing proposals to harmonise and simplify working arrangements as well as meeting the requirements arising from the implementation of equal pay legislation.

One Stop Shop / Libraries IT Network
To develop the Information Technology systems within the One Stop Shops and libraries as part of the provision of a more integrated service.

Supporting People Programme
Permission has been granted from the Department for Communities and Local Government (DCLG) to retain any administration and specific programme grant for use in future years. This reserve is to be spent on a number of initiatives to support people in need to live in their own homes.

Cosy Homes Insulation
To facilitate a programme of insulation in homes through out Wirral.

Schools Harmonisation
To fund the potential costs associated with implementing Phase 2 of the Local Pay Review which relates to those employees within schools.

Stay, Work, Learn Wise
The Stay, Work, Learn Wirral Wise grant may be required to be repaid.

Schools Capital Schemes
This is for the delivery and completion of capital schemes within schools.

Matching Fund
The aim is to provide funds for any special initiatives that may arise involving grants, which will need to be matched by the Authority.

20MPH Zones
This has been set up to part fund a four year programme to provide 20mph speed limits in residential areas within Wirral.

Home Adaptations
To facilitate a programme of minor adaptations to improve standards of living.

West Wirral Schemes
To support regeneration schemes in West Kirby and Hoylake. The reserve is to be used as match funding for any capital schemes developed in the future.

Merseyside Information Service
This has been created to cover any further potential costs from the winding up of this organisation. It will be used when the accounts for the services have been finalised.

ERDF Match Funding
The authority has applied for European Regional Development funding over a 2 year period to support its Business Support Programme, aiming to promote and support new and existing businesses with a view to consolidating and expanding economic activity. Support from the European Regional Development Fund will be dependent upon match funding of 50% from the Authority.

Strategic Asset Review
Reserve established to support the implementation of the review and includes funding for Guinea Gap and capacity building activities.

Planned Preventative Maintenance
Fund held to complete a programme of planned preventative maintenance within the Law, HR and Asset Management department and at a number of libraries.

Heritage Fund
Funding for individuals, associations and communities to enhance the recording, preservation and protection of the urban, maritime and rural heritage of Wirral.

Schools Automatic Meter Readers
Reserve established to cover the running costs of installation and maintenance of automatic meter readers in Wirral schools. This initiative to introduce meters over a three year period to assist schools in the implementation of the Carbon Reduction Commitment.

Children's Workforce Development Council
Income received in 2011/12 to fund training and supervision for newly qualified social workers. This will be used to fund the cost of training and supervising newly qualified social workers and to pay for agency cover if social workers are absent to go on training courses (Early Professional Development Scheme and Newly Qualified Social Workers Income) and will also be used to fund 2 posts (Social Work Improvement Fund).

Schools Contingency
Created to cover formula errors that would have been unknown at the time schools budgets were set. Such adjustments may result in an additional budget being allocated from this reserve.

Business Improvement Grant
Grants are awarded by a Business Support panel and are funded from a revenue budget. As at the 31 March 2012 grant awards totalling £342,010 were outstanding pending valid claims from the grantee. Such claims will be submitted and financially settled in the 2012/13 financial year.

Local Area Agreement (LAA) Reward
To fund agreed allocations of performance grant held by Wirral Council acting as the LAA accountable body. These will be paid to LAA partners in accordance with grant conditions.

Primary Care Trust – Physical Activities
Funding from the primary care trust for health related schemes. These will take place in Council sports centres and be organised by Sport Development.

Schools Service IT
The service is fully funded from schools contributions and this reserve supports the service in the event of changing demands for IT services from schools.

Schools Summer Term
To cover the cost of advisory teachers in the summer term in the event of schools not deciding to purchase services.

Homelessness Prevention
The fund is used to offer loans to prevent repossessions and evictions.

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	**CAPITAL OUT-TURN AND FINANCING 2011/12**
WARD/S AFFECTED	**ALL**
REPORT OF	**ACTING CHIEF FINANCE OFFICER**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**YES**

1.0 EXECUTIVE SUMMARY

1.1 This report informs Cabinet of the capital out-turn for 2011/12 and the resources used to fund the programme as required under Part IV of the Local Government and Housing Act 1989.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Capital Programme 2011/15 was approved by Council on 13 December 2010 and, updated, and, confirmed as part of the Budget 2011/12 by Council on 1 March 2011. Other than the impact of decisions by Council / Cabinet the revisions relate to re-profiling and slippage resulting in both the spend and resources being deferred from 2011/12 to future years.

COUNCIL / CABINET DECISIONS

2.2. On 17 March 2011 the Local Transport Capital Funding and the Integrated Transport Block (ITB) Programme 2011/12 were approved by Cabinet.

2.3 On 13 October 2011 Cabinet acknowledged that the Department for Communities and Local Government (DCLG) had permitted the capitalisation of up £4 million of statutory redundancy costs. This was added to the programmes of Finance (£3 million) and Children (£1 million).

2.4 On 3 November 2011 Cabinet approved an update to the Children's which added schemes as well as amending the previously approved allocations.

2.5 On 24 November 2011 Cabinet noted that Wirral Council the allocation of £2.7 million of grant to help with Housing Market Renewal Areas affected by the removal of the previous HMRI funding.

2.6 On 8 December 2011 Cabinet approved the Capital Programme and Financing 2012/15. This report also contained variations to the current programme as well as setting out the plans for capital expenditure over the next three years. This was updated as part of the Estimates 2012/13 approved by Council on 1 March 2012.

2.7 On 2 February 2012 Cabinet approved use of £0.2 million of additional funding from Merseytravel, for road safety schemes across the borough.

2.8 On 15 March 2012 Cabinet noted the award of £0.2 million from the Homes and Communities Agency which would support a £0.6 million scheme to bring long term empty properties brought back into use.

CAPITAL OUT-TURN

2.9 The actual spend for the year on an accruals basis amounted to £46.6 million. This compared to the Original Programme of £49.3 million and was in line with the latest forecasted spend. The Revised Approval included all additions prior to departments reviewing the profiling of these schemes. This is summarised as:-

Spend	**Original Programme £000**	**Revised Approval £000**	**Actual Out-turn £000**
Adult Social Services	1,154	2,943	928
Children & Young People	25,889	31,958	22,091
Finance	1,000	7,671	4,164
Law, HR and Asset Mgt	8,163	8,280	2,930
Regeneration, Hsg & Planning	5,181	17,069	7,105
Technical Services	7,872	12,568	9,396
Total programme	**49,259**	**80,489**	**46,614**

CAPITAL FINANCING

2.10 When setting the annual programme an element of ‘over-programming’ is built into the programme. At the end of the year the following resources were used to finance the expenditure and formal approval of the actual resources used is required:-

Resources	**Original Programme £000**	**Revised Approval £000**	**Actual Out-turn £000**
Borrowing	15,905	33,364	17,584
Capital Receipts	3,000	3,000	3,000
Revenue, Reserve, Cont	300	2,393	1,664
Grant - Education	23,441	21,256	13,604
Grants - Housing	0	6,369	3,149
Grant s - Transport	4,250	6,363	4,715
Grants - Social Services	1,013	2,943	921
Grant - Other	1,350	4,801	1,977
Total resources	**49,259**	**80,489**	**46,614**

RE-PROFILING OF THE PROGRAMME AND FINANCING

2.11 For schemes funded re-profiled, deferred or slipped into 2012/13 the resources were similarly carried forward. This included the impact from the receipt of additional grants, particularly for housing and regeneration initiatives and an adjustment of £0.1 million to the Technical Services programme to bring it in line with anticipated expenditure in 2012/13. Further details are included within the progress updates for each department.

Programme from 2011/12 to 2012/13	**£000**	**See section**
Adult Social Services	2,015	2.12
Children & Young People	9,867	2.13
Finance	3,507	2.14
Law, HR and Asset Management	5,350	2.15
Regeneration, Housing & Planning	9,964	2.16
Technical Services	3,286	2.17
Total programme / funding	**33,989**	

PROGRESS ON THE PROGRAMME

2.12 **Adult Social Services**

2.12.1 The Extra Care Housing facility at the former Mendel Lodge site was completed March 2011. The final instalment was paid in 2011/12.

2.12.2 A new grant replaced the Information Management, Mental Health Single Capital and Social Care Single Capital allocations. To support three key areas (Personalisation, Reform and Efficiency) with priorities including innovative alternatives to residential care and service re-design to the care infrastructure – supporting the community based approach. Consequently this, and related grant schemes, will be programmed for 2012/13 to support the day care and reform transformation projects.

2.13 **Children & Young People**

2.13.1 The Primary Capital Programme (PCP) scheme to rebuild Pensby Primary School incurred spend of over £5 million in the year and was handed over in May 2012. Phase 2 involving the Stanley Special School will start on site upon demolition of the current Primary school with the new school expected to be completed by June 2013.

2.13.2 The £1.8 million Cathcart Street Primary School scheme is nearing completion, with external works completed in May. The out of hours and holiday club and the co-located Children's Centre activities have now been transferred to the new locations. The Woodlands Primary School works are due for completion in early July 2012 whilst the Overchurch Infant School scheme is on site and due for completion in mid-October 2012.

2.13.3 A number of schemes are undertaken in conjunction with schools for modernisation and improvements where the time-scales are determined by the schools so are often re-profiled for the holiday periods. In these instances the programme and funding are both re-profiled.

2.13.4 The Birkenhead High School for Girls Academy is the major scheme in the programme at £12 million and is progressing well. The 6^{th} Form block, science, art and technology faculties have been handed back to the school and have been well received by pupils and staff.

2.14 **Finance**

2.14.1 The allocation of £3.5 million for IT investment is dependent upon agreement, and progression, of the office accommodation strategy and has therefore been carried into future years.

2.14.2 The Statutory Redundancy Costs element of the Early Voluntary Retirement / Voluntary Severance scheme which amounted to almost £4 million, including the Children's element, have been treated as capital spending in 2011/12 in accord with the formal approval from the Government.

2.15 **Law, HR & Asset Management**

2.15.1 The Landican Crematorium Mercury Abatement building works programme has now been completed. In respect of heritage assets the Williamson Art Gallery and Birkenhead Priory schemes have now commenced on site and are expected to complete in November and September respectively. The Cultural Services assets programme has been reviewed with the works being re-profiled for 2012/13.

2.15.2 There is £3 million included within the programme for the works to Council buildings. This includes the Bebington Civic Centre, which is subject to further discussions, and the Rock Ferry Centre, where work is expected to begin in August. These have been deferred to 2012/13 along with the schemes for Wallasey Town Hall and Annexes.

2.16 **Regeneration, Housing & Planning**

2.16.1 The major area relates to Improvements to Housing for which additional Government funding was successfully obtained during the year to complete the works within the Housing Market Renewal area. The programme continues, with over £5 million committed, and will continue into future years as the acquisitions, clearance and subsequent re-development progresses.

2.16.2 The commitment in respect of Disabled Facilities Grants is approaching £3 million. However the actual spend is determined by both the processing and progression of applications and then the subsequent undertaking of the scheme by the applicants.

2.16.3 The programme contains a number of initiatives to support healthy homes for which the schemes are kept under review and for which the funding has been carried forward into 2012/13.

2.17 **Technical Services**

2.17.1 Works on the Bidston Viaduct are fully complete and a final payment will be made in the first quarter of 2012/13. Whilst other bridge works, including the docklands and Leasowe Road are progressing well the works, and associated funding, will now be required in 2012/13.

FINANCING OF THE SPEND

2.18 **Use of Borrowing**

2.18.1 With the return from investments diminishing the Treasury Management activities have seen investments maturing with the money used to temporarily reduce the need to borrow and maximise the benefits offered by the market conditions. Consequently £5 million was actually borrowed over the longer-term to provide the support for the capital programme and realised savings as detailed in the Treasury Management Annual Report 2011/12..The amount referred to in the table represents the underlying need to borrow and this can be different from the amount actually borrowed.

2.19 **Use of Grants**

2.19.1 In 2011/12 £24.3 million of grants which have been, or are expected to be received by the authority have been used to finance the capital spending. This includes specific schemes funded by grant such as the Birkenhead Girls Academy as well as support for Housing Market Renewal, adaptations and other initiatives within Regeneration, Housing & Planning.

2.20 **Expenditure Financed From Reserves and Revenue Accounts**

2.20.1 £1.7 million of reserves and revenue were used to finance the 2011/12 capital expenditure.

2.21 **Use of Usable Capital Receipts**

2.21.1 The generation of capital receipts through the sale of assets is used to fund the programme and this income offers flexibility in the timing of its use. In 2011/12 £3 million of usable capital receipts were applied.

2.22 **Minimum Revenue Provision (MRP)**

2.22.1 In 2011/12 payments from the General Fund revenue account of £9.4 million were made as provision for the repayment of external debt. The Local Authorities (Capital Financing and Accounting) Regulations 2008 set the rules governing debt redemption and the MRP. In terms of the MRP Policy Cabinet on the 21 February 2011 agreed that for 2011/12 the Council would adopt the Regulatory method for supported borrowing and the asset life methodology for unsupported borrowing and the sum provided complies with this policy.

3.0 RELEVANT RISKS

3.1 There are none associated with this report which provides a summary of the spend and financing of the capital programme in 2011/12. The programme is monitored throughout the year and is incorporated within the Performance and Financial Review reports presented to Cabinet each quarter.

4.0 OTHER OPTIONS CONSIDERED

4.1 No other options were considered. There is a legal requirement to publish the capital spend and financing at the end of the financial year.

5.0 CONSULTATION

5.1 This is an end of year report. Consultation takes places as part of considering the capital programme and the planning and implementation of the specific schemes.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report. These would be considered when planning and implementing specific schemes.

7.0 RESOURCE IMPLICATIONS

7.1 The capital spend for the year on the accruals basis amounted to £46.6 million. This was funded from borrowing of £17.6 million, government grants of £24.3 million, reserves and revenue contributions of £1.7 million and useable capital receipts of £3 million.

7.2 There are no IT or staffing implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 There is a legal requirement to publish a report on the capital spend and financing at the end of each financial year.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications directly from this report which covers the overall programme and funding for the financial year. An Equality impact assessment (EIA) is not required. Equalities implications are considered in reports progressing schemes within the programme.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report. These are included in reports to Cabinet on individual schemes and in the Carbon Budget report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 The capital out-turn and financing, including the re-profiling and slippage, from 2011/12 to 2012/13, be agreed.

12.2 The financing of the programme and formal Capital Determinations be agreed.

13.0 REASONS FOR RECOMMENDATIONS

13.1 Under Part IV of the Local Government and Housing Act 1989, the Authority is required to make a number of formal Determinations in respect of its capital expenditure and financing and this report includes those for 2011/12.

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REFERENCE MATERIAL

Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Capital Programme 2011/15	9 December 2010
Cabinet - Capital Programme 2011/15	21 February 2011
Cabinet - Capital Out-turn 2010/11	23 June 2011
Cabinet - Capital Programme 2012/15	8 December 2011

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WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	**COLLECTION SUMMARY 2011/12**
WARD/S AFFECTED	**ALL**
REPORT OF	**ACTING CHIEF FINANCE OFFICER**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report details the collection of Council Tax, Business Rates, Sundry Debtors, Housing Benefit Overpayments and Housing Act Advances. It highlights key collection indicators and trends with regard to irrecoverable sums, the sums written off under delegation and details those debts for which Cabinet approval is sought to write off.

2.0 BACKGROUND AND KEY ISSUES

2.1 Council Tax Collection

2.1.1 The following statement summarises 2011/12 collection of Council Tax:

	£	£
Arrears Brought Forward at 1 April 2011		13,274,000
Total Charge		179,088,279
		192,362,279
Less Credits Brought Forward at 1 April 2011		1,032,000
		191,330,279
Less Allowances:		
Exemptions	5,508,626	
Disabled Persons Relief	144,630	
Discounts and Band alterations	20,011,518	
Benefits	31,216,847	
Write-offs	815,355	57,696,976
		133,633,303
Add Refunds Made		1,257,146
Add Costs		640,658
		135,531,107
Less Cash Received		122,261,107
Arrears Carried Forward at 31 March 2012		13,270,000
Number of properties at 31 March 2012		146,117
Number of Benefit Recipients at 31 March 2012		42,781

2.1.2 During 2011/12 a total of 48,476 reminder notices and 14,579 summonses were issued leading to the Courts issuing 10,202 Liability Orders. 2,238 Attachment of Earnings Orders and 4,334 Deductions from Job Seekers Allowance/Income Support were commenced and 7,714 cases were referred to Bailiffs.

2.1.3 In 2011/12 Council Tax collection returned to 2009/10 levels with a reduction from 97% in 2010/11 to 96.8% in 2011/12. This was due to the additional £1.6 million raised by removal of the 50% Long Term Empty Property discount which is proving, as predicted, difficult to collect. Without this change collection would have remained the same. In recognition of the current economic circumstances less coercive collection practices were applied. The number of reminders issued in the year reduced by 3,586, summonses issued increased by 317 and court liability orders reduced by 2,505. The numbers of accounts passed to the bailiffs reduced by 712 whilst deductions from earnings increased by 264 and deduction from benefits increased by 353.

2.1.4 The Government is proposing legislative changes concerning Council Tax that will allow Councils to exercise more discretion concerning discounts and exemptions, the applicable timescales and the potential of an Empty Property premium charge. A report on the Government Consultation on Council Tax Discounts Technical Reform was presented to Cabinet on 8 December 2011.

2.1.5 The Government has proposed changes to the relief given for people on low income which will see the Council Tax Benefit scheme replaced by a Council Tax Rebate. Each local authority will have to devise a scheme or adopt the Government default scheme and the Government has stated legislation will protect pensioners and vulnerable groups. Government funding will be reduced by 10% from 2013/14 which for Wirral amounts to £3.1 million. The legislation is currently progressing through the House of Lords and a report will be presented to Cabinet when the regulations are set.

2.2 Council Tax Irrecoverables

2.2.1 There is no specific power to write-off Council Tax debts, which are covered by the general power of administering the financial affairs of the Authority. Examples of suitable cases for write-off are: deceased persons with no estate, persons not traced, Insolvency, Sums remitted by the court during proceedings for imprisonment and minimal sums. All other debts are actively pursued.

2.2.2 The write-off provision for 2011/12 was £4 million and whilst trace and recovery work is ongoing for Council Tax arrears £815,355 has been written off in 2011/12 categorised as follows:

Category	£
Deceased	40,564
Insolvency	223,463
Court Remission	11,688
Non-traceable	539,640
	815,355

2.3 **Council Tax Statistics**

2.3.1 **Number of Dwellings** / **Dwellings as a Band "D" Equivalent**

Number of Dwellings		Dwellings as a Band "D" Equivalent	
1 April 2011	145,427	1 April 2011	106,476
1 April 2012	**146,117**	**1 April 2012**	**107,672**

2.3.2 **Year on Year Volume Comparisons**

		31.03.10	31.03.11	**31.03.12**
Direct Debit Payers		86,739	87,863	**88,432**
Discount Recipients		71,686	72,105	**70,467**
Inc Pensioners discounts		8,797	8,910	**10,536**
Exempt Persons		4,116	4,072	**3,955**
No. of Amended/Copy Accounts		160,696	109,191	**113,907**
No. of Returned Direct Debit Payments		10,779	11,472	**11,252**
Payments:	Direct Debits	865,047	873,033	**889,553**
	Cash/Cheque	77,036	71,566	**59,526**
	Salaries/Wages	17,113	16,315	**14,641**
	Debit/Credit Card	52,012	55,994	**56,941**
	Paypoint	33,203	32,367	**30,487**
	Post Office	75,889	69,654	**64,362**
	Dept for Work & Pensions	8,599	27,422	**27,910**
	Bailiff	21,393	27,957	**27,628**

The number of increased Pensioner Discount recipients at 31 March 2012 reflects the applications received in March after main billing in respect of the reduced age criteria brought in for 2012/13.

BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

2.4 **Collection**

2.4.1 The following statement summarises 2011/12 collection.

	£	£
Opening Debit		77,764,645
Plus Balance Brought Forward		7,169,015
Less Credit b/f		275,127
		84,658,533
Allowances		
Assessment changes in year	-3,472,860	
Transitional Relief	879,809	
Empty relief	1,492	
Empty relief exemptions	-3,256,451	
Part Occupation relief	-236,680	
Void property relief	-25,755	
Charitable Organisations	-4,916,562	
Hardship	-332	
Small Business rate relief	-4,743,008	
Write-Offs	-722,908	
Interest	28,108	-16,465,147
		68,193,386
Add Refunds made		3,065,951
Add costs		33,752
		71,293,089
Less Cash Received		-63,788,822
Balance Carried Forward		7,504,267
Rateable Value 1 April 2011		180,402,653
Number of Properties 1 April 2011		7,898

2.4.2 The Business Rates system is subject to major change with effect from 1 April 2013 and the legislation is currently being considered by the House of Lords. Presently Business Rates are collected locally and paid into the National Pool. The Government then re-distributes the Pool to all authorities based upon their respective populations. The main changes will be that the Council will be able to keep a proportion of any increase in the future yield and will be directly affected by collection performance. Wirral is presently a net beneficiary from the Pool receiving approximately £2 for every £1 collected. A report will be presented to Cabinet when the regulations are set.

2.4.3 The Council has an Enterprise Zone which came into force on 1 April 2012. The Zone has been the subject of earlier reports to Cabinet and with development to begin the rules of the Zone are still being formulated.

2.5 **Irrecoverables**

2.5.1 Within the collection target is an allowance for irrecoverables or losses on collection. This is calculated as a percentage of anticipated yield and was £812,048 in 2011/12 as compared to £775,057 in 2010/11.

2.5.2 The Government sets these allowances for Authorities. Write-offs above these levels may need to be audited and, if accepted, collection levels are amended.

2.5.3 A breakdown of 2011/12 write-offs:

	Amount £
Absconded/Irrecoverable	113,818
Insolvency	606,649
Miscellaneous (including deceased)	2,441
Total	722,908

2.5.4 **Statistics**

Property	2010/11	**2011/12**
Number of Properties on Valuation List	7,898	**7,997**
Rateable Value	£180,402,653	**£180,910,478**
New and Altered Property Notifications	430	**1,883**
Recovery Action		
Summonses	783	**782**
Liability Orders	615	**688**
Chargepayers on Direct Debit	2,532	**2,045**

2.6 **SUNDRY DEBTOR ACCOUNTS**

2.6.1 The collection statement for 2011/12 is shown with the 2010/11 comparison:

	2010/11 £	**2011/12 £**
Balance Brought Forward at 1 April	25,730,282	**27,633,282**
Net Amount of Invoices	93,647,046	**97,252,030**
	119,377,328	**124,885,312**
Less Write-Offs	0	**844,182**
	119,377,328	**124,041,130**
Payments Received	91,744,046	**92,968,700**
Balance Carried Forward at 31 March	27,633,282	**31,072,430**

2.6.2 The number of invoices and their value raised over the last five years is as follows:

	Invoices	£m
2007/08	39,480	69.7
2008/09	38,156	80.4
2009/10	34,230	90.4
2010/11	51,507	93.6
2011/12	50,740	98.0

Irrecoverables

2.7.1 Provision for irrecoverable debts has been made and debts identified as irrecoverable by the Head of Legal and Member Services are being written off. The amounts written off under delegated powers in operation for 2011/12 (under £1,000):-

	Number	£
Absconds	63	21,350
Irrecoverable	196	42,400
Miscellaneous	239	32,754
Insolvency	27	6,400
Deceased debtors	40	12,200
Small Debts	56	4,577
Total	621	119,681

2.7.2 Sums over the limit of delegation £1,000 and below £5,000 requiring Cabinet approval. Detail of the debtors is within the Exempt Appendix:-

	Number	£
Absconds	19	30,756
Irrecoverable	20	48,632
Miscellaneous	18	34,670
Insolvency	6	7,400
Deceased	12	17,458
	75	138,916

2.7.3 Sums over £5,000 require Cabinet approval and there follows a brief description of each case. The names of the debtors appear in the Exempt Appendix:-

	Number	£
Absconds	1	35,146
Irrecoverable	6	282,071
Miscellaneous	15	213,098
Insolvency	4	42,146
Deceased	2	13,124
	28	585,585

Case 1 Department of Adult Social Services
Invoice dated 06.11.2002 amounting to £6,866.95 in respect of accommodation fees. Debtor subsequently died leaving no assets.

Case 2 Department of Adult Social Services
Invoice dated 01.10.2003 amounting to £7,811.44 in respect of accommodation charges. Default on instalments agreed on Judgement Order. The debtor had no assets and significant outstanding debt. No enforcement action could be taken to recover the debt consequently the debt was recommended for write off.

Case 3 **Department of Adult Social Services**
Invoice dated 11.10.2000 amounting to £10,421.83 in respect of accommodation charges, for a client who died in September 2000. As the debt occurred over 10 years ago, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 4 **Department of Adult Social Services**
Invoice dated 09.12.2009 amounting to £5,992.71 in respect of accommodation charges. Debtor subsequently died leaving no assets.

Case 5 **Department of Adult Social Services**
Invoice dated 07.10.2008 amounting to £7,130.88 in respect of accommodation charges. Debtor subsequently died leaving no assets.

Case 6 **Department of Adult Social Services**
Invoice dated 21.05.2005 amounting to £5,548.46 in respect of overpaid accommodation charges. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 7 **Department of Adult Social Services**
Invoice dated 07.03.2005 amounting to £6,278.54 in respect of overpayment of accommodation charges. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 8 **Department of Adult Social Services**
Invoice dated 07.03.2005 amounting to £16,823.34 in respect of overpayment of accommodation charges. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 9 **Department of Adult Social Services**
Invoice dated 26.04.2005 amounting to £26,016.00 in respect of overpayment of accommodation charges. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 10 **Department of Adult Social Services**
Invoice dated 08.02.2005 amounting to £34,827.99 in respect of overpayment of accommodation fees. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 11 Department of Adult Social Services
Invoice dated 02.08.2006 amounting to £13,573.16, in respect of assisted living services. Due to the age of the Debt and that the company has subsequently ceased trading; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 12 Department of Adult Social Services
Invoice dated 16.03.2005 amounting to £187,754.58, in respect of assisted living services. Due to the age of the Debt and that the company has subsequently ceased trading; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 13 Department of Adult Social Services
Invoice dated 24.03.2004 amounting to £6,086.91, in respect of an overpayment within the Direct Payment scheme. Due to the age of the debt, any further proceedings are statute barred; there is no prospect of the Local Authority recovering any of the remaining balance.

Case 14 Department of Adult Social Services
Invoice dated 25.02.2005 amounting to £39,044.53 in respect of direct payments for a client with Cardiff Social Services. Due to the age of the debt and insufficient evidence provided by the Department, no further recovery action could be taken.

Case 15 Department of Adult Social Services
Invoice dated 11.07.2006 amounting to £37,090.73 in respect of an overpayment made to an incorrect account. Due to the age of the debt, the inability to identify a trading company and insufficient instructions being received from the Client Department, no further recovery action could be taken.

Case 16 Department of Adult Social Services
Invoice dated 11.07.2006 amounting to £35,144.56 in respect of a payment paid into an incorrect account. Due to the age of the debt, the inability to identify a trading Company and insufficient instructions being received from the Client Department, no further recovery action could be taken.

Case 17 Children and Young People Department
Invoice dated 18.07.2001 amounting to £26,000 in respect of Single Regeneration Budget Grant for Gap Funding for 1999/2000. The department could not provide sufficient evidence to support recovery through the Courts.

Cases 18-21 Department of Finance
Four Invoices dated 10.02.2005 of £6,831.13. Total written-off £27,324.52, relates to the former North West and North Wales Purchasing Consortium for which there was insufficient evidence to support recovery through the Courts.

Case 22 **Department of Law, HR and Asset Management**
Invoice dated 27.06.2008 amounting to £5,867.05 in respect of Licence fees outstanding. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 23 **Department of Technical Services**
Invoice dated 08.03.2000, amounting to £7,500 in respect of a contribution as agreed in respect of a Lairdside Project. The department could not provide sufficient evidence to support recovery through the Courts.

Case 24 **Department of Technical Services**
Invoice dated 27.07.2007 amounting to £16,411.96 in respect of emergency work following the collapse of a roof and building following storm damage. The result of Court case deemed the invoices irrecoverable.

Case 25 **Department of Technical Services**
Invoice dated 01.08.2007 amounting to £19,429.56 in respect of making safe a collapsed building. Result of Court case deemed the invoices irrecoverable.

Case 26 **Department of Technical Services**
Invoice dated 08.05.2007 amounting to £14,134.43 in relation to work carried out as per order. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 27 **Department of Technical Services**
Invoice dated 01.11.2007 amounting to £15,988.68 in relation to work carried out as per order. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 28 **Department of Technical Services**
Invoice, dated 13.10.2009, amounting to £6,516.00 in respect of skip hire and waste disposal. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

2.7.4 The full list of write-offs for Member consideration is in the Exempt Appendix.

2.7.5 Work is underway with the Director of Law, HR and Asset Management to rigorously identify those Sundry Debtor accounts which are most likely to be irrecoverable. This will include liaising with departments to ensure that supporting information is available to pursue collection. This will enable collection and recovery resources to focus on those debts which are fully collectable and maximise timely and early collection. This will also see a move towards pre-payments rather than billing. A further report detailing this work and its outcomes will be presented to a future Cabinet.

2.8 HOUSING ACT ADVANCES

2.8.1 The collection statement for 2011/12 is shown with 2010/11 comparison and a five years arrears trend.

	2010/11	**2011/12**
	£	**£**
Arrears Brought Forward	2,448	**1,382**
Charges	32,035	**23,847**
	34,483	**25,229**
Cash Collected	33,101	**23,345**
Arrears Carried Forward	1,382	**1,884**

Five Year Collection Details

Finanxial Year	Amount Collectable	Arrears	Number of Accounts
	£	£	
2007/08	76,343	4,025	50
2008/09	73,748	2,953	38
2009/10	63,996	2,448	28
2010/11	34,483	1,382	22
2011/12	25,229	1,884	19

Total of loans outstanding at 31 March 2011	£100,796
Total of loans outstanding at 31 March 2012	**£62,938**

2.8.2 No new advances were made in 2011/12. The number of mortgage accounts continues to decrease as more are redeemed or transferred to other institutions. The caseload retained continues to be monitored to prevent arrears increasing.

2.9 Housing Benefit Overpayment Debts

2.9.1 The following Housing Benefit overpayment debts, all under £1,000 were written off in 2011/12. It is planned to analyse overpayments over £1,000 and determine actions concerning collection maximisation as well as any consequential write-off requirement;

Reason	No	£
Elderly	15	3,907
Bankrupt	28	3,721
Deceased	76	16,839
Statute Barred	78	26,712
DWP error	1	64
Small Balance	488	33,408
Uneconomic to Pursue	13	639
Total	699	85,290

2.10 **IRRECOVERABLE DEBTS**

2.10.1 Under delegated powers I have written off as irrecoverable the following:-

	£
Council Tax	815,355
Business Rates	722,908
Sundry Debtors	119,681
Housing Benefits Overpayment	85,290
Total	1,743,234

2.10.2 Cabinet is asked to approve the following sum as being written off in respect of 103 irrecoverable debts over £1,000:

	£
Sundry Debtors	724,501

3.0 RELEVANT RISKS

3.1 If debts are not written off they have the potential to inflate what might be thought collectable. Debts are only written off after a number of stringent checks and following advice from the Head of Legal and Member Services.

4.0 OTHER OPTIONS CONSIDERED

4.1 The report presents a summary of the collection performance for 2011/12. No other options were considered.

5.0 CONSULTATION

5.1 Relevant officers of the Council have been consulted in preparing this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are none arising directly from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 There are no financial and staffing implications beyond the statements of accounts contained in this report. Debts written off as irrecoverable are charged against the Council provision for bad debts which is reviewed annually in accordance with the requirements of accounting practice.

8.0 LEGAL IMPLICATIONS

8.1 Those debts recommended for write-off have been agreed by the Head of Legal and Member Services.

9.0 EQUALITIES IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATIONS

12.1 That the report is noted.

12.2 That the debts be written-off as detailed in the report.

13.0 REASONS FOR RECOMMENDATIONS

13.1 So Members are aware of the collection activity undertaken in these areas.

13.2 Sums written off are approved either under delegation or by Cabinet.

FNCE/xxx/12

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APPENDICES

Exempt Appendix

SUBJECT HISTORY

Cabinet - Collection Summary 2010/11	24 June 2011
Cabinet - Collection Summary 2009/10	24 June 2010
Cabinet - Collection Summary 2008/09	25 June 2009

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	**TREASURY MANAGEMENT ANNUAL REPORT 2011/12**
WARD/S AFFECTED	**ALL**
REPORT OF	**ACTING CHIEF FINANCE OFFICER**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report presents a review of Treasury Management activities in 2011/12 and has been prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code for Capital Finance in Local Authorities.

1.2 The year saw these activities realise a net underspend of £3.7 million. Of this sum £2.5 million was anticipated and included in the Estimates 2012/13 as agreed by Cabinet on 21 February 2012. The report also confirms compliance with treasury limits and prudential indicators.

2.0 BACKGROUND AND KEY ISSUES

2.1 Treasury management is defined as: “The management of the local authority investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.2 The Council has adopted the CIPFA Code of Practice on Treasury Management. This requires public sector authorities to determine an annual Treasury Management Strategy and as a minimum, formally report on their treasury activities and arrangements in mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate that they have properly fulfilled their responsibilities. They also enable those with responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

2.3 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. During the year Cabinet receives a quarterly monitoring report on treasury management activities and at the end of each financial year this Annual Report. Scrutiny of treasury policy, strategy and activity is presently undertaken by the Council Excellence Overview and Scrutiny Committee.

ECONOMIC BACKGROUND

2.4 The 2011/12 Strategy was agreed in February 2011. At that time there were tentative signs that the UK was emerging from recession. Recovery in growth was expected to be slow and uneven as the austerity measures announced in the 2010 Comprehensive Spending Review were implemented in order to reduce the budget deficit, reduce Government borrowing and rebalance the economy. Inflation measured by the Consumer Price Index (CPI) had remained above 3%; Unemployment was at 2.5 million and was expected to rise further as the public and private sector contracted. There was also a high degree of uncertainty surrounding Eurozone sovereign.

2.5 During 2011/12 inflation saw CPI and RPI at 5.2% and 5.6% respectively in September 2011, primarily due to escalating utility prices and the January 2011 increase in VAT to 20%. By February 2012 reductions in transport costs, food prices and the VAT effect falling out CPI was at 3.4% and RPI 3.7%.

2.6 Growth remained elusive. The Bank's Quarterly Inflation Reports saw the outlook downgraded to around 1% in 2011 and 2012. The unresolved problems in the Eurozone weighed negatively on global economic prospects. The UK GDP was positive in only the first and third calendar quarters of 2011; annual GDP to December 2011 registered 0.5%; unemployment rose to 2.7 million and youth unemployment passed 1 million.

2.7 The Bank of England's Monetary Policy Committee maintained the status quo on the Bank Rate which has been 0.5% since March 2009, but increased asset purchases by £75 billion in October 2011 and another £50 billion in February 2012 taking the Quantitative Easing (QE) total to £325 billion.

2.8 In Europe, sovereign debt problems for some countries became critical. Bailout packages were required for Greece and Portugal whilst Spain and Italy came under increased stress in November. Standard & Poor's downgraded nine European sovereigns. The successful Greek sovereign bond swap in March 2012 shortly after its second bailout package allowed it to avoid bankruptcy later that month, but it was not a long-term solution. The ECB's Long-Term Refinancing Operations (LTROs) flooded the financial markets and relieved much of the immediate funding pressure facing European banks but markets ultimately took the view the LTROs simply delayed a resolution of, rather than addressed, the issues.

2.9 Markets sentiment oscillated between 'risk on'/'risk off' modes, this swing becoming the norm for much of 2011/12 as investors shifted between riskier assets and the relative safety of higher quality government bonds. Gilts were a principal beneficiary of the theme which helped push yields lower. There was little market reaction to, or impact on, gilts by the decision by Fitch and Moody's to change the outlook on the UK's triple-A rating from stable to negative. PWLB borrowing rates fell commensurately but the cost associated with borrowing longer-term whilst investing the monies temporarily until required for capital financing remained high.

2.10 Europe's banking sector was inextricably linked with the sovereign sector. Sharp moves in sovereign Credit Default Swaps and bond yields were fairly correlated with the countries' banking sector performance. The deterioration in the prospects for real growth had implications for earnings and profit growth and banks' creditworthiness. The European Banking Authority's banking stress tests of 70 EU banks undertaken in October 2011 identified a collective €106 billion shortfall to banks' Core Tier 1 ratio of 9%. The slowdown in debt and equity capital market activity also had implications for banks' funding and liquidity. These factors, as well as a reassessment by the rating agencies of future sovereign support for banks, resulted in downgrades to the long-term ratings of several UK and non-UK financial institutions in autumn 2011.

INVESTMENT ACTIVITY

2.11 The Department for Communities and Local Government (DCLG) Investment Guidance which came into effect on 1 April 2010 reiterated the need to focus on security and liquidity, rather than yield. It also recommended that strategies include details of assessing credit risk, reasons for borrowing in advance of need and the use of treasury advisers.

2.12 The opening and closing investment portfolio for 2011/12:-

INVESTMENTS	**Balance at 1 April 2011 £m**	**%**	**Balance at 31 March 2012 £m**	**%**
Current Assets (Cash Equivalents) Loans and Receivables - Specified	12	9	15	15
Available for sale financial assets - Specified	50	37	19	18
Current Assets (Short Term Investments) Loans and Receivables - Specified	60	44	37	36
Available for sale financial assets - Specified	2	1	1	1
Long Term Investments Loans and Receivables - Non Specified	4	- 3	23	22
Available for sale financial assets - Non Specified	8	6	8	8
TOTAL INVESTMENTS	**136**		**103**	

2.13 A breakdown of investments and the movement throughout the year:-

Investments with:	30 Jun 11 £m	30 Sep 11 £m	31 Dec 11 £m	31 Mar 12 £m
UK Banks	61	60	47	35
UK Building Societies	15	15	6	6
Money Market Funds	39	29	40	20
Other Local Authorities	32	36	34	34
Gilts and Bonds	10	8	8	8
TOTAL	**157**	**148**	**135**	**103**

2.14 Security of capital remained the main investment objective. This was maintained by following the counterparty policy as set out in the Treasury Management Strategy Statement for 2011/12. Investments included:-

- Deposits with other Local Authorities.
- Investments in AAA-rated Stable Net Asset Value Money Market Funds.
- Call accounts and deposits with UK Banks.
- Bonds issued by Multilateral Development Banks.
- Pooled funds (collective investment schemes) meeting the criteria in SI 2004 No 534 and subsequent amendments.

2.15 Counterparty credit quality was assessed and monitored with reference to credit ratings (minimum long-term counterparty rating of A+ across all three rating agencies, Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; any potential support mechanisms and share price. Counterparty credit quality has progressively strengthened throughout the year.

2.16 In keeping with the DCLG Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and the use of call accounts.

2.17 The Council sought to optimise returns commensurate with the objectives of security and liquidity. The Council considered an appropriate risk management response to uncertain and deteriorating credit conditions in Europe was to shorten maturities for new investments. Short term money market rates also remained at very low levels which had a significant impact on investment income. Income earned on longer-dated investments made in 2010/11 provided some cushion against the low interest rate environment

2.18 In respect of Icelandic investments the Council had £2 million deposited with Heritable Bank, a UK registered Bank, at an interest rate of 6.22% which was due to mature on 28 November 2008. The Company was placed in administration on 7 October 2008. Members have received regular updates regarding the circumstances and the latest situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.

2.19 The latest creditor progress report issued by the Administrators Ernst and Young, dated 28 July 2011, outlined that the return to creditors is projected to be 90p in the £ by the end of 2012/13 and the final recovery could be higher. To date, £1.5 million has been received with a further £0.3 million expected before April 2013. However, it should be noted that the amount and timing of future payments are estimates and are not definitive. Favourable changes in market conditions could lead to higher than estimated repayments.

2.20 In summary the budgeted investment income for the year had been estimated at £1.3 million and the actual interest earned was £2.3 million with this additional £1 million principally due to:-

- Average investment balances during the year being higher than originally budgeted which was mainly due to slippage in capital expenditure;
- The maturity of long standing GILT, generating a one off £500k surplus.
- Continuing proactive daily cash flow management by the Treasury Management Team.

2.21 The average return on investments for 2011/12 was 0.90%. To place this in context, in 2011/12 the average Bank of England base rate was 0.5% and the average rate of return achieved by the Local Authorities advised by the Treasury Management consultants, Arlingclose, was 0.77%. It should also be noted that Wirral Council's credit risk rating is also lower than the average of these other Local Authorities.

BORROWING ACTIVITY

2.22 The underlying need to borrow as measured by the Capital Financing Requirement (CFR) as at 31 March 2012 was estimated at £378 million. This compares with the total external debt of £326 million.

	Balance on 31-Mar-11 £m	Debt Maturing £m	New Borrowing £m	Balance on 31-Mar-12 £m
CAPITAL FINANCING REQUIREMENT (CFR)	**390**			**378**
PWLB borrowing	100	15	5	90
Market borrowing	174	0	0	174
Total Borrowing	**274**	**15**	**5**	**264**
Other Long Term Liabilities	65	3	0	62
TOTAL EXTERNAL DEBT	**339**	**18**	**5**	**326**

2.23 The average rate of interest paid on Council borrowings as at 31 March 2012 was 5.8% (the same as at 31 March 2011). The average life of Council borrowings is 19 years (compared to 18 years in 2010/11).

2.24 The PWLB remained the preferred source of borrowing given the transparency and control that this continues to provide. In 2011/12 a total of £5 million of new loans were raised which included the replacement of maturing debt.

Loans Borrowed during 2011/12	Principal £m	Fixed/ Variable	Rate %	Final Maturity	Terms
PWLB	5	Fixed	2.30	15 June 2021	Equal Instalments of Principal (E I P)
Total New Borrowing	**5**				

2.25 Given the significant reductions to local government funding the Strategy continued to be to minimise debt interest payments without compromising the longer-term stability of the portfolio. The differential between the cost of new longer-term borrowing and the return generated on the temporary investments was significant (between 2% - 3%). The use of internal resources in lieu of borrowing was judged to be the most cost effective means of funding capital expenditure. This has, for the time being, lowered overall treasury risk by reducing both external debt and temporary investments. Whilst this position is expected to continue in 2012/13, it will not be sustainable over the medium term and there will be a need to borrow for capital purposes in the near future.

2.26 During the year four loans matured and have been repaid and four loans, as per the terms of the loans, have been partially repaid.

Loans maturing in 2011/12	Principal £m	Fixed/ Variable	Rate %	Final Maturity	Terms
PWLB	1.50	Fixed	4.50	15-Jun-11	Maturity
PWLB	5.00	Fixed	4.55	07-Nov-11	Maturity
PWLB	5.00	Fixed	5.50	15-Mar-12	Maturity
PWLB	1.50	Fixed	5.25	25-Mar-12	Maturity
PWLB	0.50	Fixed	3.04	19-Dec-19	E I P
PWLB	0.50	Fixed	2.94	19-Dec-19	E I P
PWLB	0.50	Fixed	1.89	15-Jun-20	E I P
PWLB	0.25	Fixed	2.30	15-Jan-00	E I P
Total Maturing Borrowing	**14.75**				

Other Long-Term Liabilities

2.27 Other Long-Term Liabilities include the schools Private finance Initiative (PFI) scheme and finance leases used to purchase vehicles plant and equipment. Under the International Financial Reporting Standards (IFRS) these items are now shown on the Balance Sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.

2.28 During 2011/12, the Council procured two new lease contracts for IT equipment and catering equipment to the value of £167k.

2.29 As at 31 March 2012 the PFI liability was valued at £61 million to be repaid by 2031 and there were twelve finance leases with a total value £1 million, repayable over 1 – 5 years.

Minimum Revenue Provision (MRP)

2.30 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

2.31 There are four MRP options available namely Option 1: Regulatory Method; Option 2: CFR Method; Option 3: Asset Life Method and Option 4: Depreciation Method.

2.32 Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

2.33 The MRP policy for 2011/12 was approved by Cabinet on 21 February 2011 when it was agreed that Option 1 would be adopted for Supported Borrowing and Option 3 for Unsupported Borrowing. When Option 3, the asset life method, is applied to the funding of an asset with a life greater than 25 years a default asset life of 25 years is applied. Estimating assets lives over 25 years is difficult to achieve accurately; therefore, using a default of 25 years is considered the most prudent approach and is in keeping with the Regulations. MRP in respect of PFI and leases brought on Balance Sheet under International Financial Reporting Standards (IFRS) is also calculated using Option 3 and will match the annual principal repayment for the associated deferred liability.

2.34 In 2011/12 the decision to use internal resources in lieu of borrowing for capital purposes and the beneficial timing of the new borrowing has helped generate savings of £5 million in complying with the Regulations.

2.35 The economic situation, both nationally and locally, has an impact upon the financial position of individuals and businesses as well as the Council in respect of the collection of revenues. The Council makes an annual assessment of the potential non-payment of outstanding sums and sets aside an appropriate provision for potential bad debts. In 2011/12 this assessment resulted in the provision for bad debts being increased by £2.3 million. This being funded from the resources made available by the MRP savings.

COMPLIANCE WITH PRUDENTIAL INDICATORS

2.36 The Council can confirm that it has compiled with the Prudential Indicators for 2011/12 that were approved on 21 February 2011 as part of the Treasury Management Strategy Statement. Details of the Indicators are in the Appendix.

2.37 In compliance with the requirements of the CIPFA Code of Practice this report provides a summary report of the treasury management activity during 2011/12. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

3.0 RELEVANT RISKS

3.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important and the main risks are:-

- Liquidity Risk (Inadequate cash resources).
- Market or Interest Rate Risk (Fluctuations in interest rate levels).
- Inflation Risk (Exposure to inflation).
- Credit and Counterparty Risk (Security of investments).
- Refinancing Risk (Impact of debt maturing in future years).
- Legal and Regulatory Risk.

4.0 OTHER OPTIONS CONSIDERED

4.1 There are no other options considered in this report.

5.0 CONSULTATION

5.1 There has been no consultation undertaken or proposed for this report. There are no implications for partner organisations arising out of this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 In 2011/12 treasury management activities achieved £1 million of additional investment income and a saving of £5 million from capital financing activities. Of this £2.3 million was used to increase the Council provision for bad debts so the net effect is that the sum of £3.7 million has been returned to the General Fund balances. Members are advised that the Estimates 2012/13 agreed by Cabinet on 21 February 2012 included a projected underspend of £2.5 million in 2011/12 from treasury management activities.

7.2 There are no IT, staffing or asset management implications arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 The Council's has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of Prudential Indicators and a Treasury Management Strategy Statement and the reporting of treasury management activities at least twice a year.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly out of this report and an Equality Impact Assessment (EIA) is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly out of this report.

12.0 RECOMMENDATIONS

12.1 That the Treasury Management Annual Report for 2011/12 be agreed.

12.2 That the transfer of the net underspend of £3.7 million to General Fund balances in 2011/12 be agreed.

13.0 REASON FOR RECOMMENDATIONS

13.1 Wirral has adopted the CIPFA Code of Practice on Treasury Management ("the Code"), which includes quarterly reports to Members of treasury activity. This report is the year end review for 2011/12.

13.2 Under the Council's financial regulations any surplus resources are returned to balances and so used to support the delivery of other Council services.

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APPENDIX

PRUDENTIAL INDICATORS 2011/12

REFERENCE MATERIAL

Code of Practice for Treasury Management in Public Services, CIPFA 2009.
Prudential Code for Capital Finance in Local Authorities CIPFA 2011.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Treasury Management and Investment Strategy 2011 to 2014	21 February 2011
Cabinet - Treasury Management Annual Report 2010/11	23 June 2011
Cabinet - Treasury Management Performance Monitoring	21 July 2011
Cabinet - Treasury Management Performance Monitoring	3 November 2011
Cabinet - Treasury Management Performance Monitoring	2 February 2012

APPENDIX

PRUDENTIAL INDICATORS 2011/12

Capital Financing Requirement
Estimates of the Council's maximum external borrowing requirement for 2011/12 to 2013/14 are shown in the table below:

	31 Mar 12 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m
Capital Financing Requirement	378	370	369
Less:			
Existing Profile of Borrowing	264	247	217
Other Long Term Liabilities	62	59	56
Cumulative Maximum External Borrowing Requirement	52	64	96

Authorised Limit and Operational Boundary for External Debt
The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of the indebted status. This statutory limit should not be breached and was set at £497 million for 2011/12.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. For 2011/12 this was set at £482 million.

During the year; external debt at its peak was £339 million.

Upper Limits for Fixed and Variable Interest Rate Exposure
These allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on the portfolio of investments.

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
Borrowings	£264m	£0m	**£264m**
Proportion of Borrowings	100%	0%	**100%**
Upper Limit	100%	50%	
Investments	£23m	£80m	**£103m**
Proportion of Investments	22%	78%	**100%**
Upper Limit	100%	100%	
Net Borrowing	**£241m**	**£-80m**	**161**
Proportion of Total Net Borrowing	150%	-50%	**100%**

The table shows that borrowing is mainly at fixed rates of interest and investments are mainly at variable rates. This was considered a good position when interest rates were rising as the cost of existing borrowing remained stable whilst investments, at variable rates of interest, generated increasing income. As the position has changed to one of low interest rates, the Treasury Management Team continues to seek to adjust this but is restricted by a number of factors:

- the level of uncertainty in the markets make investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;
- Many of the loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.

Maturity Structure of Fixed Rate Borrowing
This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31 Mar 12 £m	% of Fixed Rate Borrowing as at 31 Mar 12 %
under 12 months	20	0	17	6
12 months and within 24 months	20	0	30	11
24 months and within 5 years	50	0	29	11
5 years and within 10 years	50	0	34	13
10 years and above	100	20	154	59
			264	**101**

Actual External Debt
This indicator is obtained directly from the Authority's balance sheet. It is the closing balance for actual gross borrowing (short and long term) plus other deferred liabilities. The indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt	31 Mar 12 £m
Borrowing	264
Other Long Term Liabilities	62
Total	**326**

Total principal sums invested for periods longer than 364 days
This indicator allows the Council to manage the risk inherent in investments longer than 364 days and for 2011/12 the limit was set at £30 million.

As at 31 March 2012 the Council had £23 million of investments for longer than 364 days. This comprised of £17 million with other Local Authorities and £6 million with UK Banks.

Capital Expenditure
This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and in particular, to consider the impact on Council Tax.

A full breakdown of capital expenditure and capital financing in 2011/12 can be found within the Capital Outturn report elsewhere on this Cabinet agenda.

Ratio of financing costs to net revenue stream
This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The ratio is based on costs net of investment income.

Ratio of Finance Costs to net Revenue Stream	2011/12 Estimate %	2012/13 Esimate %	2013/14 Estimate %
Ratio	8.6	9.34	9.57

Incremental Impact of Capital Investment Decisions
This is an indicator of affordability that shows the impact of capital investment decisions on Council tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with the equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	13.54	5.30	11.93

Adoption of the CIPFA Treasury Management Code
This indicator demonstrates that the Authority adopted the principles of best practice. The Council approved the adoption of the CIPFA Code at its meeting on 1 March 2012.

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WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT	**INSURANCE FUND ANNUAL REPORT**
WARD/S AFFECTED	**ALL**
REPORT OF	**ACTING CHIEF FINANCE OFFICER**
RESPONSIBLE PORTFOLIO HOLDER	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**NO**

1.0 EXECUTIVE SUMMARY

1.1 This report provides a review of the Risk and Insurance activity during 2011/12 and the plans for 2012/13 and beyond. It details the underwriting arrangements and recent loss histories for the principal areas of insured risk and describes the impact of measures taken to improve their management. The provisions and reserves within the Insurance Fund at the end of 2011/12 are confirmed and a recommendation made for a release of resources to the General Fund.

2.0 BACKGROUND AND KEY ISSUES

Approach to Risk Financing

2.1 Since 1988 the Authority has used a combination of self-insurance and external insurance to address the financial consequences of risk.

2.2 Those risks which have the potential to generate very costly losses are self insured to a high level but with a cap on the Council's liability above which costs are met by insurers. Such risks include legal liability to members of the public and to other organisations for injury or damage to property, damage to Council buildings and motor accidents involving Council vehicles.

2.3 Other more minor risks such as damage to equipment and plate glass are wholly self insured.

2.4 The self-funding of losses is part of the overall Risk Management Strategy. This provides a greater incentive to deal with risk more effectively as any reduction in claims directly benefits the Authority. It also minimises the liability for Insurance Premium Tax and contributions to insurers' administrative costs and profit margins. The level of self insurance is influenced by the need to maintain the stability of the Insurance Fund over the long term and by the appetite for risk.

2.5 Claims are met from the Insurance Fund with the Fund being maintained through annual contributions from all departments.

2.6 The Fund also holds reserves which are available to support the implementation of initiatives to improve the management of risks both insured and uninsured.

Principal Areas of Insured Risk - Liability

2.7 The Council currently self-insures to a maximum aggregate of £2.5 million all claims relating to any one policy year. The level of aggregate varies from contract to contract according to market conditions and loss history. It has been as high as £7.25 million in 2005/06. In addition the Council's maximum liability for any single claim is limited to £250,000. Any costs above this are met by the insurer Zurich Municipal. The policy is subject to a Long Term Agreement until 31 March 2015 under which the policy is renewed each year provided that the premium rate and terms are unchanged.

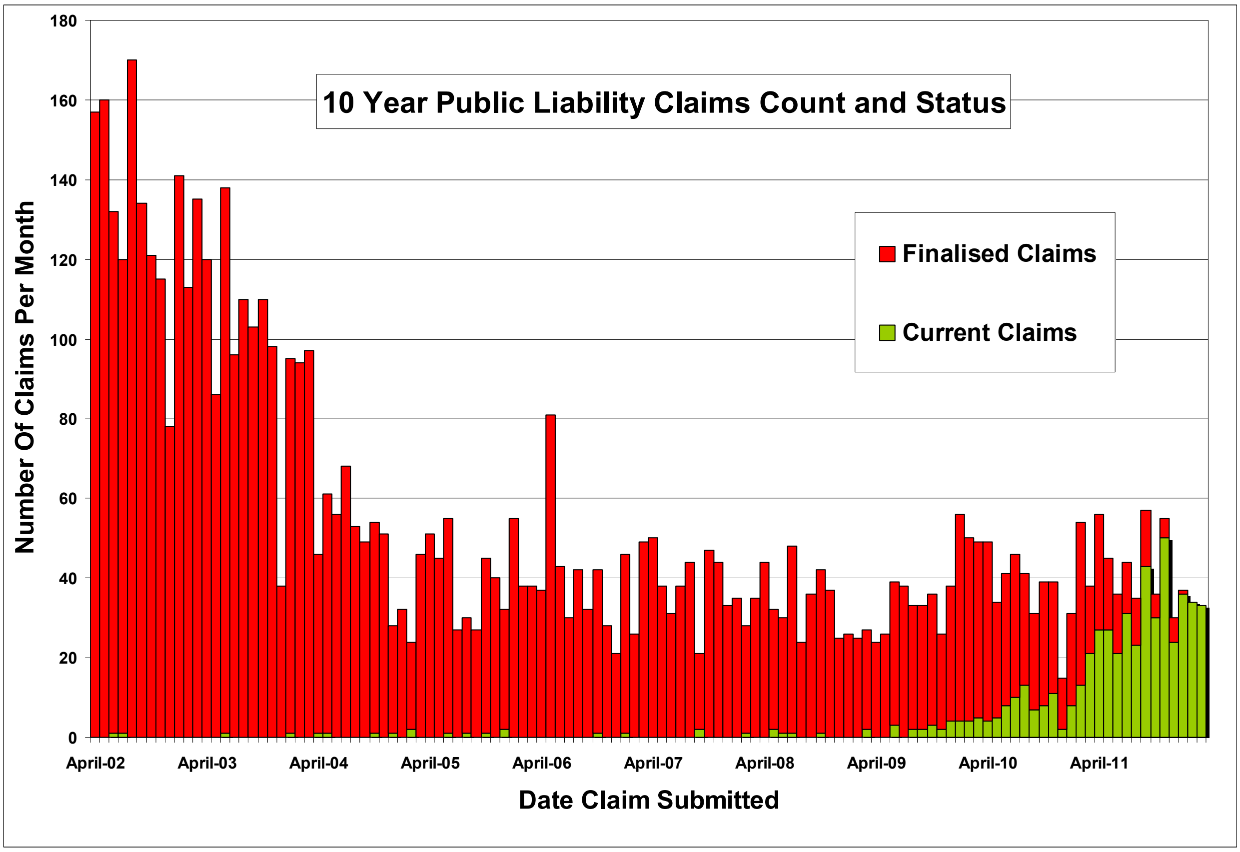
2.8 Whilst claims are administered by Zurich Municipal the company has no authority to settle claims within the deductible limits. All decisions on tactics, settlement and quantum on claims up to £250,000 are controlled by the Council. This ensures that decisions are made in the best interests of the authority and a stable claims strategy can be maintained. The insurers have no financial interest in claims below the deductible and therefore may have little motivation to secure the most efficient outcomes. On matters that exceed £250,000 the Council works in partnership with the insurers to agree mutually acceptable outcomes. Zurich Municipal and the solicitors engaged to defend legal proceedings work to defined service level agreements and their performance is continuously monitored and managed.

2.9 After the high levels of claims experienced around ten years ago the number of public liability claims has settled in recent years to a relatively predictable level as has the payment pattern. 2011/12 saw 500 new Public Liability (PL) claims.

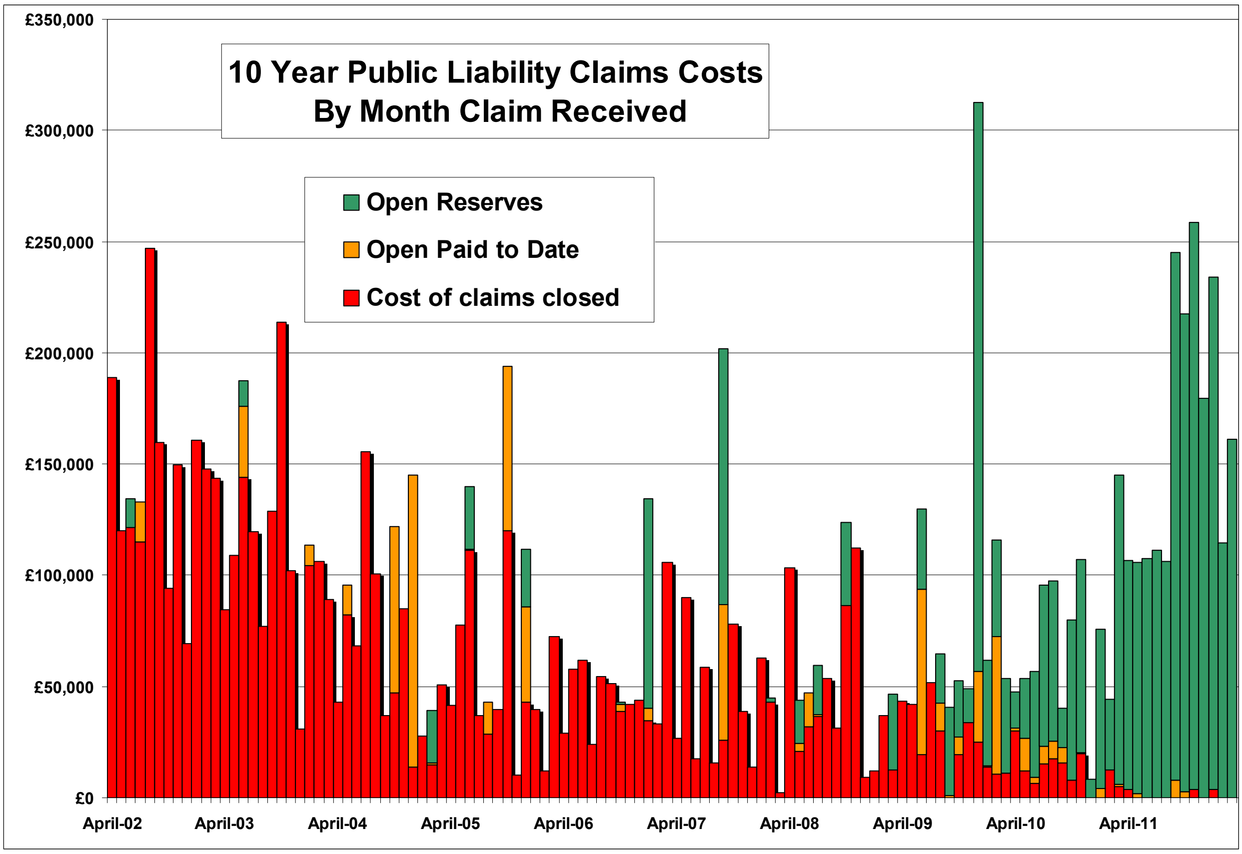
PUBLIC LIABILITY CLAIMS		**Claims 2011/12**	**Paid & Reserved**
Department	**Function**	**Number**	**£**
Technical Services	Carriageway Claims	146	417,449
Technical Services	Footway Claims	240	1,041,650
Technical Services	Leisure	48	223,273
Technical Services	Other	30	100,023
Children & Yg People	All	31	255,037
Finance	All	1	3,500
Adult Social Services	All	1	15,000
Law, HR & Asset Mgt	All	3	22,156

2.10 The charts which follow are based on the date that the claim was received rather than the date of incident to indicate the work generated during the year. If Members require claims data in any other format it can be provided.

2.11 There are currently 594 open public liability files. Whilst the majority relate to slips and trips a proportion are significantly more complex involving abuse, defamation, bullying and harassment, failure to educate, disease, subsidence, nuisance and social services matters. The chart shows the number of claims received (by month) and the current status of those claims which shows that the more complex claims can take many years to settle.



2.12 The following chart indicates the expected final costs of claims received during the same 10 year period. The monthly totals are split between amounts paid on closed claims, paid to date on open claims and reserves for claims not yet paid. The higher reserved costs for recently submitted claims are accounted for by the Council's high repudiation rate. A reserve has to be provided for each claim on a full liability basis until investigations indicate that a defence is available. Provided that the excellent repudiation rate can be maintained, by departments providing us with a sound defence, it is expected that the ultimate cost of these latest claims will revert to the standard PL settlement pattern of less than £1 million per year.



2.13 During 2011/12 there were 63 new Employers Liability (EL) claims:-

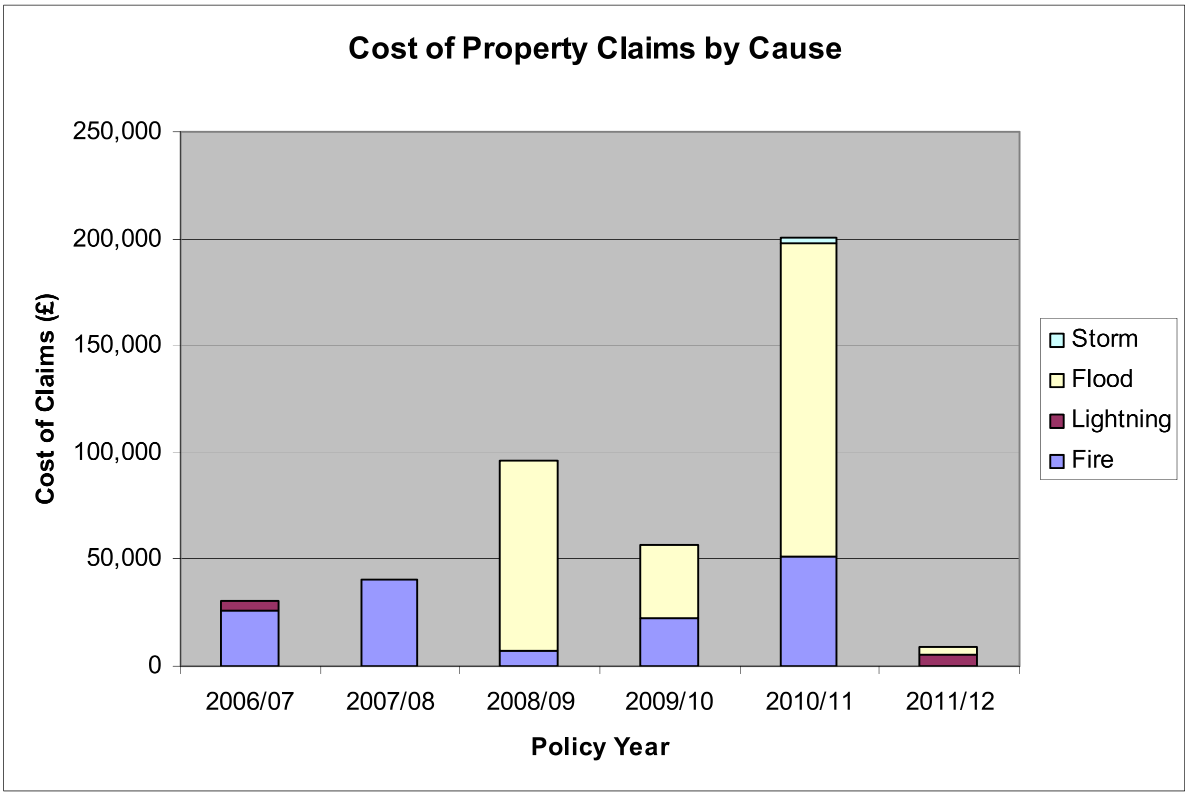
EMPLOYEE LIABILITY CLAIMS		**Claims 2011/12**	**Paid & Reserved**
Department	**Function**	**Number**	**£**
Technical Services	Various	12	77,753
Technical Services	Leisure	23	348,043
Regeneration	All	2	23,939
Children & Yg People	All	16	156,943
Finance	All	1	7,500
Adult Social Services	All	5	63,000
Law, HR & Asset Mgt	All	4	40,850

2.14 Despite a reduction in the workforce the volume of Employers Liability claims continues to grow. Much of the growth continues to result from vibration related claims from Parks and Open Spaces employees and it is expected that the ultimate cost will be in the region of £750,000.

2.15 There are currently 112 open claims with claims frequently submitted with an exposure period as far back as the 1950's and 1960's for matters such as Noise Induced Hearing Loss and cancers relating to asbestos exposure. Wirral are also the designated claims handlers for employment claims attributable to the former Merseyside County Council. The time span and documentary evidence available make these cases complex to resolve.

2.16 Although the number of PL / EL claims overall remains relatively static the complexity of individual cases continues to increase. A lack of witnesses and documentation for historic cases is not unexpected but for more recent cases any shortfall in employee information is of concern and can affect insurers views of the Authority. If claims are to be managed within the existing capacity these complex claims can severely impact upon the available resources.

Property and Business Continuity

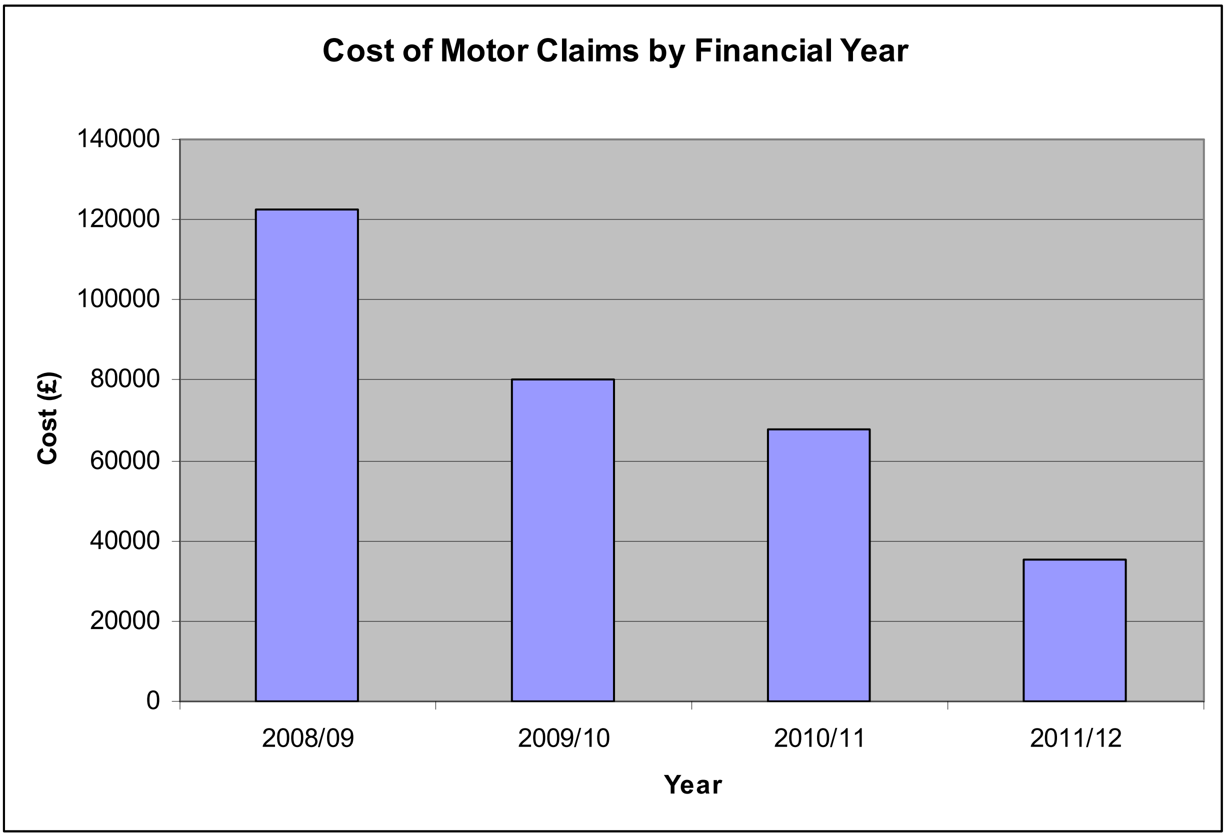


2.17 The Council self-insures to a maximum of £500,000 damage to property through fire and £1 million for damage to property through storm and flood. It also has a maximum liability of £500,000 for business continuity losses through fire and £1 million through storm and flood. Any costs above this are met by the insurer Zurich Municipal. The Long Term Agreement on these policies expires on 29 June 2013 and will be subject to competitive tender in 2013. External premiums have fallen in recent years in line with reductions in the sums insured arising from Academy conversions.

2.18 Whilst all losses are reported to insurers minor claims are investigated and administered directly by the Council. A loss adjuster would be appointed to investigate and report to insurers on larger losses but the internal team would still have a significant role in ensuring the optimum settlement for the authority.

2.19 When the contract was last tendered in 2008 the Property insurance was extended to cover storm flood and escape of water. The widening of cover has led to a significant increase in the number and cost of claims. Losses were high in 2010/11 when the severe winter led to a number of major floods from burst pipes but costs remain within the level of annual contributions to the Fund.

Motor



2.20 The Council self-insures to a maximum £200,000 all claims relating to any one policy year. In addition its maximum liability for any single claim is limited to £75,000. Any costs above this are met by the insurer Zurich Municipal. The policy is subject to a Long Term Agreement until 31 March 2014. External premiums have fallen sharply in recent years in line as the Council's fleet has reduced with the outsourcing of services.

2.21 The authority handles all claims for 'own damage' and insurers administer third party claims but must refer to the Council any proposals to pay or reject claims. As with liability claims the authority has input into all decisions on tactics and quantum and continuously monitors and manages the performance of the claims handlers.

2.22 The reduction in vehicle numbers has been partly responsible for a significant decrease in the volume and cost of claims in recent years whilst better management of fleet risk has been another factor. The authorisation to drive procedure, minibus assessment process and a more robust approach to the investigation of accidents and the management of claims are all elements of this approach.

2.23 Although claims numbers are low an increase has been noted in claims for alleged 'whiplash' injuries and cases where third parties later dispute claims for which they were clearly responsible.

Other Classes of Business

2.24 Risks which present a more limited exposure to loss (such as damage to equipment and plate glass) are wholly self insured. Responsibility for handling claims for these areas rests solely with the Council. Others (such as Money Computer Fidelity Guarantee and Personal Accident) are partially underwritten by insurers, procured through competitive tender and subject to Long Term Agreements. The Council liaises with insurers over the small number of claims generated by these contracts.

Review of Liability Reserves and Provisions

2.25 Whilst it is important to ensure that the Insurance Fund holds sufficient resources to meet its liabilities there is also an opportunity cost to maintaining a greater balance than is needed.

2.26 To help ensure that the Fund is sufficient meet the cost of liability claims but is not over resourced a review is usually undertaken every two years by an external actuary who assesses the amount needed to fund anticipated liabilities for previous years. In the intervening years a self-evaluation is undertaken for the same purpose.

2.27 Ordinarily an external review would have been commissioned to examine the liabilities incurred as at 31 March 2012. As reported to Audit & Risk Management Committee on 13 March 2012 the current stability of the account did not warrant the £7,000 cost of an external review. Furthermore the uncertainty for future funding requirements posed by ongoing changes to the civil justice regime would also limit the benefit of an external study Therefore a further self-evaluation was undertaken this year.

2.28 The funding required was calculated by taking the sum recommended by the actuary for losses as at 31 March 2010 and adjusting this for the premiums received and losses met by the Fund in both 2010/11 and 2011/12. This self-evaluation indicated that a sum of £8,286,243 was required as at 31 March 2012 to meet outstanding liabilities:-

Combined Liability	Actual Provision 31/03/12 £	Revised Provision 31/03/12 £
Provisions < 1 year	1,200,000	1,200,000
Provisions > 1 year	4,899,995	4,899,995
Reserves (claims incurred but not yet received)	2,186,248	2,186,248
Total	**8,286,243**	**8,286,243**

Review of Other Reserves and Provisions

2.29 As indicated earlier the Insurance Fund underwrites a number of other classes of business. It also holds sums in respect of uninsured liability risks and to pay for risk improvement measures and these are reviewed each financial year. The amounts held at the end of March 2012 compared to the amounts based upon the self-evaluation identified that £166,352 could be returned to Council balances.

Class	Actual Provision 31/03/12	Revised Provision 31/03/12	Difference to general balances
	£	£	£
Property	2,625,608	2,500,000	125,608
Motor	292,409	250,000	42,409
Wholly self-insured claims (such as plate glass and equipment)	277,830	277,830	0
Civil Contingency (funds improvements in resilience)	1,500,000	1,500,000	0
Non Highway Risk Improvement (improvements to footpaths and surfaces in parks, leisure centres etc.)	198,000	198,000	0
Risk Management (supports individual risk initiatives)	148,335	150,000	-1,665
Uninsured liabilities (funds historic claims where insurer cannot be traced or is insolvent)	2,127,950	2,127,950	0
Claims Management (cost of handling uninsured liability claims)	289,564	289,564	0
Budget Surplus / Deficit (balance of fund income v expenditure)	155,920	* 155,920	0
Total	**7,615,616**	**7,449,264**	**166,352**

* £136,030 of this reserve is to be used to limit the inflationary increase in insurance charges to the General Fund in 2012/13 (as per Cabinet resolution 24 November 2011).

2.30 A recent decision of the Supreme Court in relation to the Employers Liability trigger litigation has made it more likely that a ‘claw back’ clause in the Scheme of Arrangement for Municipal Mutual Insurance (MMI) will be initiated. The current potential cost to Wirral of the claw back (£500,000) is fully funded within the reserve for Uninsured Liabilities. However in the longer term if the claw back does not enable MMI to achieve a solvent run off the Council may also have to fund a part of the cost of future claims. Such a situation is by no means certain and the likely cost cannot be quantified with any accuracy at this time.

2.31 I am proposing to restore the balance of the Risk Management provision to £150,000. The surpluses in the Property and Motor provisions are due to low levels of losses and effective claims management and I propose releasing these to the General Balance.

Insurance and Risk Management 2011/12

2.32 Throughout 2011/12 regular progress reports on Risk and Insurance Management were presented to the Audit & Risk Management Committee.

Claims Issues

2.33 The Risk & Insurance Team has continued a national role in relation to the ongoing reforms to civil litigation funding and costs lead by Lord Justice Jackson. This is a complex issue with a Wirral officer investing considerable effort over the last 3 years representing the views of the public sector. This has seen Wirral having direct dealings with Ministers, MP’s, senior Whitehall Civil Servants and leading trade bodies such as the Association of British Insurers (ABI) and the Federation of Insurance Lawyers (FOIL). The officer now also formally represents the interests of the Association of Local Authority Risk Managers (ALARM) in relation to liability and claims matters with expenses in relation to this work now met by ALARM. Whilst the outcomes of the many complex and interdependent policy threads are not finalised Wirral has the benefit of direct input into the consultations, advanced knowledge of potential implications together with a high profile within the insurance industry that will assist with our insurance and claims programmes.

2.34 Improvements reported in claims management in previous years were sustained through the continuing efforts of departments to manage their liability risk. The ‘firm but fair’ stance on liability and the counter-claims fraud strategy also contribute to this outcome. Although numbers have increased slightly the performance of claims handling and legal services providers and the continuing active involvement of officers in tactics and procedure all assist in containing the overall cost to the Council of this area of risk.

2.35 The management of Liability claims took an increasing amount of the capacity during the year. In addition to the issues noted earlier in respect of vibration claims and noise induced hearing loss cases, there are specific complex and time-consuming Public and Employee Liability claims.

Services for Schools

2.36 The Council cannot provide insurance for those schools which transfer to Academy Schools. To provide support an insurance facility for Academy Schools was established and has proven popular. Assistance is provided in obtaining competitive quotations for academy-specific insurance packages, critically appraising policy wordings verifying all policy documentation, providing support with claims and general risk management advice. The service generated income of approximately £25,000 in 2011/12.

2.37 The risk ranking survey programme for primary and special schools was completed in July 2011 with all schools being given tailored risk improvement advice. A report summarising the surveyor's findings was shared with the Department for Children & Young People to inform the allocation of future capital funding.

Budget

2.38 The Insurance Fund Budget 2012/13 was approved by Cabinet on 24 November 2011. Cabinet noted the savings to the Schools Budget of £226,000 and agreed to use a reserve within the Insurance Fund to limit to £20,000 the budgetary increase to the General Fund.

Joint Working

2.39 Arrangements were made for Liverpool City Council to join the Council's contract for Insurance Broking and Advice as this had been issued on a collaborative basis.

2.40 Advice has also been provided to Sefton Council in relation to improving their arrangements for procuring insurance and related services and for managing claims. The authority also joined Wirral's legal defence services contract which had also been issued on a collaborative basis.

Strategic Risk Management

2.41 The Executive Team was supported in reviewing the Corporate Risk Register with the revised Register approved by Cabinet on 2 February 2012. Progress in tackling these risks is covered in the Corporate Risk Monitoring Summary which is an appendix to the quarterly Corporate Performance and Financial Review.

2.42 Following discussion at the Executive Team Cabinet endorsed the need for a new Risk Management Framework and processes. A critical appraisal of the existing Risk Management Strategy was undertaken and a project plan covering the work required to introduce required improvements was produced. Draft proposals have been prepared for consideration by the Chief Executive and the Leadership.

2.43 A priority for improvement is the introduction of a corporate system to capture, analyse and report risk information. Such a system would support understanding of the risk profile and strategic and operational decision-making. The functionality of the Council project management system with respect to risk was compared against a baseline specification and Concerto Support Services Limited have proposed enhancements to the functionality of their system to address the gaps. The system is now being implemented.

2.44 Regular quality checks on reports presented to Cabinet were undertaken and feedback provided to Chief Officers to help ensure continuous improvement.

2.45 As part of the ongoing programme of training for Members the Risk & Insurance Officer delivered an introduction to risk management in September 2011.

2.46 Advice and support has been given to departmental management teams including the recently formed Department of Regeneration Housing & Planning in respect of robust structures and processes for identifying and managing risk.

Insurance and Risk Management 2012/13 and beyond

2.47 A significant area of work concerns improvements to the Risk Management Framework and processes.

Task	**Target Date**
Undertake the in-house review of funding for insured liabilities	May 2012
Discuss with leadership proposals for improvements to Risk Management Framework and processes	June 2012
Roll out new risk management module of Concerto project management system	August 2012
Negotiate annual renewal of Marine Insurance contract	September 2012
Deliver risk management training session for Members	September 2012
Complete the Insurance Fund Budget 2013/14	October 2012
Begin exercise to remarket and procure the Property, Business Interruption, Money and Fidelity Guarantee insurance contracts	January 2013
Review of key departmental risks for 2013/14.	Feb/Mar 2013
Confirm terms for the renewal of the Liabilities, Motor, Engineering, Computer and Foster Care policies	February 2013

2.48 In 2014 the existing Long Term Agreements (LTAs) for the Motor and Engineering contracts expire. This will require an EU compliant competitive tender exercise to determine the future provider. The following year LTAs for the Liability and Computer insurance contracts end and the Liability insurance tender is the most complex and time consuming procurement exercise of the tenders. Premium rates in the insurance market are cyclical and the existing contracts were placed at the peak of a 'soft' insurance market. There is some evidence that the market is now hardening and, with the claims issues above, mean that an increase in premiums is likely.

2.49 Regular reports on the progress of Insurance and Risk Management will continue to be presented to the Audit and Risk Management Committee. There will also be regular updates on significant risks as part of the quarterly Performance and Financial Review reports presented to Cabinet.

3.0 RELEVANT RISKS

3.1 The release of money from the Insurance Fund could potentially leave it exposed in the event of a series of major losses. However, the Council's liability is limited by aggregate excesses and for some policies the Fund reflects the maximum liability for that risk in any one year. In respect of other risks the amount within the Fund is assessed by the Risk & Insurance Team understanding of claims patterns and costs. Expenditure on major losses would be incurred over several years allowing time to supplement funding should it be necessary.

3.2 Insurance charges (including those for schools) are calculated six months before the start of each financial year. Schools converting to Academy status cannot be covered by the Council's insurance arrangements. Uncertainty over which schools will convert and the date of conversion presents a risk that the Insurance Fund will not recover sufficient premiums to meet claims from schools. This is mitigated to some degree by ensuring that developments are known as early as possible.

3.3 If the clawback arrangement does not enable MMI to achieve a solvent run off it is possible that the Council may have to fund a proportion of future claims which it submits to the company although this is not considered likely at present. As liability claims take months if not years to settle this would afford the Council time to consider reviewing funding levels.

4.0 OTHER OPTIONS CONSIDERED

4.1. The current surplus could be retained within the Insurance Fund but this has been identified as being greater than the level of resource required.

5.0 CONSULTATION

5.1 Secondary Schools will be closely involved in any further development of the insurance facility for Academy Schools.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 The continuing effective and pro-active approach to managing insured risk is reflected in the assessment of the amounts required in the Insurance Fund to meet current and future claims.

7.2 The Insurance Budget 2012/13 produced a saving to schools of £226,000. The increase to the General Fund has been limited to £20,000 through use of a reserve within the Insurance Fund. The Insurance Fund Budget 2013/14 is to be presented to Cabinet in November 2012.

7.3 The sum of £166,352 has been released from the Insurance Fund to the General Fund balance in 2011/12. No further release is anticipated in 2012/13.

7.4 Although under pressure the Risk & Insurance Team currently has sufficient resource to deal with its insurance responsibilities. However the additional work required as a result of the planned improvements to risk management arrangements may not be deliverable within existing staff resources.

8.0 LEGAL IMPLICATIONS

8.1 There are no implications arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report.

9.2 Equality Impact Assessment (EIA) is not required for this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATIONS

12.1 The Insurance Fund Budget 2013/14 be presented to Cabinet in November 2012.

12.2 That the sum of £166,352 be released from the Insurance Fund to the General Fund balances.

12.3 That the Risk Management reserve be restored to a balance of £150,000.

13.0 REASONS FOR RECOMMENDATIONS

13.1 The Insurance Fund Budget forms part of the Council budget-setting process.

13.2 The sum proposed for release is in excess of that required to fund losses.

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SUBJECT HISTORY

Council Meeting	**Date**
Insurance Fund Budget 2012/13 - Cabinet	24 November 2011
Insurance Fund Annual Report - Cabinet	23 June 2011
Insurance Fund Budget 2011/12 - Cabinet	2 September 2010
Insurance Fund Actuarial Review - Cabinet	24 June 2010
Insurance Fund Budget 2010/11 - Cabinet	26 November 2009
Insurance Fund Annual Report - Cabinet	25 June 2009

Agenda Item 39

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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