



CABINET

14 September 2011

A Meeting of the CABINET will be held on Wednesday, 21st September, 2011, 6.00 pm in Committee Room 1 Marmion House, Lichfield Street, Tamworth

A G E N D A

NON CONFIDENTIAL

- 7 a Transfer to Reserve - Icelandic Impairment Revaluation (Pages 1 - 2)**
(Report of the Leader of the Council)

- 14 a Virement of Asbestos Budget into Housing Capital Workstreams**
(Pages 3 - 4)
(Report of the Portfolio Holder for Quality of Life)

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. S.', with a horizontal line extending to the right.

Chief Executive

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors

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In accordance with Section 100B(4)(b) of the Local Government Act 1972, the Chairman has agreed that this item may be considered at the meeting as a matter of urgency.

CABINET

21st September 2011

Report of the Leader of the Council

Transfer to Reserve – Icelandic Impairment Revaluation

Key Decision

This is a key decision as the transfer being requested exceeds £50k.

Purpose

To seek Cabinet approval to create a specific reserve for 'Icelandic Impairment Revaluation' and to transfer £473,726.26 to that reserve for the year ending 31st March 2011.

Recommendation

That Cabinet give retrospective approval for the creation of the Temporary Reserve for 'Icelandic Impairment Revaluation', required as part of the finalisation of the 2010/11 accounts resulting from changes to Icelandic Banking impairment valuations, in the sum of £473,726.26, as detailed within the body of the report.

Executive Summary

Following receipt of a capitalisation direction which allowed the Council to capitalise £3.386m in the 2009/10 accounts relating to the impairment of investments in Icelandic banks, the Council's borrowing requirement (the Capital Financing Requirement) was increased accordingly.

As part of the 2010/11 final account process, revised recovery expectations were received mainly from the Administrators of the Icelandic bank Kaupthing Singer and Friedlander - from 71% to 82%, which resulted in a change to the impairment value previously included in the accounts – equating to c.£474k.

On the basis that these are estimates based on the Administrators latest current projections, and in consultation with the External Auditors, it is recognised that the new 'potential' recovery levels may not materialise.

Following discussions with the External Auditors it is expected that, once the investments are returned, the Council will have to reflect this return in a reduced capitalisation thereby reducing its overall borrowing requirement. However, it is not considered prudent at this stage to reflect the improved recovery position and therefore it is considered necessary to create a reserve in the sum of £473,726.26 and hold this sum until final values are established, which are estimated to be in the early part of 2013.

As the new projections were received after Cabinet approved the creation of reserves in relation to 2010/11, on the 6th April 2011, Cabinet are to be requested to give retrospective approval for the creation of this reserve.

Financial Implications

To create a temporary reserve of £473,726.26 for Icelandic Impairment/Interest.

Conclusions

The transfer of £473,726.26 to a reserve is considered prudent until final recovery values are known.

In accordance with Section 100B(4)(b) of the Local Government Act 1972, the Chairman has agreed that this item may be considered at the meeting as a matter of urgency.

Cabinet

21st September 2011

Report of the Portfolio Holder for Quality of Life

VIREMENT OF ASBESTOS BUDGET INTO HOUSING CAPITAL WORKSTREAMS

Recommendations

That Members approve the virement of £100,000 in respect of the Asbestos Testing and Removal capital programme budget, into the main capital programme workstreams under which asbestos removal works take place.

Background

The current capital budget includes a sum of £100,000 for the removal of asbestos in properties prior to other improvement work being carried out. The asbestos budget is an enabling budget and is considered to be an overhead cost but does not currently show as a cost against any of the other capital programme workstreams.

During a recent audit it was a recommendation that for proper accounting purposes the asbestos budget be shown as an overhead cost against the relevant capital programme workstreams. In allocating the asbestos costs to the individual workstreams as opposed to keeping it separate the true cost of each workstream including all overheads will be more clearly visible.

The recommendation includes the recording of the asbestos cost under a separate cost centre within the main budget code for each workstream

This approach will have no impact on the level or nature of the works completed and is aimed purely at accounting better for spend within each of the workstreams.

The budgets affected are as follows:-

- Kitchen £41,340
- Bathroom £26,330

• Electrical Upgrade	£20,000
• Disabled Facilities Adaptations	£12,330
TOTAL	£100,000

Financial Implications

There will be no impact on the overall capital budget as the £100,000 would have been used to pay for the cost of asbestos removal on each of the workstreams identified above. The virement will mean that the £100,000 is now shown as an overhead against each workstream rather than as a general overhead.

There will be no impact on the overall delivery of the capital works programme, the same amount of work will be completed.

Conclusions

The virement of the £100,000 from the asbestos budget into the four identified workstreams will make for better accounting but has no impact on the delivery of the programme and will not affect the overall spend.

The proposed virement comes as a result of an audit recommendation.