

Scrutiny Panel Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 19 August 2014 at 18:00**

The Scrutiny Panel examines the policies and strategies from a borough-wide perspective and ensure the actions of the Cabinet accord with the Council's policies and budget. The Panel reviews corporate strategies that form the Council's Strategic Plan, Council partnerships and the Council's budgetary guidelines, and scrutinises Cabinet or Portfolio Holder decisions which have been called in.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services. Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to most public meetings. If you wish to speak at a meeting or wish to find out more, please refer to Attending Meetings and "Have Your Say" at www.colchester.gov.uk

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Scrutiny Panel – Terms of Reference

1. To fulfil all the functions of an overview and scrutiny committee under section 9F of the Local Government Act 2000 (as amended by the Localism Act 2011) and in particular (but not limited to):

- (a) To review corporate strategies;
- (b) To ensure that actions of the Cabinet accord with the policies and budget of the Council;
- (c) To monitor and scrutinise the financial performance of the Council, performance reporting and to make recommendations to the Cabinet particularly in relation to annual revenue and capital guidelines, bids and submissions;
- (d) To review the Council's spending proposals to the policy priorities and review progress towards achieving those priorities against the Strategic and Implementation Plans;
- (e) To review the financial performance of the Council and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors;
- (f) To review or scrutinise executive decisions made by Cabinet, the North Essex Parking Partnership Joint Committee (in relation to decisions relating to offstreet matters only) and the Colchester and Ipswich Joint Museums Committee which have been made but not implemented referred to the Panel pursuant to the Call-In Procedure;
- (g) To review or scrutinise executive decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel pursuant to the Call-In Procedure;
- (h) To monitor the effectiveness and application of the Call-In Procedure, to report on the number and reasons for Call-In and to make recommendations to the Council on any changes required to ensure the efficient and effective operation of the process;
- (i) To review or scrutinise decisions made, or other action taken, in connection with the discharge of functions which are not the responsibility of the Cabinet;
- (j) At the request of the Cabinet, to make decisions about the priority of referrals made in the event of the volume of reports to the Cabinet or creating difficulty for the management of Cabinet business or jeopardising the efficient running of Council business;

2. To fulfil all the functions of the Council's designated Crime and Disorder Committee ("the Committee") under the Police and Justice Act 2006 and in particular (but not limited to):

- (a) To review and scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions;
- (b) To make reports and recommendations to the Council or the Cabinet with respect to the discharge of those functions.

COLCHESTER BOROUGH COUNCIL
Scrutiny Panel
Tuesday, 19 August 2014 at 18:00

Member:

Councillor Beverly Davies
Councillor Marcus Harrington
Councillor Mark Cable
Councillor Dominic Graham
Councillor Jo Hayes
Councillor Peter Higgins
Councillor Mike Hogg
Councillor Sue Lissimore
Councillor Chris Pearson

Chairman
Deputy Chairman

Substitutes:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA - Part A
(open to the public including the press)

Members of the public may wish to note that Agenda items 1 to 5 are normally brief.

1 Welcome and Announcements

- a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.
- (b) At the Chairman's discretion, to announce information on:
 - action in the event of an emergency;
 - mobile phones switched to silent;
 - the audio-recording of meetings;
 - location of toilets;
 - introduction of members of the meeting.

2 Substitutions

Members may arrange for a substitute councillor to attend a meeting on their behalf, subject to prior notice being given. The attendance of substitute councillors must be recorded.

3 Urgent Items

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent, to give reasons for the urgency and to indicate where in the order of business the item will

be considered.

4 Declarations of Interest

The Chairman to invite Councillors to declare individually any interests they may have in the items on the agenda. Councillors should consult Meetings General Procedure Rule 7 for full guidance on the registration and declaration of interests. However Councillors may wish to note the following:-

- Where a Councillor has a disclosable pecuniary interest, other pecuniary interest or a non-pecuniary interest in any business of the authority and he/she is present at a meeting of the authority at which the business is considered, the Councillor must disclose to that meeting the existence and nature of that interest, whether or not such interest is registered on his/her register of Interests or if he/she has made a pending notification.
- If a Councillor has a disclosable pecuniary interest in a matter being considered at a meeting, he/she must not participate in any discussion or vote on the matter at the meeting. The Councillor must withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Where a Councillor has another pecuniary interest in a matter being considered at a meeting and where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Councillor's judgement of the public interest, the Councillor must disclose the existence and nature of the interest and withdraw from the room where the meeting is being held unless he/she has received a dispensation from the Monitoring Officer.
- Failure to comply with the arrangements regarding disclosable pecuniary interests without reasonable excuse is a criminal offence, with a penalty of up to £5,000 and disqualification from office for up to 5 years.

5 Minutes

To confirm as a correct record the minutes of the meeting held on 16 June 2014 and 8 July 2014.

16-06-14

8 - 9

08-07-14

10 - 19

- 6 **Have Your Say!**
- a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.
- (b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.
- 7 **Cabinet Decisions taken under special urgency provisions**
- To consider any Cabinet decisions taken under the special urgency provisions.
- 8 **Portfolio Holder Decisions taken under special urgency provisions**
- To consider any Portfolio Holder decisions taken under the special urgency provisions.
- 9 **Referred items under the Call in Procedure**
- To consider any decisions taken under the Call in Procedure.
- 10 **Items requested by members of the Panel and other Members**
- (a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.
- (b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.
- Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.***
- 11 **Work Programme 2014/15** 20 - 27
- See report by Assistant Chief Executive.
- 12 **2015/16 Budget Strategy, Medium Term Financial Forecast and Budget Timetable** 28 - 53
- See report attached by Assistant Chief Executive.
- 13 **Treasury Management - Annual Report 2013/14** 54 - 69
- See report by Assistant Chief Executive

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|----|---|---------|
| 14 | Financial Monitoring Report - April to June 2014
See report by Assistant Chief Executive | 70 - 81 |
| 15 | Capital Expenditure Monitor 2014/15
See report by Assistant Chief Executive | 82 - 89 |
| 16 | Annual Scrutiny Report
See report of Assistant Chief Executive. | 90 - 95 |
| 17 | Exclusion of the Public (Scrutiny)
In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972). | |

Part B

(not open to the public including the press)

SCRUTINY PANEL

16 JUNE 2014

Present :-

Councillor Beverly Davies (Chairman)
Councillors Mark Cable, Dominic Graham, Jo Hayes,
Marcus Harrington, Peter Higgins, Mike Hogg, Sue
Lissimore and Chris Pearson.

1. Appointment of Chairman

RESOLVED that Councillor Davies be appointed Chairman for the ensuing Municipal Year.

2. Appointment of Deputy Chairman

RESOLVED that Councillor Harrington be appointed Deputy Chairman for the ensuing Municipal Year.

SCRUTINY PANEL

8 JULY 2014

<i>Present :-</i>	Councillor Beverly Davies (Chairman) Councillors Mark Cable, Dominic Graham, Jo Hayes, Marcus Harrington, Peter Higgins and Chris Pearson.
<i>Apologies :-</i>	Councillor Sue Lissimore Councillor Mike Hogg
<i>Substitute Member :-</i>	Councillor Pauline Hazell for Councillor Sue Lissimore Councillor Jon Manning for Councillor Mike Hogg
<i>Also present :-</i>	Councillor Tina Bourne Councillor Paul Smith

3. Minutes

The minutes of the meeting held on the 18 March 2014 were confirmed as a correct record.

4. Work Programme 2014-15

Councillor Manning (in respect of being an employee of an Essex County Council School) declared a non-pecuniary interest in this item pursuant to the provisions of Meetings General Procedure Rule 7 (5).

The Panel considered a report by the Assistant Chief Executive confirming the completed Work Programme for 2013-14.

Councillor Davies introduced the report, and asked for contributions to the work programme for the municipal year. It was highlighted that for items to be added to the work programme, it must be an item which the Panel could effectively scrutinise, following the terms of reference and avoiding duplication. Councillor Davies encouraged members of the Panel to e-mail through any suggestions for the work programme.

In addition, Councillor Davies highlighted the potential value in utilising Task and Finish Groups to delve deeper into particular scrutiny items. Following a brief meeting with fellow members of the Panel the possibility of scrutinising Firstsite and its role within Colchester was identified. It was suggested that Firstsite be scrutinised over a series of Scrutiny Panel meetings and using a virtual Task and Finish Group to help gather evidence and collate research.

Councillor Hayes suggested the inclusion of scrutinising how the conditions to planning applications are enforced. Councillor Bourne put forward that the performance of Essex County Council regarding Schools could be scrutinised, along with an invitation to the North Essex quadrant commissioner to attend the meeting.

RESOLVED that the completed Work Programme 2014-15 be noted.

5. Review of Colchester Borough Homes' Performance 2013/14

Councillor Tina Bourne, Portfolio Holder for Housing and Public Protection, introduced the report from Greg Falvey, Colchester Borough Homes Chief Executive. Gareth Mitchell Head of Commercial Services and Mark Wright Director of Property Services at CBH were also in attendance.

Councillor Tina Bourne stated that the reports highlight the good performance of Colchester Borough Homes, particularly with homelessness prevention and also noted in particular the new housing arrangements and ten year management agreement which had been agreed by the Council in August 2013 following the Local Housing Review. This is the last year that the Annual Delivery Plan will be used, as CBH will now be moving to a Medium Term Delivery Plan which came into force in April. This will be scrutinised by the CBH Board and Portfolio Holder every month.

Greg Falvey then gave the Panel a presentation summarising Colchester Borough Homes performance and developments over the past year. This included providing information on the new management agreement, and the vision for the next ten years of the Council's Arms Length Management Organisation. Under the terms of this new agreement the Council has transferred a number of additional housing functions to CBH, including the housing options and homelessness service. CBH have also recently recruited a new Chair and a new independent board member, both of whom bring important new skills to the CBH Board.

Focusing on the Annual Delivery Plan highlights from the previous year, Greg Falvey stated that CBH has established a new Trading Strategy to address commercial business opportunities, and has also worked proactively with Colchester Borough Council to help those affected by welfare reform. CBH has also had an increasing satisfaction rate over the last three years from 76% to 83%, measured by a STAR survey, which allows for comparisons with other ALMO's. There is also the refurbishment of sheltered housing at Worsnop House, totalling £4m, and a reduction in the time for re-letting council homes to 15 days. The organisation has also worked with the Council to establish a new website with a new supplier.

There were issues to note regarding the delivery of ICT projects, and the time taken in answering calls from tenants within CBC, but both issues are now the subject of joint working between the two organisations and progress has already been made. The Green Deal was no longer a feasible option for social housing due to the reduced funding, but despite that CBH have employed a grants officer, who has been successful in gaining funding for a number of projects, most notably a grant for £485,000 worth for the refurbishment of the Worsnop House sheltered housing scheme. There are also still plans for support to sheltered residents for personalised budgets.

As part of the presentation, Greg Falvey stated that the targets and aims for rents, service charges and arrears were largely met in a challenging environment. In addition the repairs and repair satisfaction targets were also achieved. However, the pre-tenancy workshops did not meet the target for attendance, and it is now planned to make it obligatory as part of the tenancy. A further area where the target was not met was the first call resolution, reaching 83 in contrast to a target of 85.

The financial outturn of Colchester Borough Homes is split into three categories, management fee, Capital, and Revenue. The management fee is the running costs of the

organisation, and also includes the newly transferred functions from Colchester Borough Council. As part of this category, CBH has a £114k surplus, mainly made up of £55k Net trading profit, and £52k returned by the Council to support any future CBH revenue maintenance overspend. The savings made in this area include a £110k Fundamental Service Review saving, as well as a £32k saving in the additional responsibilities from the Borough Council. The savings from the latter were returned to the Borough Council.

The Capital Budget for CBH saw £9.7m in works completed to target on £10.3m budget. The remaining carry forward has been allocated to 14/15 for specific agreed work. The Revenue budget for property saw £4m spent but a saving of £50k to the overall budget. This included an additional spend of £345k on fences as a result of the bad weather. As part of the Medium Term Delivery Plan, next year will see a £12m turnover, with an additional spend of £15m.

The following issues were identified by Panel members:

- Councillor Manning – With regard to the Decent Homes standard, do all CBH properties have the correct windows/doors,
- Councillor Hayes – Questioned how the Grade II listed social housing properties are maintained?
- Councillor Hayes – How is homelessness prevention measured?
- Councillor Davies – Asked how the success in homelessness prevention figures contrasted with the figures that state that Colchester has an increasing rate of rough sleepers?
- Councillor Pearson – Questioned the detail behind the homeless decisions and acceptance chart included in the presentation slides, and what the age range is for young persons required to attend the tenancy workshops.
- Councillor Pearson – Queried whether the £34k saving on General Fund activities impacted on front line services and whether the IT provision for Colchester Borough Homes is joined with that of Colchester Borough Council?
- Councillor Higgins – Requested further information comparing the properties that require additional works, and those that have been completed during a year. As part of the Fundamental Service Review was every role, including management, scrutinised to ensure value for money?
- Councillor Cable – Requested an update about an issue in Dedham where solar panels which were recently installed are now being removed. In addition Councillor Cable asked about the comparative benchmarking of Colchester Borough Homes and the star survey.
- Councillor Graham – Asked for further information about the initial applications or approaches for homelessness, and whether the grant officer role could be expanded due to its success.
- Councillor Hayes – Could there be further information provided regarding the listed building social housing that may be sold?

In response to the issues raised, the following information was provided by Greg Falvey, Mark Wright, Tina Bourne and Gareth Mitchell:

- In response to Councillor Manning, Colchester Borough Council follows the Decent Homes Standard as set by Government. Which state that a property can be deemed decent if there is a kitchen and working boiler. CBH also operates its own higher standard for properties. There are still properties which require further work, and are currently part of a planned programme. These properties do not fail the decent

homes test, but work still needs to be carried out. Colchester Borough Council and CBH takes a 30 year view, with a 5 year investment programme. This has been developed following the formal adoption of the Councils Asset Management Strategy. The programme of improvements is noted by the Asset Management Group as part of capital monitoring, which reports on a monthly basis, and uses a priority system to ensure those most urgent upgrades are dealt with first. There are also sometimes residents in properties who do not wish for improvements to be made.

- Regular conversations with conservation officers and the Planning department are held to ensure that any maintenance completed on listed buildings in the town centre is sympathetic to the original design.
- Homelessness prevention has a national definition, and the statistics reference the action taken which has helped individuals to people return home. This is with the assistance from the voluntary sector partners. Information with regards to the national guidance can be provided to Panel members.
- With regard to the difference in Homelessness prevention and the number of rough sleepers, the latter is an annual count of those who are already homeless. The Homelessness Strategy is in place to work with the voluntary sector and with partners to proactively help to prevent homelessness before individuals get into crisis or end up rough sleeping. The Council is currently going through a Housing and Homelessness peer review with four other local authorities in Essex.
- The Homelessness decisions and acceptance chart in the presentation, is the recording of figures where an individual has signed a document declaring themselves as homeless and this is investigated by the Council. This is counted as a decision. If the person meets the legal criteria for the Council to have a duty towards them, this is recorded as an acceptance. The age range for young persons is between 16 and 21; however this may be extended to mid-twenties depending on circumstances.
- The £34k saving comes from improved usage of two schemes, the rent deposit and rent guarantee scheme and not from frontline services. The IT provision between the Council and CBH is a very close relationship. There are challenges for Colchester Borough Council to reflect the different business processes of Colchester Borough Homes. There has been a recent focus on improving the customer experience with the ability for tenants to access their rent account online, and a text messaging reminder service for repairs.
- The Fundamental Service Review was undertaken by the same company that ran Colchester Borough Council's FSR. As part of this rigorous process the management structure of CBH was scrutinised.
- A total of 750 solar panels went in to social housing properties last year. Even though there has been a reduction in the feed in tariffs, there is still the provision of cheaper electricity for tenants. Installing the Solar Panels involves leasing out the roofs rather than purchasing the Panels. CBH are unaware of any solar panels on social housing in Dedham being removed, but it maybe that the solar panels are removed for repair or are no longer deemed to be returning sufficient benefits.
- With regard to the benchmarking of Colchester Borough Homes, this can be shared with the Panel. There is currently a report being finalised, and a presentation will be held on the 7th of August which Councillors are invited to.
- In response to Councillor Graham, Greg Falvey stated that more information could be made available to the Panel; however this current form provides useful information for managers of the service comparing the gap between decisions and acceptances. With regard to the grants officer, this position has now been appointed to permanently.

- Councillor Bourne stated that the decision to sell any of the listed building social housing will be taken through the proper and appropriate procedures. In addition this will be looked at by the Joint Colchester Borough Council / CBH Asset Management Group which will look at each individual case.

RESOLVED that:

1. The Scrutiny Panel reviewed the performance of Colchester Borough Homes' Performance 2013/14.
2. The Chairman with approval from the Panel will prepare a letter to Colchester Borough Homes Chief Executive outlining the issues raised at the meeting and requests for further information.
3. That the performance of Colchester Borough Homes' Performance be added to the next municipal years' work programme in June/July.

6. Year End 2013/14 Performance Report including progress on Strategic Plan Action Plan

The Assistant Chief Executive Matthew Sterling introduced the Year End 2013/14 Performance Report, which comes to the Scrutiny Panel twice a year, providing an overarching view of the performance of the Colchester Borough Council. This current year is the last year of this particular Strategic Plan Action Plan.

As part of the Performance Management Framework, the report highlights a number of successes, and areas of improvement for the Council. The overall position was that 17 (85%) of the measures were rated as green, and 3 (15%) were rated as red and had not met the target set.

Out of those that were rated green, there were a number of successes which included the processing of planning applications. In all categories, major, minor and other, Colchester Borough Council exceeded its targets, achieving the highest percentage recorded. The number of homelessness cases prevented also exceeded the target by double the amount over the past year. Another highlight for Colchester Borough Council was the reduction in missed bins over the past year, achieving a missed bin rate of 0.035%.

Matthew Sterling then proceeded to present the areas which had been highlighted by a red flag. The time to process housing benefit new claims and changes missed the target by just over half a day. It was stated that the reason behind the missed target was an IT failure which caused significant delays due to downtime. In addition the target for the average time for re-let council sheltered housing was missed by 22 days. This is due to the on-going Sheltered Housing improvement programme improving the properties in the housing stock. The third red flag was the sickness rate at 8.21 workday days, which missed the agreed target of 7.5 days. It was stated that this sickness rate was a reduction on the previous year's totals, and the majority of the 8.21 days consisted of long term sickness, instead of short term.

The following issues were identified by Panel members:

- Councillor Jon Manning – Questioned the guidelines for the Red, Amber, Green (RAG) flag system, considering there are areas where the target has nearly been met but still categorised as red rather than amber.

- Councillor Chris Pearson – Queried why there are circumstances where next year's targets are below the current year's achievements as stated in the targets for planning applications which is set at 70% for 2014/15, whilst achieving 90% in 2013/14.
- Councillor Harrington – Whilst the level of participatory sport is mentioned in the report along with supporting evidence, Councillor Harrington queried whether there could be more work undertaken for promoting spectator sport, with the number of sports clubs that Colchester has in the Borough?
- Councillor Davies – Requested information about whether reported missed bin collections are from the same properties.
- Councillor Hayes – Noted that there were occasions where bin collections took place prior to the 7am time slot. In addition questioned whether the target for affordable housing was ambitious enough at 22% rather than 35%.
- Councillor Cable – Queried whether there was a lack of ambition with regards to the provision of IT at Colchester Borough Council. Is there a possibility of increasing cost savings by utilising cloud based services such as Gmail?
- Councillor Hazell – Is the redevelopment of the Tennis Centre in Shrub End being considered?
- Councillor Manning – Highlighted the case for sporting facilities outside of the town centre, particularly the number of sports teams and variety of sports.
- Councillor Graham – Questioned the Transport Strategy and the level of joined up thinking, given the significant development plans in the north of Colchester. The impression provided by the report is that this has only been considered individually for each scheme rather than as a whole.
- Councillor Davies – Requested a report on the £18m funding from the South East Local Enterprise Partnership and the benefits for Colchester.
- Councillor Pearson – Stated that a number of the topics discussed today could be extended into items for the work programme of the Panel including tourism, transport, and sport and leisure.

In response to the issues raised, the following information was provided by Matthew Sterling, Assistant Chief Executive, with contributions from Councillor Smith and Councillor Bourne:

- In response to Councillor Manning, the Amber flag category is only used during the year in the 6 month review to indicate areas where the Council may not reach its target. At the end of the year only red and green indicators are used to identify whether the Council has been successful or has missed the target.
- In response to Councillor Pearson in this circumstance whilst the target is lower than the result achieved, it is higher than the previous target and the Council must be realistic about its target setting.
- Colchester Borough Council does promote spectator sport, with the investment to help the Colchester Community Stadium, and work to develop the rugby clubs facilities. Councillor Smith added that Essex County Cricket club has continued its support in Colchester, and the Council is helping the School of Gymnasium.
- Information regarding the missed bin collections and whether they are the same properties will be provided to the Panel at a later date.
- In response to Councillor Hayes, regarding the targets for affordable housing development. Councillor Smith stated that the Government had reduced the level for affordable homes and in its place Colchester Borough Council is building its own social housing. Councillor Bourne stated that the developer contribution is down to 20%, and negotiating this total provides for a larger return on housing than insisting

on a return of 35%. Across Colchester it maybe that the percentage of social housing varies on developments across the Borough. In Colchester there are now 700 affordable homes built since 2010.

- Regarding IT provision at Colchester Borough Council, Matthew Sterling stated that there have been significant infrastructure changes behind the scenes to make the IT more resilient. This includes the implementation of a new telephony system, a new customer services software package and the movement of the data centre to another authority. As part of the IT Capita contract Colchester currently has a partnership with four other authorities. There are restrictions in the development of IT services due to the requirements of the Public Services Network. The IT team has also altered its approach for providing services to Councillors which make the process simpler and quicker.
- There are currently no plans to redevelop the Tennis Centre in Shrub End. No private providers have come forward to run the centre either.
- Regarding the Transport in Colchester and linking the new developments in the north of the town the plans are more connected than apparent in the report. Recently the South East Local Enterprise Partnership announced £18m worth of funding to improve transport links in the area.
- A briefing or report on the issue of funding from the SELEP can be organised.

RESOLVED that the Year End 2013/14 Performance Report including progress on Strategic Plan Action Plan be noted.

7. Financial Monitoring Report – End of Year 2013/14

Sean Plummer, Finance Manager, introduced the Financial Monitoring Report, and provided a brief introduction of the Borough Councils budget for the purposes of new members. Financial performance reports come to the Scrutiny Panel on a quarterly basis, and include information on the Housing Revenue Account and the General Fund. The HRA budgets is used by Colchester Borough Homes, and the General Fund is used by Colchester Borough Council to provide services.

The figures contained in the report are provisional as work is still on going to complete the accounts for 2013/14; they are also subject to external audit. With regard to the General Fund at year end, there is a £222,000 net underspend, and £1,102k in approved carry forward requests for specific projects. This includes additional grants from the Government received towards the end of the year. The Housing Revenue Account is due to be underspent in line the forecast of £975k, however this does include a number of carry forwards.

The following issue was identified by a Panel member:

- Councillor Higgins – Questioned the £6m variance in the Housing Revenue Account budget due to revaluation, and why it was so variable?

In response to the issue raised, the following information was provided by Sean Plummer with a contribution from Darren Brown:

- The variance in the budget for the Housing Revenue Account Capital Financing costs are as a result of the revaluation of the housing assets for 2013/14. This doesn't materially affect the bottom line of the budget, as they are reversed out within the Inter Account Transfers and reflect the value of the asset rather than the

budget. This situation does not occur within the General Fund because it is service based. The reason why this issue shows up as 'Red' is because of an accounting adjustment.

RESOLVED that the Financial Monitoring Report – End of Year 2013/14 be noted.

8. Capital Expenditure Monitor 2013/14

Steve Heath introduced the Capital Expenditure Monitor 2013/14, stating that the accrued capital spending during the year was £22.7 million, which represents 87% of the projected spend for the financial year.

The report highlights that some of the projects specified in the Capital programme

For the end of the financial year the Capital programme is current overspent by £203,600 as a result of four different projects. These are:

- Town Hall DDA Sensory Project
- Carbon Management Programme
- Site Disposal Costs
- Sheltered Accommodation Review

Each of these projects may mitigate the overspend reported, but subject to the final figures these items will be referred to a future Cabinet for consideration alongside an updated forecast of capital receipts.

Steve Heath then highlighted that within the Capital Programme there are currently no schemes identified as red, ten as amber and the remainder green.

The following issues were identified by Panel members:

- Councillor Harrington - What is the definition of red, green and amber with regard to Capital projects, is it the same as the categorisation for the General Fund?
- Councillor Harrington – Asked for information about the Statue that is being built in Layer Road.
- Councillor Higgins – Questioned the reasoning behind both the Disabled Facilities Grant, and the ICT Customer Contact funding having not been spent.
- Councillor Davies – Potential inclusion of the Disabled Facilities Grant and its speed to be assessed at the Scrutiny Panel.
- Councillor Hayes – Queried when the recycling would be implemented for flats in Colchester as this would help to reduce the landfill figures.

In response to the issues raised, the following information was provided by Steve Heath:

- For a scheme to be designated red, there must be a significant amount overspend or deviation from planned spend. There is no specific criteria, but a variance that depends on the size of the project. An amber scheme must have a slight deviation from spend, but could be mitigated from current resources. This is not the same criteria used for the General Fund indicators.
- Councillor Hazell, Local Councillor for the area, stated that the statue was going to be of a local retired footballer, and has been paid for by approximately £5,000 from Locality Budgets from Councillors Offen, Barton and Councillor Hazell, and £10,000

from section 106 monies as well as other sources. The statue is in place to commemorate those who had their ashes spread onto the Layer Road pitch, so that families have a place to visit and remember.

- Steve Heath, in response to Councillor Higgins stated that he would seek an update to the circumstances around the Disabled Facilities Grant as the assessments are undertaken by Essex County Council. With regard to the ICT budget, this is due to the timings in making payments, the project is still on schedule.
- In response to Councillor Hayes, Steve Heath confirmed that he would seek further information from the service as to the progress of implementing recycling in flats.

RESOLVED that the Capital Expenditure Monitor 2013/14 be noted.

Report of	Assistant Chief Executive	Author	Jonathan Baker Tel. 282274
Title	Work Programme 2014-15		
Wards affected	Not applicable		

1. Decisions Required

- 1.1 The Panel is asked to consider and comment on the 2014-15 Work Programme.

2. Alternative options

- 2.1 This function forms part of the Panel's Terms of Reference and, as such, no alternative options are presented.

3. Supporting Information

- 3.1 The Panel's work programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the work programme to be reviewed and, if necessary, amended according to current circumstances.
- 3.2 During the previous municipal year the Scrutiny Panel requested that a number of items be included in the Work Programme for 2014/15. The review of Colchester Hospital is yet to be scheduled for this municipal year, and the review of Colchester Community Stadium Board will now take place in the next municipal year.
- 3.4 The Panel indicated that it wished to scrutinise firstsite and its role within Colchester, which is yet to be scheduled in the work programme.
- 3.5 The Chairman of the Scrutiny Panel requested the inclusion of the Forward Plan of Key Decisions as part of the work programme for the Scrutiny Panel.

4. Strategic Plan References

- 4.1 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

5. Standard References

- 5.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety or risk management implications.

Meeting date / agenda items and relevant portfolio
8 July 2014 <ol style="list-style-type: none"> 1. Review of Colchester Borough Homes' Performance 2013/14 2. Year End 2013/14 Performance Report including progress on Strategic Plan Action Plan 3. Financial Monitoring Report – End of Year 2013/14 4. Capital Expenditure Monitor 2013/14
19 August 2014 <ol style="list-style-type: none"> 1. Budget Strategy, Timetable and MTFF (Leader / Business and Resources) 2. Annual Report on Treasury Management (Business and Resources) 3. 2014-15 Capital Monitor, period April – June 4. 2014-15 Financial Monitor, period April – June 5. Annual Scrutiny Report
16 September 2014 <ol style="list-style-type: none"> 1. Safer Colchester Partnership (Crime and Disorder Committee) (Planning and Community Safety)
21 October 2014
11 November 2014 <ol style="list-style-type: none"> 1. Review of the Sport and Leisure Fundamental Service Review 2. Corporate and Financial Management Fundamental Service Review – One Year Business Case Update 3. 2014-15 Revenue Monitor, period April – September 4. 2014-15 Capital Monitor, period April – September 5. Treasury Management – Half yearly update 6. Local Council Tax Support – Year 3
2 December 2014 <ol style="list-style-type: none"> 1. 2014-15 6-monthly Performance report and SPAP (Leader / Business and Resources)
27 January 2014 <ol style="list-style-type: none"> 1. 2015-16 Revenue Budget, Capital Programme and MTFF (Pre-scrutiny of Cabinet Decision (Leader / Business and Resources) 2. Treasury Management Investment Strategy
24 February 2014 <ol style="list-style-type: none"> 1. 2014-15 Capital Monitor, period April – December 2. 2014-15 Revenue Monitor, period April – December
17 March 2014 <ol style="list-style-type: none"> 1. Arts Review

COLCHESTER BOROUGH COUNCIL

FORWARD PLAN OF KEY DECISIONS 1 SEPTEMBER – 31 DECEMBER 2014

During the period from 1 September – 31 December 2014 Colchester Borough Council intends to take 'Key Decisions' on the issues set out in the following pages. Key Decisions relate to those decisions which are likely to:

- result in the Council spending or saving money in excess of £500,000;
- have a significant impact on communities living or working in an area comprising two or more wards within the Borough of Colchester.

This Forward Plan should be seen as an outline of the proposed decisions and it will be updated on a monthly basis. Any questions on specific issues included on the Plan should be addressed to the contact name specified in the Plan. General queries about the Plan itself should be made to Democratic Services (01206) 507832 or email democratic.services@colchester.gov.uk

The Council invites members of the public to attend any of the meetings at which these decisions will be discussed and the documents listed on the Plan and any other documents relevant to each decision which may be submitted to the decision taker can be viewed free of charge although there will be a postage and photocopying charge for any copies made. *All decisions will be available for inspection at the Library and Community Hub, Colchester Central Library, 21 Trinity Square, Colchester and they are also published on the Council's website, www.colchester.gov.uk*

If you wish to request details of documents regarding the 'Key Decisions' outlined in this Plan please contact the individual officer identified.

If you wish to make comments or representations regarding the 'Key Decisions' outlined in this Plan please submit them, in writing, to the Contact Officer highlighted two working days before the date of the decision (as indicated in the brackets in the date of decision column). This will enable your views to be considered by the decision taker.

Contact details for the Council's various service departments are incorporated at the end of this plan.

If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, 21 Trinity Square, Colchester or telephone (01206) 282222 or textphone users dial 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

KEY DECISION REQUIRED	DOES DECISION INCLUDE EXEMPT INFORMATION (or information defined by the Government as Confidential)	DATE OF DECISION or PERIOD DECISION TO BE TAKEN	DECISION MAKER (title and name, including Cabinet, portfolio holders and officers)	DOCUMENTS SUBMITTED OR TO BE SUBMITTED TO DECISION TAKER TO CONSIDER (and from where they are available)	CONTACT DETAILS FROM WHICH DOCUMENTS CAN BE OBTAINED (name of the authors of the reports)
Former Garrison Gymnasium – Decision on future arrangements for rebuilding the former Garrison Gym to provide community facilities and future management arrangements including confirmation of the project budget and its sources	No	September 2014	Portfolio Holder for Communities and Leisure Services (Cllr Annie Feltham) Please contact via Democratic Services (01206)507832 email: democratic.services@colchester.gov.uk	Portfolio Holder report. Previous consultations and expressions of interest have been provided leading to a tender process for organisations to submit their proposals for the use of the former Garrison gymnasium for community facilities. Correspondence with the Abbey Fields Church Group. Layout drawings and costings.	Bob Penny, Community Development Manager (01206) 282903 Email: Bob.penny@colchester.gov.uk
Award of Lease at Shrub End Sports Ground	Yes	September 2014	Portfolio Holder for Communities and Leisure Services (Cllr Annie Feltham) Please contact via	Portfolio Holder report, which will contain brief details of tender submissions.	Simon Grady, Sport and Leisure Participation Manager (01206) 282908 Simon.Grady@colchester.gov.uk

KEY DECISION REQUIRED	DOES DECISION INCLUDE EXEMPT INFORMATION (or information defined by the Government as Confidential)	DATE OF DECISION or PERIOD DECISION TO BE TAKEN	DECISION MAKER (title and name, including Cabinet, portfolio holders and officers)	DOCUMENTS SUBMITTED OR TO BE SUBMITTED TO DECISION TAKER TO CONSIDER (and from where they are available)	CONTACT DETAILS FROM WHICH DOCUMENTS CAN BE OBTAINED (name of the authors of the reports)
			Democratic Services (01206)507832 email: democratic.services@colchester.gov		
Vineyard Gate – Approval of Development Agreement and key financial terms	Yes	3 September 2014	Cabinet (Cnllrs Barlow Bourne, Feltham, Hunt, B. Oxford, Smith, Turrell, T. Young) Please contact via Democratic Services (01206) 507832 email: democratic.services@colchester.gov.uk	Cabinet Report	Fiona Duhamel, Economic Growth Manager (01206) 282252 Email: Fiona.duhamel@colchester.gov.uk
Rent Setting and Service Charge Policy – to agree a revised rent policy for Colchester Borough Council owned housing stock	No	September 2014	Portfolio Holder for Housing (Cllr Tina Bourne) Please contact via Democratic Services (01206)507832 email: democratic.services@colchester.gov	Portfolio Holder report, Rent Setting and Service Charge Policy	Daniella Woraker Housing Systems Team Leader (01206 282392) Daniella.woraker@colchester.gov.uk
Housing Revenue Account Fees and Charges 2015-2016 to	No	October 2014	Housing (Cllr Tina Bourne)	Portfolio Holder report, Housing Revenue Account Fees and	Daniella Woraker Housing Systems Team Leader (01206 282392)

agree the Housing Revenue Account Fees and charges for 2015/2016			Please contact via Democratic Services (01206)507832 email: democratic.services@colchester.gov	charges	Daniella.woraker@colchester.gov.uk
Environmental Sustainability Strategy	No	26 November 2014	Cabinet (Cnllrs Barlow Bourne, Feltham, Hunt, B. Oxford, Smith, Turrell, T. Young) Please contact via Democratic Services (01206)507832 email: democratic.services@colchester.gov.uk	Cabinet report. Background papers: Environmental Sustainability Strategy to be considered in conjunction with the existing Climate Risk Assessment, new draft Action Plan and Evidence Base document.	Wendy Bixby, Sustainability & Projects Officer (01206) 282566 mobile 07876440406 Email: Wendy.bixby@colchester.gov.uk

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Report of	Assistant Chief Executive	Author	Jonathan Baker Tel. 282207
Title	2015/16 Budget Strategy, Medium Term Financial Forecast and Budget Timetable		
Wards affected			

The report on the 2015/16 Budget Strategy, Medium Term Financial Forecast and Timetable, as considered and agreed by Cabinet on 30 July 2014 is provided for the Panel's consideration.

1. Action required

- 1.1 The Scrutiny Panel is requested to consider and note the 2015/16 Budget Strategy, Medium Term Financial Forecast and Budget Timetable, presented to the Cabinet on 30 July 2014, and refer any comments or concerns back to the Cabinet for further consideration.

2. Reasons for Scrutiny

- 2.1 The review of the Council's Budget Strategy and Timetable is one of the responsibilities of the Scrutiny Panel, as set out under the Terms of Reference for the panel within the Constitution.

3. Standard and Strategic Plan References

- 3.1 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance, of which scrutiny is a part, underpins the implementation and application of all aspects of the Council's work.
- 3.2 Scrutiny is a key function to ensure decisions have been subject to full appraisal and that they are in line with the Council's strategic aims. The role of scrutiny is also important in helping to check that risks are identified and challenged.
- 3.3 There is no publicity, equality and diversity, human rights, community safety, health and safety, risk management or financial implications in this matter.

Report of	Assistant Chief Executive	Author	Sean Plummer ☎ 282347 Darren Brown ☎ 282891
Title	2015/16 Budget Strategy, Medium Term Financial Forecast and Budget Timetable		
Wards affected	Not applicable		

This report asks Cabinet to:

- **Note the current financial position for the financial years 2013/14 and 2014/15**
- **Agree use of balances**
- **Note the budget forecast and timetable for the 2015/16 budget**
- **Note the updated Medium Term Financial Forecast for the period to 31 March 2018**
- **Note an update of the Revenue Balances**
- **To note the Capital Programme.**

1. Decisions Required

- 1.1. To note the pre-audit outturn position for the financial year 2013/14.
- 1.2. To agree to release funding from balances for projects set out at paragraph 3.4.
- 1.3. To note the budget forecast, approach and timetable for the preparation of the 2015/16 budget and updated position in respect of balances.
- 1.4. To note the updated Medium Term Financial Forecast for the period to 31 March 2018 as set out at Appendix A.
- 1.5. To note the latest position in respect of the Capital Programme

2. Reasons for Decisions

- 2.1. The Council is required to approve a financial strategy and timetable in respect of the financial year 2015/16 and a Medium Term Financial Forecast (MTFF) for the two subsequent financial years.

3 Financial Overview 2013/14 and 2014/15

Financial Year 2013/14

- 3.1. The Pre-Audit Outturn report for the year to 31 March 2014 was presented to the Scrutiny Panel on 8 July 2014.

- 3.2. The position shows a net underspend on budgets of £222k after allowing for a number of agreed carry forward items.
- 3.3. The 2014/15 budget was based on the plan that the 13/14 outturn would be delivered “on budget”. The final position therefore reflects an improvement and the additional surplus has been added to balances.
- 3.4. *Financial Year 2014/15*
At this stage in the financial year it is difficult to assess potential variances (both positive and negative). However, there are a number of areas that have been identified which are recommended are funded from balances:-

Proposal	£'000	Comment
Pay award	100	One-off cost of 0.5% not in 14/15 budget
Museums – China Exhibition	25	One-off cost matched by ECC. Note: refund due of £75k in 15/16.
Chargehand – one year post	25	This post is initially for a 12 month period to provide capacity in the Recycling, Waste & Fleet team to supervise the day to day working of the crews and respond to customer issues and enquiries.
Regeneration Project Officer - One year post	35	An additional project officer to work on key regeneration schemes and income generating projects work predominantly at Northern Gateway and in the Town Centre to contribute to the delivery of set income targets.
Proposed Allocations	185	

- 3.5. The impact of these proposals has been reflected in the balances position shown within this report.
- 3.6. Based on the above proposals balances would remain above our recommended level. Scrutiny Panel will receive reports during the year on the budget position.

4. Budget Forecast for 2015/16

- 4.1. Appendix A sets out a budget forecast for 2015/16 and a Medium Term Financial Forecast (MTFF) for the subsequent two years including the key assumptions. 2015/16 is the third year in which important and significant changes have been made to how Local Government is funded with the introduction of a scheme of locally retained business rates. This combined with the impact of the Local Council Tax Support (LCTS) Scheme provide a backdrop to a budget forecast which continues to contain a number of uncertainties and therefore risk areas.
- 4.2. The current forecast budget gap for 2015/16 is £1.1m and is summarised in the following table:-

	2015/16 £'000	Comment
Base Budget	22,106	
One off cost pressure	(74)	
Cost Pressures	1,040	Inflationary provision, park and ride impact and interest allowance.
Non UCCFSR Savings - Agreed	(185)	Additional budget savings agreed as part of 14/15 budget
UCC FSR	(990)	Increased net saving from 2 nd year of FSR.
Forecast Base Budget	21,897	
Government Grant	(3061)	Based on figures provided in 2014/15 Settlement.
Retained business rates (baseline funding level)	(3,960)	As above, based on settlement figures provided. Assumes that the level of business rates retained is the same as the baseline.
Council Tax Freeze Grant	(107)	2 nd year of grant in respect of freeze in 14/15
New Homes Bonus	(2,616)	Assumes no increase in grant at this stage
Council Tax	(10,047)	Based on no increase in Council Tax
Use of Reserves	(219)	Ongoing use to fund community stadium and S106 reserve.
Total Funding	(20,804)	
Budget gap	1,093	

4.3 The key assumptions in respect of the 2015/16 forecast are:

Government Funding & Business Rates

4.4. Alongside the 2014/15 Finance Settlement announcement the Government set out provisional figures for 2015/16.

4.5. The key figure for the Council's financial planning is the comparable level of settlement funding assessment (SFA) which shows **a reduction in 15/16 of £1.3m (15%)**. The SFA includes two elements: Revenue Support Grant and Baseline Funding Level. The latter represents the assumption of the level of business rates retained. The following table shows how the funding reduction is in respect of the grant. This means that a greater proportion of the Council's funding is now expected to be received from business rates as opposed to Central Government grant.

	2014/15 £'000	2015/16 £'000	Change £'000
<i>Revenue Support Grant</i> This is the grant that will be paid for the year	4,436	3,061	(1,375)
<i>Baseline Funding Level</i> This is starting point for assessment of locally retained business rates.	3,854	3,960	106
Settlement funding assessment	8,290	7,021	(1,269)

- 4.6. The budget forecast currently assumes that the level of assumed business rates retained in 2015/16 will be the same as the baseline assessment. Part of the new arrangements for business rate retention is for the Council to agree an estimate of business rates income for the year. This includes making a number of key assumptions in respect of collections rates, growth in business rates and an allowance for the impact of revaluation appeals. These issues will be considered as part of future budget updates.

Inflation and costs

- 4.7. For 2015/16 a planning figure has been included for general changes to “pay and prices” in line with the approach used in recent years. It will be necessary to review forecasts for specific areas including pay and energy costs in due course and this is therefore subject to change.
- 4.8. Specific cost pressures have currently been included for two items:-
- An allowance of £300k has been made in respect of reduced car parking income arising from the introduction of park and ride.
 - An assumption of potential additional interest costs should the Council decide to externally borrow.
- 4.9. The allowances for both these items will be reviewed as the budget progresses and any changes will be reported to Cabinet accordingly.

Growth Items

- 4.10. No allowance has been built in to the budget forecast for any new growth items in 2015/16. It is assumed that the agreed investment arising from the increase in the New Homes Bonus grant for 2014/15 will continue in 2015/16. Cabinet has agreed the specific allocation of funding in 2014/15 and this includes a proposal to allocate £245k of the 2015/16 sum. It is therefore assumed that the balance will therefore be available for other projects. This reflects the approach to minimise the risk of changes to levels of New Homes Bonus funding by allocating the increase to one off investment to support corporate priorities.

Income budgets

- 4.11. It is evident that there has been a reduction in recent years in some income budgets. The 14/15 budget includes an allowance for reductions in some income levels such as car parking, however this is likely to remain a risk to the 15/16 budget forecast and the MTFF.

Savings (incl. UCC FSR)

- 4.12. At this stage the savings shown include the estimated additional full year savings from the Corporate and Financial Management FSR and also further savings on grounds maintenance and specific grants within Community Services.
- 4.13. The largest area of additional saving includes a change of £990k resulting from the implementation of UCC FSR. This comprises additional savings or additional income in respect of 2 main themes:-
- Commercial theme. This includes additional net income from assets and trading services and savings from procurement.
 - Customer journey and behaviour change work. This includes various efficiencies from reviewing customer processes

Council Tax

- 4.14. The budget forecast for 2015/16 reflects an assumption of a freeze in Council Tax. This does not represent a formal proposal at this stage but indicates a desire to continue with the approach of the last four years during which the Council has kept Council Tax unchanged. The Government has indicated that a Council Tax freeze grant will be payable to those authorities that do not increase Council Tax in 2015/16. It is understood that details of this will be announced later this year. No grant is shown in the forecast for 15/16 or within the MTFF and this will be reflected when details are released.

Local Council Tax Support (LCTS)

- 4.15. The Local Council Tax Support Scheme (LCTS) was approved by Full Council in December. This replaced Council Tax benefits and as has previously been reported places a number of changing risks to the Council such as:-
- *Recovery of Council Tax.* There is a risk of a lower level of collection of Council Tax, given that more people will have to pay Council Tax and many for the first time.
 - *Recovery costs and resources.* The number of people paying Council Tax will increase and we will need to consider the impact on resources.
 - *Demand.* Under the previous benefit scheme there was no direct financial impact on the Council of changes in the amount of benefit paid. Under the LCTS scheme the Government grant will be a fixed sum and therefore any increase will be borne by all of the major preceptors including Colchester.
- 4.16. The Government funding for LCTS is provided within the revenue support grant and retained business rates figures which as explained earlier in the report is forecast to reduce by c15% in 15/16. Consideration will need to be given to the impact of this on any cost of LCTS.

New Homes Bonus (NHB)

- 4.17. The budget position shown includes no increase in the level of income from the New Homes Bonus received in 2014/15 of £3.4m.
- 4.18. It has been highlighted in previous Cabinet reports that specific funding allocated by the Government for the New Homes Bonus is insufficient to meet the total cost of the scheme, therefore any shortfall is met by the main formula grant funding allocation. As such it is important that the New Homes Bonus is considered alongside the formula grant funding and this issue is considered later in the report and as part of the Medium Term Financial Forecast (MTFF).
- 4.19. During 2013 the Government consulted on the mechanism for transferring nationally £400million from the New Homes Bonus to the Growth Fund from 2015/16. Whilst it was confirmed that this would not now happen for areas outside London this highlights the possibility that changes could be made to NHB.
- 4.20. The current budget strategy is that any further increase in NHB in 15/16 will only be used for one-off items.

Summary of Budget Forecast

- 4.21. There are a number of significant budget risks that will affect the 15/16 budget process and these are set out within Appendix A. The risks include items that could be positive to the budget forecast as well as negative. The current list of risks will be monitored and amended throughout the budget process.

- 4.22. In summary there is a forecast budget gap of circa £1.1m. This already reflects planned savings of £1.2m. It should also be noted that at this stage this gap could change based on a number of emerging factors.

Delivering the 2015/16 Budget

- 4.23. The Council's approach to the budget is that it is primarily driven by the Strategic Plan. We have adopted a number of different ways to identify savings or additional income to support Strategic Plan priorities and to meet a number of substantial cost pressures. The strategy for last few years has been broadly based upon identifying opportunities to make efficiencies, mainly through the FSR process, maintaining and where possible increasing income and through exploring different ways to deliver services.
- 4.24. Looking ahead to 2015/16 and beyond it is clear that there is already a significant level of savings assumed, mainly through the UCC FSR which will have to be delivered.
- 4.25. The Budget Group comprising Cabinet members and senior officers has operated for five years. It is intended that the Budget Group continues and has the overview of all possible budget opportunities, monitoring progress and taking relevant reports. Work has already started and has identified a number of possible options. In outline these include:-
- A review of the 13/14 and earlier years outturn position to consider any opportunities to review budget assumptions.
 - A number of budget options for efficiencies, income or reductions
 - Possible larger scale reviews with a focus to identify work required now in order to deliver savings beyond 15/16.
- 4.26. The Council's approach to budgets has always been to consider the longer-term impact of decisions. The budget process for 2015/16 will continue to reflect this by recognising that some service changes (reductions, income and growth) will often be delivered over a period longer than a year.
- 4.27. Appendix B sets out the proposed budget timetable.

Housing Revenue Account (HRA)

- 4.28. The HRA is a ring fenced account that relates to costs and income in respect of the Council's housing stock. The HRA budget and rent setting process is carried out alongside the General Fund budget and elements of the process are carried out simultaneously. The budget approach for the HRA will continue to be fully integrated within the General Fund budget process with the final budget report and rent setting being included within the overall budget and Council Tax decisions.
- 4.29. HRA Self-Financing has been in operation since 1st April 2012, and Cabinet have agreed a new 30 year HRA Business Plan which runs to 2043. This has assisted with financial planning and the outputs from this were reflected in the 2014/15 budget, and the 2015/16 budget will therefore be similarly developed within this framework.

5. Medium Term Financial Forecast

- 5.1. The Medium Term Financial Forecast (MTFF), as set out at Appendix A, shows a potential budget cumulative budget gap of c£4m by 2017/18. The key factors affecting the budget gap in later years include the assumed further reduction in Government funding.

- 5.2. The forecast needs to be viewed alongside the level of significant risks and uncertainty regarding a number of key factors that will impact on the Council's finances in the medium term. Most of the key risks outlined in the MTFF could result in recurring cost pressures for the Council. This will require recurring cost savings or additional income to be identified to minimise the escalation of these pressures.
- 5.3. The MTFF also shows that the Council continues to hold reserves and balances to support the Council's budgets. The position on these reserves will be reviewed during the year as the 2014/15 budget progresses.
- 5.4. In summary the MTFF sets out what is likely to continue to be a challenging financial outlook with an increasing level of uncertainty in future years. The budget process needs to establish that the Council's spending plans, in the medium term, are affordable and can be prudently financed.

6. Revenue Balances

- 6.1. Following completion of the final accounts for the year to 31 March 2014 uncommitted or unallocated revenue balances stand at £2.2m. This compares with the current approved minimum balance of £1.8m.
- 6.2. As this report emphasises the Council is expected to face many financial pressures in the medium term. Whilst some provisions have been made within balances for some of these there is a recognised view that further significant reductions in public sector spending will occur over the coming years and that there is an increased financial risk associated with many of the local government finance reforms such as localisation of business rates and the local council tax support scheme. It should also be noted that balances can by nature only be used once and so it is not generally appropriate to use them to support ongoing budget pressures.
- 6.3. As part of the 15/16 budget process it will again be necessary to review the risk assessment that informs the recommended level of balances currently set at £1.8m. For example, should the Council decide to change certain budget assumptions it will be necessary to consider any impact this may have on the level of balances to hold.
- 6.4. This is the first report in respect of the 2015/16 budget. The budget timetable sets out that the position on balances and other reserves and provisions will be reported later this year. The scope and option of using balances to support the revenue budget will therefore be considered in future reports.

7. Capital Programme Update

- 7.1. An update on the capital programme is provided as part of the report on this agenda on the revolving investment fund (RIF). This report sets out proposals to earmark a number of capital receipts and shows the resulting impact on the general fund capital programme.
- 7.2. In terms of the non RIF programme this shows that there remains an expected surplus on the capital programme for the period 2014/15 – 2018/19. However, it should be acknowledged that additional future capital programme requirements are likely and therefore it may be necessary to identify further capital resources to fund the programme.
- 7.3. Further updates on the capital programme will be provided alongside budget reports.

8. Strategic Plan References

- 8.1. The Council has agreed an over arching vision for the Borough: Colchester, the place to live, learn, work and visit. Alongside this are number of broad aims.
- 8.2. The 2015/16 budget and the Medium Term Financial Forecast will be underpinned by the Strategic Plan priorities and will seek to preserve and shift resources where needed to these priorities.

9. Financial implications

- 9.1 As set out in the report.

10. Equality and Diversity Implications

- 10.1 Consideration will be given to equality and diversity issues in respect of budget changes proposed as part of the budget process. This will be done in line with agreed polices and procedures including production of Equality Impact Assessments where appropriate.

11. Risk Management Implications

- 11.1 As set out in report.

12 Consultation

- 12.1. The Council is required to consult on its budget proposals. A consultation exercise took place as part of the production of the Strategic Plan agreed by Council in February 2012.
- 12.2. The budget strategy and timetable aims to ensure that information is available for scrutiny and input from all Members on proposals in the process. The aim is that detailed information will be available prior to the final budget report being submitted to Cabinet and approval by Council in February.
- 12.3. As has been the case in previous years the opportunity remains open for the leader of the opposition to meet with officers to assist with consideration of any alternative budget proposals.
- 12.4. Furthermore, we will continue with the statutory consultation with business ratepayers and will meet with parish councils in respect of grant funding.

13. Other Standard References

- 13.1 There are no direct Publicity, Human Rights, Community Safety or Health and Safety implications as a result of this report.

Background Papers

Revenue and Capital Outturn reports to Scrutiny Panel – 8 July 2014

Medium Term Financial Forecast 2014/15 – 2017/18

1. Introduction

The Medium Term Financial Forecast (MTFF) sets out the Council's budget forecast for the next three years. The MTFF sets out:-

- A summary of the 2014/15 budget including an analysis of all service budgets
- The budget forecast for next three years including current cost pressures, growth items and assumptions regarding use of reserves.
- A list of key risk items for 2015/16 and beyond
- The current position on Council General Fund balances including the risk assessment for 2014/15
- The current position on all other reserves and balances

The MTFF will continue to be updated during the year as the budget progresses.

2. 2014/15 Budget

The Council's General Fund includes all costs and income other than those in respect of the Council housing stock

Colchester's total net revenue budget for 2014/15 is **£18.7million**.

	£'000
Net Budget (incl: New Homes Bonus)	18,696
Funded by:	
Government Grant (incl: Council Tax freeze grant)	4,543 (24%)
Retained Business Rates (as shown in baseline assessment)	3,854 (21%)
Council Taxpayers (excl. parishes)	10,047 (54%)
Use of Balances / Reserves and Collection Fund	252 (1%)
	18,696

The following table sets out a summary of the 2014/15 budget including changes made from the previous year.

2014/15 Summary Budget

	<i>Adjusted Base Budget</i>	<i>One-off items</i>	<i>Cost Pressures</i>	<i>Growth Items</i>	<i>Technical Items</i>	<i>Total Savings</i>	<i>Detailed 14/15 Budgets</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporate & Democratic Core	257	-	12	-	-	21	290
Corporate & Financial Management	8,937	(15)	374	-	-	(185)	9,111
Executive Management Team	655	-	81	-	-	(120)	616
Community Services	6,085	(67)	173	16	-	(145)	6,062
Commercial Services	292	(15)	322	37	-	(185)	451
Customer Services	1,973	(50)	245	-	-	-	2,168
Operational Services (excl NEPP)	392	-	758	-	18	(159)	1,008
Professional Services	2,342	-	192	-	-	(185)	2,348
Total General Fund Services	20,932	(147)	2,156	53	18	(958)	22,054
<i>Corporate Items / sums to be allocated to services</i>							
Procurement savings	(50)	-	-	-	-	(100)	(150)
UCC FSR	300	-	(220)	-	-	(715)	(635)
Strategic Plan	100	(100)	-	-	-	-	-
Welfare Reform	30	(30)	-	-	-	-	-
Investment Allowance funded by New Homes Bonus	250	-	-	757	-	-	1,007
CFM FSR	-	-	-	-	-	(250)	(250)
Parish Council Grants (re LCTS)	135	-	-	-	-	(17)	118
Staff car parking	-	-	-	-	-	(30)	(30)
<i>Non-Service Budgets</i>							
CLIA (net interest)	685	-	-	-	-	(85)	600
R&R Contribution	150	-	-	-	-	-	150
Min Revenue Provision (MRP)	648	-	21	-	-	-	669
Pension Fund	2,384	-	(280)	-	-	-	2,104
One-off Costs	500	(500)	-	-	-	-	-
Technical C Tax changes - Sharing Agreement	(189)	-	-	-	-	(211)	(400)

Natural History Museum	(20)	-	-	-	-	-	(20)
Heritage Reserve & Gosbecks Reserve	10	-	-	-	-	-	10
GF/HRA/NEPP adjustment	(2,878)	-	22	-	(44)	(221)	(3,120)
<i>Total Below the Line</i>	<i>2,054</i>	<i>(630)</i>	<i>(457)</i>	<i>757</i>	<i>(44)</i>	<i>(1,629)</i>	<i>52</i>
Total including Below the Line	22,986	(777)	1,699	810	(25)	(2,587)	22,106
Funded by:							
General Reserve	(683)	683	-	-	-	(100)	(100)
Use of balances: re carry forwards	(50)	50	(74)	-	-	-	(74)
Pensions Reserve	(102)	102	-	-	-	-	-
Capital Expenditure Reserve	(200)	-	11	-	-	-	(189)
Other Reserves - S106	(30)	-	-	-	-	-	(30)
Government Grant (RSG)	(5,682)	-	1,246	-	-	-	(4,436)
Government Grant (NNDR)	(3,780)	-	(74)	-	-	-	(3,854)
Council Tax Freeze Grant	(109)	109	-	-	-	(107)	(107)
Council Tax	(9,684)	-	-	-	(363)	-	(10,047)
Collection Fund Transfer	(18)	18	-	-	(142)	-	(142)
New Homes Grant Adjustment	(32)	32	-	-	-	-	-
New Homes Bonus	(2,616)	-	-	(794)	-	-	(3,410)
NNDR deficit	-	283	-	-	-	-	283
Total	(22,986)	1,277	1,109	(794)	(505)	(207)	(22,106)

3. Budget Forecast 2014/15 to 2017/18

The following table sets out the Council's budget forecast for the next three years including key assumptions.

Medium Term Financial Forecast 2014/15 to 2017/18				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Base Budget	22,986	22,106	21,897	22,233
13/14 One-off items	(777)	(74)		22
Cost Pressures (net of one off changes)	1,699	1,040	640	1,090
Growth Items (net of one off changes)	810	0	375	385
UCC FSR (yoy) change	(825)	(990)	(890)	
Savings	(1,787)	(185)	211	0
Technical Items				
Forecast Base Budget	22,106	21,897	22,233	23,730
<i>Funded By:</i>				
Revenue Support Grant	(4,436)	(3,061)		
Business Rates Baseline	(3,854)	(3,960)		
Settlement Funding Assessment (SFA)	(8,290)	(7,021)	(6,000)	(6,000)
New Homes Bonus	(3,410)	(3,410)	(3,410)	(3,410)
Council Tax	(10,047)	(10,047)	(10,047)	(10,047)
Council Tax Freeze Grant (re 14/15)	(107)	(107)		
Collection Fund Deficit / (Surplus)	(142)	0	0	0
Business Rates Deficit / (surplus)	283	0	0	0
Use of Reserves	(393)	(219)	(219)	(219)
Total Funding	(22,106)	(20,804)	(19,676)	(19,676)
Budget (surplus) / gap (cumulative)	0	1,093	2,557	4,054
Annual increase		1,093	1,464	1,497

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Cost Pressures				
General Inflation	440	640	640	640
Pensions	22	0	0	250
MRP (Minimum Revenue Provision)	21	0	0	0
Elections	95			
Fleet	210			
Benefit Admin grant & benefit subsidy	190			
Existing net income streams	560			
Agency Costs	50			
Bank Charges	12			
Bus Station	25			
Support to FSR (funded by c/f - one off)	74			
Pensions - auto enrolment				200
Park and Ride - Impact		300		
Interest costs - allowance		100		
Total	1,699	1,040	640	1,090

Medium Term Financial Forecast
2014/15 to 2017/18

	2014/15	2015/16	2016/17	2017/18
	£'000	£'000	£'000	£'000
Growth Items				
Food Waste (net impact)			375	385
Affordable homes	37			
Growth linked to New Homes Bonus	757			
A12 / A120 litter picking	16			
Total	810	0	375	385

Savings (incl. one off adjustments)				
ICT	(40)			
Sport & Leisure FSR	(195)			
Private sector leasing	(20)			
Procurement Target	(100)			
Interest earnings (mostly one-off)	(85)			
Sharing agreement (extra)	(211)		211	
Management capacity	(140)			
C&FM FSR	(250)	(50)		
Ward Budgets	(120)			
Housing Revenue Account (HRA) impact	(50)			
Grounds Mtce	(100)	(100)		
Activity Centres	(39)			
Museums	(22)			
Community Services Grants	(50)	(35)		
LCTS grant to parishes	(17)			
Tour Series	(80)			
EMT	(22)			
Staff & Member car parking	(30)			
Land Charges	(100)			
Cemetery and crematorium income	(90)			
Technical items	(26)			
Total	(1,787)	(185)	211	0

Medium Term Financial Forecast 2014/15 to 2017/18				
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
New Homes Bonus				
Growth re 09/10	724	724	724	724
Growth re 10/11	749	749	749	749
Growth re 11/12	986	986	986	986
Growth re 12/13	757	757	757	757
Growth re 13/14		x	x	x
<i>Total basic NHB</i>	<i>3,216</i>	<i>3,216</i>	<i>3,216</i>	<i>3,216</i>
Affordable Housing element				
re 10/11 delivery	52	52	52	52
re 11/12 delivery	105	105	105	105
re 12/13 delivery	37	37	37	37
re 13/14 delivery		x	x	x
<i>Total affordable homes bonus</i>	<i>194</i>	<i>194</i>	<i>194</i>	<i>194</i>
Total New Homes Bonus	3,410	3,410	3,410	3,410

Use of Reserves				
Balances (General)	100			
Funding c/f	74			
S106 monitoring reserve	30	30	30	30
Capital Expenditure Reserve:- Community Stadium	189	189	189	189
Total	393	219	219	219

Notes:

New Homes Bonus is shown within funding, although for accounting purposes it is shown within the net budget.

4. Risk Areas / Uncertainty

There are several key risk areas or areas where the outcome is uncertain which will impact on the 2015/16 budget forecast and potentially in later years. The main areas are:-

Ref	Risk / Area of uncertainty	
1	<i>Government Funding / Business Rate Retention Scheme</i>	The MTFF includes the reduction in the 'SFA' for 2015/16 of 15% with further reductions thereafter. From 2013/14 a proportion of the Council's core income that used to be provided by Government grant is now funded by the Council keeping a share of business rates income. This poses a new risk as well as a potential reward. The level of risk is currently equivalent to the safety net in place of £289k.
2	<i>Welfare Reform (including Local</i>	The budget paper sets out some of the key risks associated with the implication of the Council having approved the

Ref	Risk / Area of uncertainty	
	<i>Council Tax Support - LCTS)</i>	LCTS scheme. The combined impact of the Government's welfare reforms and demands on Council services will need to be considered during the period of the MTFF.
3	<i>Government grants and partnership funding</i>	<p>The Council's budget has changed over recent years with a greater emphasis on funding from both partner organisations and Government bodies. These funding streams can rarely be guaranteed and can therefore add to our cost pressures.</p> <p>Provision has been made in the 2014/15 budget for the New Homes Bonus based on the notified grant and the MTFF takes a prudent view by forecasting no change to this grant in future years.</p> <p>Provision has been made for changes in other Government grants, such as housing benefit administration, in 2014/15, however, the impact of any further reductions in these will be considered as the MTFF is reviewed.</p>
4	<i>Pensions</i>	An allowance has been built in for increases in pensions costs based on the results of the last actuarial review and which therefore are fixed until 2016/17. Thereafter an allowance has been assumed of £250k
5	<i>Fees and charges and other income</i>	As has been seen in the past few years we have experienced a number of pressures arising from changes in income levels. Last year some targets such as car parks, sport and leisure and community alarms income were not met. Looking ahead to 2014/15 and beyond it is difficult to estimate how income levels may continue to be affected. The 14/15 budget forecast assumes a decrease in revenue in certain areas such as car parks, community alarms and trade waste and future updates of the MTFF will consider any other changes to income.
6	<i>Inflation</i>	<p>An allowance for general inflation including pay has been built into the 14/15 forecast and MTFF.</p> <p>Not all the Council's costs are directly linked to RPI and therefore we will continue to monitor the impact of inflation on all Council costs</p>
7	<i>Use of reserves</i>	<p>The budget position for 2014/15 includes proposals to use certain reserves. The MTFF assumes the ongoing use of the capital expenditure reserve and S106 reserve.</p> <p>No proposals to use general balances are currently included in the MTFF.</p>
8	<i>Legislation</i>	There are likely to be several items of new legislation over the life of the MTFF for which any available funding may not cover costs or which may impact significantly on the Council e.g. universal credit.
9	<i>Impact of regeneration programme e.g. car park closure and staff resources</i>	As the regeneration programme progresses there will be an ongoing impact on income from car parks due to temporary and permanent closure of certain car parks and also the introduction of park and ride. An allowance has been built into the MTFF for reductions in car park income.
10	<i>Property review</i>	A review of our assets was carried out and a 5-year Building Repairs and Maintenance Plan produced. There will

Ref	Risk / Area of uncertainty	
		continue to be financial implications arising from this for both the revenue budget and capital programme and these will continue to be considered in detail and included in the on-going updates of the MTFF. The 2014/15 budget forecast maintains the additional allocation of £150k in respect of planned repairs. This will continue to be reviewed to consider if it is sufficient to meet ongoing requirements.
11	<i>Impact of growth in the Borough and demand for services</i>	A number of Local Authority services are directly impacted by the increase of population in the Borough, such as waste services, planning, benefits etc. As part of the budget it will be necessary to consider whether there is a need for additional resources in these or other areas in order to maintain levels of service. The current financial assumption made is that the Council programme of FSRs will assist in identifying efficiencies to cope with changes in demand, however, this will be regularly reviewed.
12	<i>Delivery of budget savings</i>	The 2014/15 budget includes c£2.7m of savings or increased income. These items have been risk assessed and all are considered deliverable, however, the budget report considers the risk to delivering some of the income targets and if these cannot be achieved there is the risk in the MTFF of the ongoing impact. In addition the 2015/16 budget includes further savings from the ongoing FSR work and whilst these are currently considered to be on track to be delivered these will be reviewed as part of the 15/16 budget.
13	<i>Net earnings Interest and investments</i>	The budget is influenced by a number of factors including interest rates and cashflow movements. The treasury management strategy for 2014/15 highlights the outlook for interest rates in the medium-term which points to continuation of unprecedented low levels into 2014/15. The budget forecast has been adjusted by £85k to reflect the ongoing benefit of the Council's strategy to 'internally borrow' to minimise our interest costs. The MTFF recognises that this is not an ongoing gain and a contingency allowance of £100k is included for 2015/16.

All these issues will remain as risks to be managed over the course of the MTFF.

5. General Fund Balances – Risk Assessment

Introduction

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2014/15 budget process.

Background

Historically we have maintained a strong level of balances and these have been used to:-

- Support the annual budget - particularly to fund one off items.
- Fund new initiatives identified during the year.
- Provide cover for cashflow and emergency situations.
- Provide flexibility and a resource for change management.

The following table set out general fund balances over recent years. It should be noted that in each of these years the balance includes committed or allocated sums:-

	£'000
31 March 2009	2,891
31 March 2010	3,926
31 March 2011	3,457
31 March 2012	4,919
31 March 2013	5,893
31 March 2014	6,327

A thorough review of the balances position was reported to Cabinet as part of the 2014/15 budget exercise. This included a risk assessment to establish the minimum level, which was agreed at £1.8 million.

Risk Assessment

The risk assessment has been kept under review. The results of the current assessment are summarised below.

Factor	Assessed Risk		
	High £'000	Medium £'000	Low £'000
Cash Flow	950		
Capital (nil given reserves and receipts)			0
Inflation		100	
Investment Income	150		
Trading Activities and fees and charges		200	
Emergencies		50	
Benefits			100
New Spending – legal commitments			100
Litigation		150	
Partnerships			100
VAT Exemption Limit			350
Budget Process		100	
Revenue impact of capital schemes			150
Impact of Local Government Finance reforms (Welfare Reform, including LCTS and retention of business rates scheme)	300		
	1,400	600	800

	Minimum Provision
High Risk – 100%	1,400
Medium Risk – 50%	300
Low Risk – 10%	80
Sub Total	1,780
Unforeseen factors,	20
Recommended level	1,800

This shows the minimum level of balances being maintained at £1.8 million. It is then a matter of judgement whether it would be desirable to hold any further level of balances beyond this, or to seek to rebuild balances above this level to provide for future flexibility.

The main issues to mention concerning the assessment are: -

- The key reason for proposing to increase balances in 2013/14 was the new risks associated with major Local Government reforms such as the creation of a Local Council Tax Support Scheme and the local retention of business rates. The analysis of the business rates retention scheme and specifically the operation of a safety net showed that there is a risk to the Council's budget of £0.3m in 2014/15.
- While the possible requirement to meet capital spending from revenue resources is still recognised as a potential risk the assessment is "nil" because of the current level of funds held in the capital expenditure reserve and the introduction of the Prudential Code.
- Investment income has been identified as a risk area. In last year's risk assessment this was classified as a "high risk" and due to the continuing uncertainty in the world economy this has been maintained.
- The assessment includes the risk that the VAT exemption limit will be exceeded with a consequent loss of recoverable VAT. Regular monitoring and active management of new schemes minimises this risk.

Implications

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum level it is important to recognise that there are implications of operating at this level. As noted above we have traditionally had a level of balances that have provided flexibility and enabled new initiatives to be considered outside the annual budget process. Operating at the minimum level requires an approach and a discipline to: -

- Ensure all spending aspirations for the coming year are assessed as part of the annual budget process. The continued development of the Medium Term Financial Forecast will assist in this.
- Recognise that it will not be possible to draw on balances to fund new discretionary initiatives identified in the year, however desirable they may be; an alternative source of funding would need to be identified.
- Realise future assessments could identify a need to rebuild balances
- Accept that the potential for interest earnings on balances will change depending on the level of balances held. (This will be reflected in the budget accordingly).
- Acknowledge that any balances desired for future flexibility/change management will need to be built up over and above the prudent level identified.

In addition it is acknowledged that it may be necessary for balances to fall below the recommended level. Balances are provided to mitigate unbudgeted cost pressures and as such at times they may be used to provide temporary support to the Council's budget.

6. General Fund Balances - Position

The following table sets out the current level of General Fund balances.

General Fund Balances

	£'000
Balance as at 31 March 2014 (As per Statement of Accounts)	(6,327)
Use or allocation of balances during 2014/15:	
• Financing carry forwards – Proposed carry forward of 13/14 budgets (note 1)	1,102
• Existing items carry forward in balances (see note 2)	1,602
• Existing allocations for 14/15 and future years budget (note 3)	1,185
• Use of balances agreed in 14/15 Budget (note 4)	174
• Proposed use of balances (note 5)	185
Projected uncommitted / allocated Balances as at 31 March 2015	(2,079)
Proposed minimum balance	1,800
Potential Surplus Balances as at 31 March 2015 (note 6)	(279)

Notes:

1. This reflects items agreed as part of the 13/14 closure of accounts process as reported to Scrutiny Panel on 8 July 14.
2. This includes previous sums allocated from balances which have not yet been spent. For example it includes funding allocated for potential redundancy costs, funds allocated in respect of certain key risks. This also includes items that maybe transferred to the proposed Revolving Investment Fund (see separate report on this agenda).
3. This includes funding allocated in balances in respect of a number of key risk areas such as the various Government welfare reforms and proposed changes in respect of NNDR. This also includes a provision for future cost pressure in respect of Community Stadium funding and the risk factor which was carried forward from the 12/13 budget as reported to Scrutiny Panel on 11 July 13. None of these are expected to be used in 2014/15 but remain allocated.
4. Agreed use of balances to support the revenue budget
5. This reflects the proposed use of balances set out within this report.
6. The position shown assumes a neutral outturn position.

7. Earmarked Reserves and Provisions

The Council maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. As at 31 March 2014 earmarked reserves totalled £7.2m and provisions £0.4m.

As part of the budget process a review was undertaken into the level and appropriateness of earmarked reserves and provisions. The review concluded that the reserves and provisions detailed in the following table remain appropriate and at an adequate level.

The position on these reserves will be reviewed as part of the 2015/16 budget process including forecasting and assessing the impact of future commitments.

Reserve	Amount 31/03/14 £'000	Comment
Renewals and Repairs (including Building Maintenance Programme)	1,890	Maintained for the replacement of plant and equipment and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the life of the asset.
Insurance	379	The 14/15 budget proposals include the ongoing annual contribution of £150k. To cover the self-insurance of selected properties. The balance of the fund is split with a proportion specifically identified as a provision against the cost of claims (see next section).
Capital Expenditure	708	Revenue provision to fund the capital programme. The reserve is fully committed to funding the current capital programme. However actual use of balance is dependent not only on progress of spending on approved capital schemes but also level of other resources, mainly capital receipts, received. This Reserve is also being used to support some financing costs of the Community Stadium and this will be reviewed in the final budget report.
Asset Replacement Reserve	72	A reserve for the future replacement of vehicles and plant. The vehicle replacement policy has been reviewed. Revenue contributions to this reserve have now ceased and the funding is now sourced from the Council's Capital Programme.
Gosbecks	318	Maintained to provide for the development of the Archaeological Park. The main source of funding was a 'dowry' agreed on the transfer of land.
Heritage Reserve	5	This represents balance held of museums donations and as such represents a small element of the Council's support to heritage schemes.
Hollies Bequest	5	Provision for the upkeep of open space.
Section 106 monitoring	63	Required for future monitoring of Section 106 agreements. From 2014/15 this has been set at £30k per year.
Revenue Grants unapplied	1,492	Under new accounting rules any grant received where there are no clear conditions that the grant is repayable if not spent now have to be transferred to

Reserve	Amount 31/03/14 £'000	Comment
Regeneration Reserve	71	<p>this reserve. For all these grants proposals for use of the money exist and the funds are held in the reserve until the money is spent.</p> <p>Contribution to reserve in respect of balancing any deficit in funding schemes in particular years.</p>
Parking Reserve	397	<p>As part of the existing 'on street' parking arrangements there is requirement to keep any surplus funds separate from the General Fund.</p> <p>With the North Essex Parking Partnership (NEPP) there is also a requirement to hold separately funds provided to support TRO (Traffic Regulation Order) work and also initial funding provided by Essex County Council</p>
Building Control	0	<p>The Building (Local Authority Charges) Regulations came into force on 1 April 2010. The new charges allow Building Control to more accurately reflect the cost of chargeable services. In any year there is therefore the likelihood of a balance on this account that must be assessed as part of ongoing charges.</p>
Heritage Mersea Mount	13	<p>Funding received from English Heritage towards costs relating to Mersea Mount.</p>
Mercury Theatre	2	<p>Provision for the building's long term structural upkeep. Accumulated funds have been used to support roof repairs to the Mercury Theatre.</p>
HRA retained Right to Buy (RTB) receipts - Debts	894	<p>New Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to offset debt taken on by the HRA Self-Financing settlement. The reserve must be used for HRA purposes.</p>
HRA retained Right to Buy (RTB) receipts - Replacement	892	<p>New Reserve following Government changes to the RTB scheme. From 2012/13 the Council can retain a proportion of RTB receipts to fund affordable housing development. Receipts held within the reserve must be used within 3 years for this purpose, otherwise they must be repaid to the Government.</p>
	7,200	

B. Provisions

Provision	Amount 31/03/14 £'000	Comment
Insurance	370	This element of the fund is specifically set aside as a provision to meet the cost of identified claims including subsidence. It also includes a contingency for liable costs if a previous insurer, which has gone into administration, is unable to remain solvent.
	370	

2015/16 Budget Timetable	
Budget Strategy March 14 – July 2014	
March – June (SMT and Budget Group)	Budget Group Meetings Agreed Update MTFF /Budget Strategy Review potential cost pressures, growth and risks Consider approach to budget Initial budget reviews started
Cabinet – 30 July 14	<ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved
Scrutiny Panel – 19 August 14	Review Cabinet report
Detailed Budget preparation and Budget Setting Consultation	
Budget Group / Leadership Team regular sessions on progress / budget options now - December	Review budget tasks Consider delivery of existing Fundamental Service Reviews
Cabinet – 3 September 14 and /or 15 October 14	<ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme • Consider any impact arising from in year budget monitoring.
Cabinet – 26 November 14	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Agree fees and charges / budget changes • Government Finance settlement (if available)
Scrutiny Panel – 27 January 15	Review consultation / Budget position (Detailed proposals)
Cabinet – 28 January 15	Revenue and Capital budgets recommended to Council
Council – 18 February 15	Budget agreed / capital programme agreed / Council Tax set

Leadership Team to review budget progress during year.

Scrutiny Panel

19 August 2014

Item
16

Report of	Assistant Chief Executive	Author	Jonathan Baker
Title	Annual Scrutiny Report		Tel. 282207
Wards affected	None		

This is a report setting out the work of the Scrutiny Panel during 2013/14

1. Action required

- 1.1 The Panel is asked to consider and comment on the draft Annual Scrutiny Report.

2. Reason for Action(s)

- 2.1 The Constitution states the Scrutiny Panel shall report annually to the full Council on its work and make recommendations for future work programmes and amended working methods if appropriate.

3. Purpose and Content of the Annual Report

- 3.1 The purpose of the report is to inform the Council of the work undertaken by the Scrutiny Panel, and for the Council to form an opinion of the effectiveness of the scrutiny function. The final report will be submitted to full Council for consideration and approval following endorsement by scrutiny panel members.
- 3.2 This Scrutiny Report is a descriptive record of the scrutiny reviews undertaken by the Scrutiny Panel 2013/14.

4. Standard and Strategic Plan References

- 4.1 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance, of which scrutiny is a part, underpins the implementation and application of all aspects of the Council's work.
- 4.2 Scrutiny is a key function to ensure decisions have been subject to full appraisal and that they are in line with the Council's strategic aims. The role of scrutiny is also an important part of the Council's risk management and audit process, helping to check that risks are identified and challenged.
- 4.3 There is no publicity, equality and diversity, human rights, community safety, health and safety, risk management or financial implications in this matter.

Scrutiny Panel Annual Report 2013-14

This Annual Report demonstrates the contribution made by the Scrutiny Panel at Colchester Borough Council.

This is the first year of the newly formed Scrutiny Panel, after an agreement at Council on 20 March 2013 to merge the Strategic Overview and Scrutiny Panel and the Financial and Audit Scrutiny Panel. This agreement formed part of the Council's new governance arrangements after the Universal Customer Contact Fundamental Service Review.

Scrutiny Panel Role

The role of the Scrutiny Panel is to examine the policies and strategies from a borough-wide perspective and ensure the actions of the Cabinet accord with the Council's policies and budget. The Panel also reviews corporate strategies that form the Council's Strategic Plan, Council partnerships and the Council's budgetary guidelines, and scrutinises Cabinet or Portfolio Holder decisions which have been called in.

The Scrutiny Panel in 2013/14

The function of the Scrutiny Panel is as important as ever, given the challenging future of providing services in difficult economic times with limited resources.

The success of Scrutiny Panel reviews depended on the involvement of Councillors, Council officers, expert witnesses and members of the public, and the Chairman of the scrutiny panels would like to thank everyone for their contribution to scrutiny in 2013/14.

The very low level of call-ins and matters of urgency suggested Councillors continued to take a responsible approach to Governance.

Portfolio Holders have continued to regularly attend items on the Scrutiny Panel agenda that fall within their remit to take a lead on major reviews and to discuss policy, spending and performance.

Members are asked to consider whether the scrutiny and review process is a function that remains effective, ensuring the critical friend challenge to the executive policy and decision making that drives improvement in public services.

Prominent Reviews at Colchester Borough Council

The Scrutiny Panel requested a number of reviews during 2013/14.

The review of the North Essex Parking Partnership occurred twice over the course of the year. The first meeting focused on the operation of the partnership (10 December 2013), at which the NEPP Chairman Councillor Mitchell attended. An extra meeting was requested by Panel members to look further into the financial aspects of the NEPP which took place on 24 February 2014.

The Panel also held a Final Overview of Firstsite, with regards to the construction project of the visual arts facility, which took place on 10 September 2013. In addition the Scrutiny Panel looked at the Councils provision of IT (18 March 2014).

Pre Decision Scrutiny

Pre-scrutiny enables the Scrutiny Panel to examine an issue in depth, and make proposals to the Cabinet or portfolio holder in advance of that decision being taken. This work, regularly includes the Budget Strategy (Noted in July 2013 and January 2014) and the 6-monthly and year-end Performance Report and Strategic Plan Action Plan (Noted in June and December 2013).

The Corporate and Financial Management Fundamental Service Review was considered and noted at Scrutiny, with a recommendation that the minutes were taken into account by the Cabinet (29 October 2013).

The Panel also scrutinised the New Housing Arrangements on the 2 July 2013. This was scheduled in for pre-scrutiny before the Cabinet took its decision on 10 July 2013, providing an opportunity to look at strengthening the partnership arrangements and in what organisation the functions are best delivered. The Panel noted the report and recommended that the Cabinet makes its decision in light of the Panels discussions.

Another pre decision scrutiny that took place was the Portfolio Holder decision to close the Abbots Activity Centre on 23 July 2013. This meeting took place in the Auditorium at firstsite to ensure that there was enough capacity for members of the public to attend. Fifteen members of the public participated in Have Your Say! as well as four Councillors who were not members of the Panel. The Panel made a number of requests to Cabinet including to look at alternative funding options and to take into consideration the views of the public who spoke at the meeting.

The Panel also looked at the Homelessness Strategy on 11 February 2014.

Partnership arrangements

Two regular partnership reviews were undertaken. Both reviews, the 'Safer Colchester Partnership' (10 September 2013) and the Colchester Community Stadium Limited (March 2013) were noted.

Call-in

There was one call-in in the municipal year at the meeting on 12 November 2013, which referred the Allotment Charges and Review of Tenancy Agreements decision to the Panel.

The meeting was attended by the Portfolio Holder, members of the public who spoke as part of Have Your Say! as well as other councillors.

The Panel resolved that the decision on the allotment charges and the review of the tenancy agreements be referred back to the Portfolio Holder for Communities Leisure for reconsideration. ***Cabinet confirmed the decision as made by the Portfolio Holder.***

Councillor Call for Action (CCfA)

There were no CCfA issues brought to the attention of Scrutiny Panel during 2013/14.

Decisions taken as a matter of urgency

Two decisions were taken as a matter of urgency in 2013/14.

The first was to approve the fees for applications made under the Scrap Metal Dealers Act 2013. The Scrutiny Panel was notified on the 29 October 2013, and both the Monitoring Officer and the Deputy Chairman of the Scrutiny Panel certified the immediate implementation of the decision and that the call-in procedure would not apply.

The second was the recommendation to join the Essex Business Rates Pool. The Scrutiny Panel was notified at the meeting on 12 November 2013, and both the Monitoring Officer and the Chairman of the Scrutiny Panel certified the immediate implementation of the decision and that the call-in procedure would not apply.

Task and Finish Group

There were no Task and Finish Groups commissioned by the Scrutiny Panel 2013/14.

Schedule of meetings and reviews

Scrutiny Panel 2012/13

Councillor Davies (Chairman), Councillor Harrington (Deputy Chairman), Councillor Bentley, Councillor Cope, Councillor Harris, Councillor Hayes, Councillor Higgins, Councillor Hogg, Councillor Oxford

11 June 2013	<ul style="list-style-type: none"> • 2012-13 Year-end performance report and Strategic Plan Action Plan (SPAP) • Financial Monitoring Report 2012/13 • Capital Expenditure Monitor 202/13
2 July 2013 (extra)	<ul style="list-style-type: none"> • New Housing Arrangements
23 July 2013	<ul style="list-style-type: none"> • Pre-Scrutiny the Portfolio Holder decision 'to close the Abbots Activity Centre' • Budget Strategy, Timetable and Medium Term Financial Forecast • Annual Report on Treasury Management
20 August 2013	<ul style="list-style-type: none"> • 2013-14 Capital Monitor, period April-June • 2013-14 Financial Monitor, period April-June
10 September 2013	<ul style="list-style-type: none"> • Safer Colchester Partnership (Crime and Disorder Committee) • Final Overview - firstsite - the construction project for Colchester's Visual Arts Facility
29 October 2013	<ul style="list-style-type: none"> • Fundamental Service Review of Corporate and Financial Management
12 November 2013	<ul style="list-style-type: none"> • Call-in – Allotment Charges and Review of Tenancy Agreements • Local Council Tax Support 2014/15 • Capital Expenditure Monitor 2013/14 – Quarter 2 • Financial Monitoring Report – April to September 2013
10 December 2013	<ul style="list-style-type: none"> • Review of Parking Services in Colchester • Treasury Management Strategy Statement – Mid-Year Review Report 2013/14 • Half Yearly Performance Report including progress on Strategic Plan Action Plan

28 January 2014	<ul style="list-style-type: none"> • Revenue Budget 2014-15
11 February 2014	<ul style="list-style-type: none"> • Colchester's Homelessness Strategy 2013 – 2018 • Financial Monitoring Report - April to December 2014 • Capital Expenditure Monitor 2013/14 - Quarter 3
24 February 2014 (Extra)	<ul style="list-style-type: none"> • Review of the North Essex Parking Partnership Financial Position
18 March 2014	<ul style="list-style-type: none"> • Colchester Community Stadium Limited Review • Review of Council's overall IT provision

Annual Treasury Management Review 2013/14

1 Introduction

- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2013/14. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 During 2013/14 the minimum reporting requirements were as follows:
 - an annual treasury strategy in advance of the year (Council 20 February 2013)
 - a mid year treasury update report (Scrutiny Panel 10 December 2013)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)
- 1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.4 The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to the annual treasury strategy by the Scrutiny Panel before it was reported to the full Council.
- 1.5 This report summarises:
 - Capital financing activity during the year;
 - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
 - The actual prudential and treasury indicators;
 - The overall treasury position;
 - The Treasury Management Strategy for 2013/14;
 - The economy and interest rates;
 - Borrowing activity; and
 - Investment activity.

2 Capital expenditure and financing 2013/14

- 2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2012/13	2013/14	2013/14
	Actual	Estimate	Actual
	£'000	£'000	£'000
Non-HRA capital expenditure	8,735	7,940	12,797
HRA capital expenditure	7,112	11,360	10,076
Total capital expenditure	15,847	19,300	22,873
Resourced by:			
• Capital receipts	875	5,196	6,836
• Capital grants	3,836	3,101	5,045
• Capital reserves	6,268	7,723	5,737
• Finance Leases	2,359	0	1,057
• Revenue	1,540	3,216	3,185
New borrowing requirement	969	64	1,013

3 *The Council's overall borrowing need*

- 3.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2013/14 new borrowing requirement (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the Capital Programme, the Accountancy team organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the money markets), or utilising temporary cash resources within the Council.
- 3.3 The Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the opening balance of the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The total CFR can also be reduced by:
- the application of additional capital financing resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 3.4 The Council's 2013/14 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2013/14 on 20 February 2013.

- 3.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

	31-Mar-13	31-Mar-14	31-Mar-14
	Actual	Budget	Actual
CFR	£'000	£'000	£'000
Opening balance	148,714	154,368	151,269
Add unfinanced capital expenditure (as above)	969	64	1,013
Add on-balance sheet leasing schemes	2,359	0	1,057
Less MRP/VRP	657	708	658
Less finance lease repayments	116	0	451
Closing balance	151,269	153,724	152,230

- 3.6 Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.
- 3.7 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2013/14. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31-Mar-13	31-Mar-14	31-Mar-14
	Actual	Budget	Actual
	£'000	£'000	£'000
Gross borrowing position	136,094	136,094	136,094
CFR	151,269	153,724	152,230

- 3.8 The **Authorised Limit** is the 'affordable borrowing limit' required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2013/14 the Council has maintained gross borrowing within its authorised limit.
- 3.9 The **Operational Boundary** is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
- 3.10 The **actual financing costs as a proportion of net revenue stream** indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2012/13	2013/14
	£'000	£'000
Authorised limit	169,350	169,124
Maximum gross borrowing position	136,094	136,094
Operational boundary	141,390	142,740
Average gross borrowing position	136,094	136,094
Financing costs as a proportion of net revenue stream	6.77%	9.11%

4 **Treasury position as at 31 March 2014**

- 4.1 The Council's debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting (as detailed in the introduction), and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2013/14 the Council's treasury position (excluding borrowing by finance leases) was as follows:

	31 March 2013 Principal £'000	Rate/ Return %	31 March 2014 Principal £'000	Rate/ Return %
Fixed rate funding:				
PWLB	101,594	3.80%	101,594	3.80%
LOBO	14,500	4.04%	14,500	4.04%
Stock Issue	20,000	8.79%	20,000	8.79%
Total debt	136,094	4.56%	136,094	4.56%
CFR	151,269		152,230	
Over/ (under) borrowing	(15,175)		(16,136)	
Investments:				
- In house (excl. impaired)	21,676	0.63%	34,744	0.49%
Total investments	21,676	0.63%	34,744	0.49%

- 4.2 The maturity structure of the debt portfolio was as follows:

	31-Mar-13	31-Mar-14
	Actual	Actual
	£'000	£'000
Under 12 months	10,500	10,500
12 months and within 24 months	0	4,000
24 months and within 5 years	4,000	0
5 years and within 10 years	20,000	20,000
10 years and within 20 years	7,200	9,200
20 years and within 30 years	23,000	28,600
30 years and within 40 years	41,000	34,994
40 years and within 50 years	30,394	28,800
	136,094	136,094

- 4.3 All investments were for a period of less than one year, and there was not any exposure to variable rates of interest.
- 4.4 The outturn position for the Central Loans and Investment Account (CLIA) is shown below. This shows a favourable variance of £223k.

		Budget	Actual	Variance
CLIA		£'000	£'000	£'000
	Total Interest Paid	6,616	6,534	(82)
	Less: HRA recharge	(5,606)	(5,606)	(0)
	Total less HRA	1,010	928	(82)
	Total Investments	(109)	(258)	(149)
	Less: Item 8 credit	20	28	8
	Total less HRA	(89)	(230)	(141)
	Total CLIA	921	698	(223)

4.5 The CLIA comprises the Council's borrowing costs and investment income. It is difficult to predict and can be affected by several factors. The majority of the Council's debt is on fixed rates reflecting the longer-term nature of the borrowing decisions. Investments are generally made for shorter periods, making returns more variable. This mix is generally more beneficial when interest rates are high or increasing. It is important to add that the exposure to interest rate movements is regularly monitored to minimise risks to changes in returns. There are a number of reasons that have contributed to the above variances:

- The Annual Treasury Strategy attempts to minimise the impact of reduced investment income through deferral of new borrowing in favour of disinvestment, which is known as 'internal borrowing'. This has resulted in budgeted interest costs for new borrowing being avoided during the year.
- The variance against interest income is as a result of a higher level of funds than was envisaged being available for investment, and the rates against some investments being higher than the recommended budgeted figure.

5 ***The strategy for 2013/14***

5.1 The expectation for interest rates within the strategy for 2013/14 anticipated low but rising Bank Rate (starting in quarter 1 of 2015) with similar gradual rises in medium and longer term fixed borrowing rates during 2013/14. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

5.2 In this scenario, the treasury strategy was to continue to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk, by 'borrowing internally'.

5.3 The investment policy reflected the Council's low appetite for risk, emphasising the priorities of security and liquidity over that of yield. The main features of the policy were that the Council will only invest with institutions with the highest credit ratings, taking into account the views of all credit rating agencies, and always using the lowest rating from all the agencies (i.e. the lowest common denominator). Investment decisions also took into account other market data including Capita Asset Services' creditworthiness service, which combines data

from credit rating agencies with credit default swaps, sovereign ratings, rating outlooks and bank share prices.

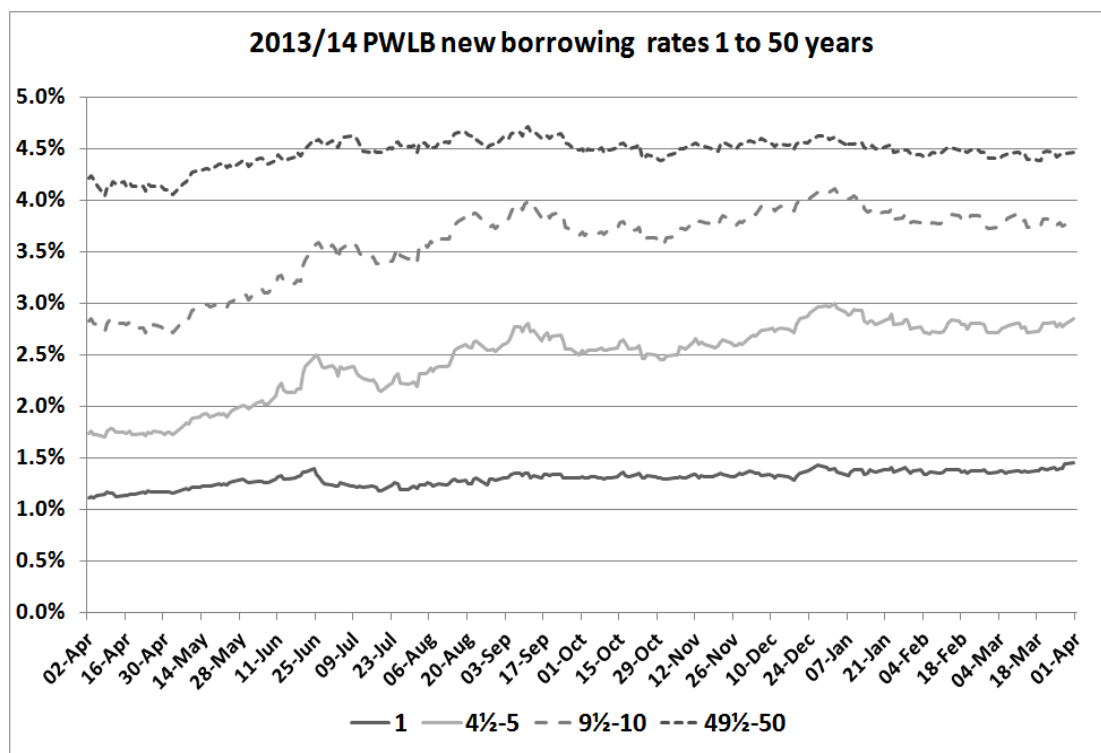
- 5.4 The Council would only use approved counterparties from countries with the highest credit rating of 'AAA', together with those from the UK, including the institutions that have been nationalised or part-nationalised, or those that are covered by the UK Government's support package. The Council would also continue to avoid longer term deals while investment rates are at such low levels.

6 *The economy and interest rates*

- 6.1 The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise was later pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.
- 6.2 Gilt yields were on a sharply rising trend during 2013 but volatility returned in the first quarter of 2014 as various fears sparked a flight to quality. The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.
- 6.3 The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018/19.
- 6.4 The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the ECB statement in July 2012 that it would do "whatever it takes" to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

7 *Borrowing*

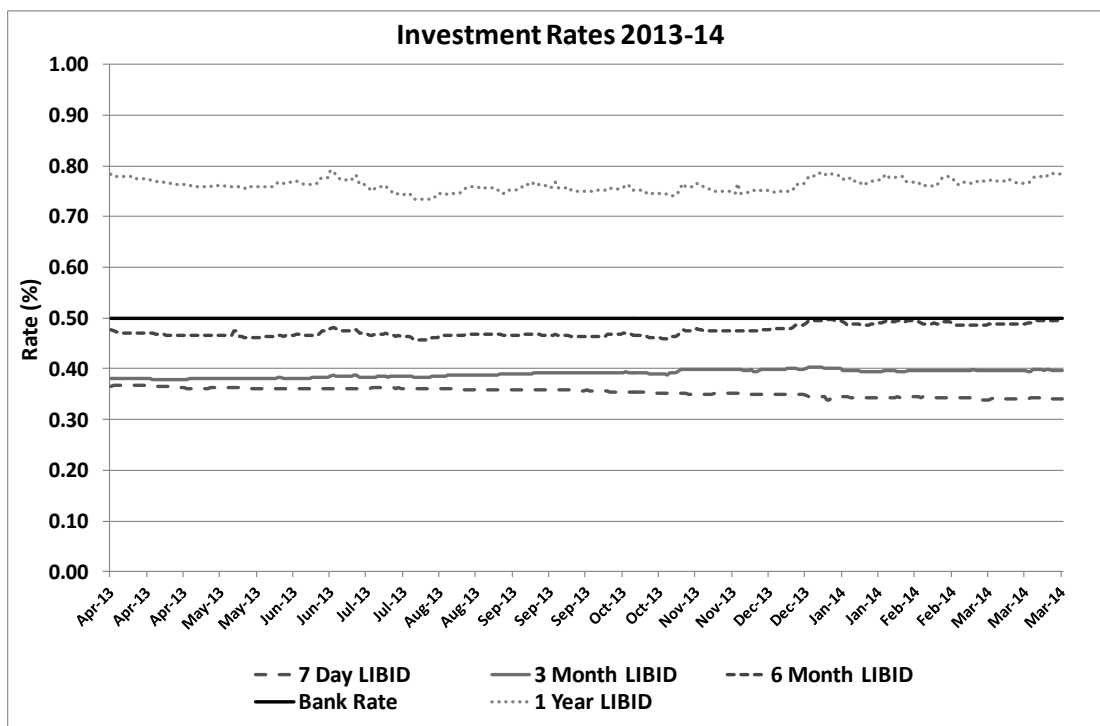
- 7.1 The table for PWLB borrowing rates below shows, for a selection of maturity periods, the movement in rates during the course of the financial year.



- 7.2 The Council's total debt outstanding at 31 March 2014 was £136.1m, which was unchanged from the figure at the end of the previous financial year. This means that the average interest rate on the Council's debt at the end of the year has remained at 4.56%.
- 7.3 The Council's approach during the year was to use cash balances to finance new capital expenditure so as to run down cash balances and minimise counterparty risk incurred on investments. This also maximised treasury management budget savings as investment rates were much lower than most new borrowing rates. No new short-term borrowing for cash flow purposes was undertaken during 2013/14.
- 7.4 No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8 Investments

- 8.1 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for five years. Market expectations as to the timing of the start of monetary tightening ended up almost unchanged at around the end of 2014 / start of 2015. The Funding for Lending Scheme resulted in deposit rates remaining depressed during the whole of the year, although the part of the scheme supporting provision of credit for mortgages came to an end in the first quarter of 2014.



- 8.2 The Council manages its investments in-house, and its cash balances comprise revenue and capital resources and cash flow monies. The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 20 February 2013. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.)
- 8.3 The investment activity during the year conformed to the approved strategy, the Council had no liquidity difficulties, and no institutions in which investments were made during 2013/14 had any difficulty in repaying investments and interest in full.
- 8.4 The Council's internally managed funds earned an average rate of return of 0.49%. The comparable performance indicator is the average 7-day LIBID rate (London Interbank Bid Rate – the rate charged by one bank to another for a deposit) (uncompounded), which was 0.354%.

	2012/13	2013/14
Details	%	%
Temporary Investments	0.71	0.56
Overnight and Deposit Account	0.64	0.43
Total	0.68	0.49
Benchmark (7 day LIBID)	0.39	0.35
Return as a % of the Benchmark	172.6%	138.4%

- 8.5 The Council had temporary investments totalling £34.7m outstanding as at 31 March 2014. Of this, £22.5m relates to fixed-term deposits that are due to mature during 2014/15, £9.7m is held in a 'AAA' rated money market fund, and the

remaining £2.5m is held in a 35 day notice account. All of the deposits are with counterparties within 'AAA' sovereign rated countries or those from the UK, and there is no direct exposure to the Eurozone.

9 ***Icelandic bank defaults***

- 9.1 In October 2008, a number of Icelandic banks collapsed. The Council had £4 million deposited with one of these institutions, with maturity dates and interest rates as follows:

	Date	Maturity	Principal	Interest	Impairment	Distributions	Carrying Amount
Bank	Invested	Date	£'000	Rate %	£'000	£'000	£'000
Landsbanki Islands	02/09/2008	02/12/2008	3,000	5.82	(260)	(1,592)	1,148
Landsbanki Islands	10/09/2008	10/12/2008	1,000	5.80	(87)	(530)	383
			4,000		(347)	(2,122)	1,531

- 9.2 The Council charged a net impairment of £872k to the General Fund in 2010/11. This figure was calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies were recovered. Based on revised guidance this was reduced to £347k in the 2012/13 accounts.
- 9.3 Following the Icelandic Supreme Court decision to grant UK local authorities priority status, the winding up board made distributions to creditors in a basket of currencies in February, May and October 2012, and September 2013.
- 9.4 In February 2014 the Council sold its claims against the insolvent estate of Icelandic Bank LBI through a competitive auction process, with the proceeds of the sale being paid in Pounds Sterling. This means that Colchester Borough Council is no longer a creditor of LBI.

	Carrying Amount	Proceeds of Sale	Surplus to Revenue
Bank	£'000	£'000	£'000
Landsbanki Islands	1,148	(1,185)	(37)
Landsbanki Islands	383	(395)	(12)
	1,531	(1,580)	(49)

Scrutiny Panel

19 August 2014

Item
14

Report of	Assistant Chief Executive	Author	Sean Plummer ☎ 282347 Darren Brown ☎ 282891
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Title **Financial Monitoring Report – April to June 2014**

Wards affected Not applicable

The Panel is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first three months of 2014/15

1. Action required

- 1.1 The panel is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) in the first three months of 2014/15.

2. Reason for scrutiny

- 2.1 Monitoring of financial performance is important to ensure that:
- Service expenditure remains within cash-limited budgets.
 - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
 - Performance targets are being met.
- 2.2 This report also gives the panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3. Background and Summary Position

- 3.1 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2014, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net underspend of £92k. The Housing Revenue Account forecast outturn position is currently an underspend of £50k.
- 3.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in section 6.

4. General Fund – Position to 30 June 2014

Service Budgets

- 4.1 Appendix A summarises the Council position by expenditure group and by Service Group. The net position shows a variance against profiled budget for General Fund

Services (excluding benefits) of £907k (favourable). This comprises total expenditure being £583k lower than expected and more income than expected totalling £324k. Appendix B provides a more detailed view, breaking this information down by individual Service Groups.

- 4.2. Both Appendices A & B to the report include traffic light indicators. The thresholds are as follows:

Green – Variance less than £50k and 5% of budget
 Amber – Variance greater than £50k **OR** 5% of budget
 Red – Variance greater than £50k **AND** 5% of budget

- 4.3. Benefits payments are not shown in Appendix A to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid.

5. Outturn Forecast / Risk Areas

- 5.1 This is the first review this year of the 2014/15 budget position and the current forecast outturn is net underspend of £92k.

	£'000	
Service budgets	(42)	See paras. 5.2 – 5.3 and Appendix C
Technical Items - Interest	(50)	See paras. 5.5.
Potential net underspend	(92)	

Service Budgets

- 5.2 The following table sets out the forecast outturn for all service areas with outturn variances. This shows a net forecast underspend of £42k. As the table shows, this mainly reflects a number of pressures within Operational Services which have been offset by cost savings and additional income in other service areas.

Service	Forecast outturn		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	£'000	£'000	£'000
Corporate & Financial Management	(56)	-	(56)
Commercial Services	(40)	50	10
Operational Services	70	75	145
Professional Services	3	(144)	(141)
Total all services	(23)	(19)	(42)

- 5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling (£2k). These include a budget shortfall of £40k in respect of Museum expenditure. Under the terms of the joint museum service, if this forecast transpires then this overspend will be carried forward and as such will not impact on balances. Therefore, this has been excluded from the table at paragraph 5.1.

- 5.4 There are other risks, both positive and negative, to the outturn position that are not currently shown such in the forecast. For example, planning & licensing income is currently higher than budget, whilst employee costs are underspent at Period 3. These and other areas will be closely monitored over the coming months and if necessary the outturn forecast will be revised.

Corporate / Technical Items

- 5.5. The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. The table below sets out that it is currently forecast that there will be an underspend of £50k in these areas. The main reason for the position is in respect of the interest budget where costs of borrowing are expected to be lower due to timing of capital schemes, funding decisions and the current strategy.

Summary position and action proposed

- 5.6. The forecast outturn shows a potential net underspend of £92k. Further more detailed work will be undertaken during Quarter 2 to ensure forecast outturn positions are robust, including where underspends to date have not been reflected in the forecast outturn position.
- 5.7. SMT continues to monitor the budget position on a monthly basis. The next report to the Panel will consider the position after 6 months. This will provide a better opportunity to assess progress against budget targets and income levels.

6. Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of June 2014, the HRA is showing a net underspend of £491k compared to the budget for the same period. This is primarily due to lower expenditure on Premises costs (£319k) and Supplies & Services costs (£103k). Furthermore, we have received £35k more income than anticipated.

Position to date

- 6.2 Premises related costs are showing an underspend of £319k as at the end of June 2014. Overall, there is a net underspend of £109k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further underspends of £108k on Grounds Maintenance budgets which relate to the timing of expenditure, and £17k on Council Tax on Empty properties. Finally, there is an underspend of £47k on Utility and Water costs.
- 6.3 Supplies & Services costs are underspent by £43k at the end of June. There is a general underspend across most budget headings, however these are partially offset by an overspend on IT costs which relates to the timing of expenditure.
- 6.4 We have received £36k more income at the end of June 2014. This reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales.

Forecast Outturn

- 6.5 The current projected outturn for the HRA is that it will be underspent by £50k, taking into account the additional rent & service charge income we have received to date.

7. Strategic Plan references

- 7.1 The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2014/15 revenue budget was prepared in accordance with the Strategic

Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

8.1 As set out above.

9. Risk management implications

9.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2014/15 revenue budget report that was approved by Council in February 2014 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

10. Other Standard References

10.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

Background Papers

None

**Budget Monitoring Summary -
Period 3 2014/15**

Full Year Position

Account Description	Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (fav) / adv £'000		Annual Budget £'000	Projected Outturn £'000	Variance (fav) / adv £'000
By Subjective Group							
Employees	6,060	5,993	(67)	amber	23,853	23,925	72
Premises Related	2,888	2,520	(368)	red	7,890	7,850	(40)
Transport Related	647	646	(1)	green	2,908	2,908	-
Supplies & Services	2,432	2,344	(88)	amber	8,596	8,580	(16)
Third Party Payments	520	472	(48)	amber	2,120	2,120	-
Transfer Payments	36	25	(11)	amber	250	250	-
Capital Financing Costs	-	-	-	green	130	130	-
Subtotal Expenditure	12,583	12,000	(583)	amber	45,747	45,764	17
Government Grant	(987)	(981)	6	green	(1,336)	(1,336)	-
Other Grants & Reimbursements	(287)	(403)	(116)	red	(2,854)	(2,854)	-
Customer & Client Receipts	(4,905)	(5,118)	(213)	amber	(18,957)	(18,976)	(19)
Income-Interest	-	(1)	(1)	amber	(2)	(2)	-
Inter Account Transfers	-	-	-	green	-	-	-
Subtotal Income	(6,179)	(6,503)	(324)	red	(23,149)	(23,168)	(19)
Total General Fund Services	6,404	5,497	(907)	red	22,598	22,596	(2)
By Service Group							
Corp & Democractic Core	68	58	(10)	amber	289	289	-
Corporate and Financial Management	1,560	1,486	(74)	amber	6,466	6,410	(56)
Executive Management Team	150	144	(6)	green	608	608	-
Community Services	2,066	1,978	(88)	amber	6,038	6,078	40
Commercial Services	800	416	(384)	red	2,666	2,676	10
Customer Services	780	798	18	green	3,074	3,074	-
Operational Services	390	273	(117)	red	1,001	1,146	145
Professional Services	590	344	(246)	red	2,456	2,315	(141)
Subtotal General Fund Services	6,404	5,497	(907)	red	22,598	22,596	(2)

Account Description	Corp & Democractic Core £'000	Corporate and Financial Management £'000	Executive Management Team £'000	Community Services £'000	Commercial Services £'000	Customer Services £'000	Operational Services £'000	Professional Services £'000	£'000
EXPENDITURE									
EMPLOYEES									
Profiled Budget to Date	-	858	138	1,144	811	833	1,446	830	6,060
Actual to Date	-	842	138	1,183	750	841	1,450	789	5,993
Variance to Date	-	(16)	-	39	(61)	8	4	(41)	(67)
	green	green	green	green	red	green	green	green	amber
Annual Budget	-	2,982	551	4,545	3,370	3,329	5,705	3,371	23,853
Projected Outturn	-	2,982	551	4,545	3,370	3,329	5,774	3,374	23,925
Variance	-	-	-	-	-	-	69	3	72
PREMISES									
Profiled Budget to Date	-	1	2	605	1,129	-	1,148	3	2,888
Actual to Date	-	1	2	571	818	4	1,113	11	2,520
Variance to Date	-	-	-	(34)	(311)	4	(35)	8	(368)
	green	green	green	amber	red	amber	green	amber	red
Annual Budget	-	4	2	2,499	3,272	-	2,101	12	7,890
Projected Outturn	-	4	2	2,499	3,232	-	2,101	12	7,850
Variance	-	-	-	-	(40)	-	-	-	(40)
TRANSPORT									
Profiled Budget to Date	-	13	2	24	8	3	591	6	647
Actual to Date	-	6	2	20	9	3	600	6	646
Variance to Date	-	(7)	-	(4)	1	-	9	-	(1)
	green	amber	green	amber	amber	green	green	green	green
Annual Budget	-	53	5	134	39	16	2,636	25	2,908
Projected Outturn	-	53	5	134	39	16	2,636	25	2,908
Variance	-	-	-	-	-	-	-	-	-
SUPPLIES & SERVICES									
Profiled Budget to Date	68	751	8	712	131	206	395	161	2,432
Actual to Date	58	740	2	681	115	195	384	169	2,344
Variance to Date	(10)	(11)	(6)	(31)	(16)	(11)	(11)	8	(88)
	amber	green	amber	green	amber	amber	green	green	amber
Annual Budget	289	3,831	50	1,585	755	477	1,062	547	8,596
Projected Outturn	289	3,775	50	1,625	755	477	1,062	547	8,580
Variance	-	(56)	-	40	-	-	-	-	(16)

Account Description	Corp & Democractic Core £'000	Corporate and Financial Management £'000	Executive Management Team £'000	Community Services £'000	Commercial Services £'000	Customer Services £'000	Operational Services £'000	Professional Services £'000	£'000
THIRD PARTY									
Profiled Budget to Date	-	-	-	30	418	-	52	20	520
Actual to Date	-	-	-	11	409	-	45	7	472
Variance to Date	-	-	-	(19)	(9)	-	(7)	(13)	(48)
	green	green	green	amber	green	green	amber	amber	amber
Annual Budget	-	90	-	190	1,361	-	395	84	2,120
Projected Outturn	-	90	-	190	1,361	-	395	84	2,120
Variance	-	-	-	-	-	-	-	-	-
TRANSFER PAYMENTS									
Profiled Budget to Date	-	-	-	-	36	-	-	-	36
Actual to Date	-	-	-	-	25	-	-	-	25
Variance to Date	-	-	-	-	(11)	-	-	-	(11)
	green	green	green	green	amber	green	green	green	amber
Annual Budget	-	-	-	-	144	106	-	-	250
Projected Outturn	-	-	-	-	144	106	-	-	250
Variance	-	-	-	-	-	-	-	-	-
CAPITAL FINANCING									
Profiled Budget to Date	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	-	-	-	-	-
Variance to Date	-	-	-	-	-	-	-	-	-
	green	green	green	green	green	green	green	green	green
Annual Budget	-	130	-	-	-	-	-	-	130
Projected Outturn	-	130	-	-	-	-	-	-	130
Variance	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE									
Profiled Budget to Date	68	1,623	150	2,515	2,533	1,042	3,632	1,020	12,583
Actual to Date	58	1,589	144	2,466	2,126	1,043	3,592	982	12,000
Variance to Date	(10)	(34)	(6)	(49)	(407)	1	(40)	(38)	(583)
	amber	green	green	green	red	green	green	green	amber
Annual Budget	289	7,090	608	8,953	8,941	3,928	11,899	4,039	45,747
Projected Outturn	289	7,034	608	8,993	8,901	3,928	11,969	4,042	45,764
Variance	-	(56)	-	40	(40)	-	70	3	17

Account Description	Corp & Democractic Core £'000	Corporate and Financial Management £'000	Executive Management Team £'000	Community Services £'000	Commercial Services £'000	Customer Services £'000	Operational Services £'000	Professional Services £'000	£'000
INCOME									
GOVERNMENT GRANT									
Profiled Budget to Date	-	-	-	(46)	(22)	(170)	(708)	(41)	(987)
Actual to Date	-	-	-	(49)	(22)	(161)	(708)	(41)	(981)
Variance to Date	-	-	-	(3)	-	9	-	-	6
	green	green	green	amber	green	amber	green	green	green
Annual Budget	-	-	-	(188)	(22)	(377)	(708)	(41)	(1,336)
Projected Outturn	-	-	-	(188)	(22)	(377)	(708)	(41)	(1,336)
Variance	-	-	-	-	-	-	-	-	-
OTHER GRANTS									
Profiled Budget to Date	-	-	-	(46)	(38)	(24)	(179)	-	(287)
Actual to Date	-	(9)	-	(30)	(37)	-	(221)	(106)	(403)
Variance to Date	-	(9)	-	16	1	24	(42)	(106)	(116)
	green	amber	green	amber	green	amber	amber	red	red
Annual Budget	-	(73)	-	(1,386)	(151)	(192)	(1,052)	-	(2,854)
Projected Outturn	-	(73)	-	(1,386)	(151)	(192)	(1,052)	-	(2,854)
Variance	-	-	-	-	-	-	-	-	-
CUST & CLIENT RECPTS									
Profiled Budget to Date	-	(63)	-	(357)	(1,673)	(68)	(2,355)	(389)	(4,905)
Actual to Date	-	(94)	-	(409)	(1,650)	(84)	(2,390)	(491)	(5,118)
Variance to Date	-	(31)	-	(52)	23	(16)	(35)	(102)	(213)
	green	amber	green	red	green	amber	green	red	amber
Annual Budget	-	(551)	-	(1,341)	(6,100)	(285)	(9,138)	(1,542)	(18,957)
Projected Outturn	-	(551)	-	(1,341)	(6,050)	(285)	(9,063)	(1,686)	(18,976)
Variance	-	-	-	-	50	-	75	(144)	(19)
INCOME-INTEREST									
Profiled Budget to Date	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	(1)	-	-	-	(1)
Variance to Date	-	-	-	-	(1)	-	-	-	(1)
	green	green	green	green	amber	green	green	green	amber
Annual Budget	-	-	-	-	(2)	-	-	-	(2)
Projected Outturn	-	-	-	-	(2)	-	-	-	(2)
Variance	-	-	-	-	-	-	-	-	-

Account Description	Corp & Democractic Core £'000	Corporate and Financial Management £'000	Executive Management Team £'000	Community Services £'000	Commercial Services £'000	Customer Services £'000	Operational Services £'000	Professional Services £'000	£'000
INTER ACCOUNT TRANS									
Profiled Budget to Date	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	-	-	-	-	-
Variance to Date	-	-	-	-	-	-	-	-	-
	green	green	green	green	green	green	green	green	green
Annual Budget	-	-	-	-	-	-	-	-	-
Projected Outturn	-	-	-	-	-	-	-	-	-
Variance	-	-	-	-	-	-	-	-	-
TOTAL INCOME									
Profiled Budget to Date	-	(63)	-	(449)	(1,733)	(262)	(3,242)	(430)	(6,179)
Actual to Date	-	(103)	-	(488)	(1,710)	(245)	(3,319)	(638)	(6,503)
Variance to Date	-	(40)	-	(39)	23	17	(77)	(208)	(324)
	green	amber	green	amber	green	amber	amber	red	red
Annual Budget	-	(624)	-	(2,915)	(6,275)	(854)	(10,898)	(1,583)	(23,149)
Projected Outturn	-	(624)	-	(2,915)	(6,225)	(854)	(10,823)	(1,727)	(23,168)
Variance	-	-	-	-	50	-	75	(144)	(19)
TOTAL NET									
Profiled Budget to Date	68	1,560	150	2,066	800	780	390	590	6,404
Actual to Date	58	1,486	144	1,978	416	798	273	344	5,497
Variance to Date	(10)	(74)	(6)	(88)	(384)	18	(117)	(246)	(907)
	amber	amber	green	amber	red	green	red	red	red
Annual Budget	289	6,466	608	6,038	2,666	3,074	1,001	2,456	22,598
Projected Outturn	289	6,410	608	6,078	2,676	3,074	1,146	2,315	22,596
Variance	-	(56)	-	40	10	-	145	(141)	(2)

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate and Financial Management (incl. CDC)				
ICT and Communications	(56)	0	(56)	Underspend on the Capita contract due to fewer servers
Community Services				
Colchester and Ipswich Museums	40	0	40	Forecast to be £40k over budget at year end due to negative carry forward from 2013/14. The annual target for 2014/15 is expected to be met.
Commercial Services				
Place Strategy	0	50	50	Under recovery of PPA income against budget target in the 1st quarter, therefore a £50k shortfall is forecast by the year end.
Commercial: ALMO Contract & Management	(40)	0	(40)	Homelessness Initiatives forecast an under spend on the Premises budget.
Operational Services				
Head of Operational Services	69	0	69	Vacancy factor savings still to be identified.
Car Parking	0	75	75	Car Parking income shortfall.
Professional Services				
Development Control	(1)	(114)	(115)	More income on planning applications. This will be reviewed during Q2.
Environmental Health Services	(15)	0	(15)	Employee costs underspend
Professional Support Unit (PSU)	17	0	17	Overspends on PSU salaries.
Land Charges	2	(30)	(28)	Forecast £30k more income than budgeted at year-end.

Current Period - June 2014					Forecast Year-End Position			
June 2014	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000		Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000	
Account Description								
HRA - Direct & Non-Direct								
EXPENDITURE								
Employees	26	25	(1)	Green	103	103	-	Green
Premises Related	1,974	1,655	(319)	Red	6,939	6,939	-	Green
Transport Related	1	-	(1)	Amber	5	5	-	Green
Supplies & Services	219	116	(103)	Red	1,202	1,202	-	Green
Third Party Payments	1,122	1,113	(9)	Green	3,375	3,375	-	Green
Transfer Payments	32	8	(24)	Amber	130	130	-	Green
Support Services	827	828	1	Green	3,779	3,779	-	Green
Capital Financing Costs	-	-	-	Green	17,815	17,815	-	Green
TOTAL EXPENDITURE	4,201	3,745	(456)	Red	33,348	33,348		Green
INCOME								
Other Grants & Reimbursements	(13)	(13)	-	Green	(136)	(136)	-	Green
Customer & Client Receipts	(7,935)	(7,971)	(36)	Green	(29,692)	(29,742)	(50)	Amber
Income-Interest	(1)	-	1	Amber	(33)	(33)	-	Green
Inter Account Transfers	-	-	-	Green	(308)	(308)	-	Green
TOTAL INCOME	(7,949)	(7,984)	(35)	Green	(30,169)	(30,219)	(50)	Amber
TOTAL NET - HRA	(3,748)	(4,239)	(491)	Red	3,179	3,129	(50)	Amber

Report of	Assistant Chief Executive	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2014/15		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes during the first three months of 2014/15

1. Action required

- 1.1 To review the level of capital spending during 2014/15, and forecasts for future years.

2. Reason for scrutiny

- 2.1 Monitoring capital spending is important to ensure:
- Spending on projects is within agreed scheme budgets.
 - The overall programme is delivered within budget.
- 2.2 This report also gives the Panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3. Background

- 3.1 This report sets out details of spending for the financial year 2014/15 (April to June) and revised forecasts for future years.
- 3.2 The report includes new capital funding and changes to the capital programme.
- 3.3 The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock.

4. 2014/15 review

- 4.1 **Appendix A** sets out details of spending on all schemes along with existing expenditure forecasts provided by budget managers to provide an indication of progress against schemes in monetary terms. It should be pointed out that expenditure is unlikely to be incurred evenly throughout the year, so any apparent variances from the forecast position for the year are unlikely to indicate any over or under spending against projects as a whole, but tend to relate to timing differences between anticipated payments and actual payments to contractors. Any significant divergences from planned activity will be brought to the Panel's attention in the following paragraphs.
- 4.2 Accrued capital spending in the first three months of the year totalled £1.9 million. This expenditure represents 7.6% of the projected spend for 2014/15.

- 4.3 It should be noted that the programme includes a number of major schemes where spending is planned across more than one year. Budget managers have profiled their forecasts for expenditure in line with expectations for 2014/15 and beyond. The table below provides a summary of the capital programme by service area:

	Total Prog.	2014/15 Spend	2014/15 Forecast	Future Years Forecast	(Surplus) / Shortfall
Service / Scheme	£'000	£'000	£'000	£'000	£'000
Corporate & Financial Mgmt	2,841.8	159.9	2,609.7	229.7	(2.4)
Operational Services	986.0	73.3	986.0	0.0	0.0
Professional Services	1,848.2	212.3	922.0	926.2	0.0
Commercial Services	1,841.0	191.9	1,863.0	3.0	25.0
Community Services	2,014.5	778.3	1,990.0	24.5	0.0
Completed Schemes	0.0	(7.0)	0.0	0.0	0.0
Housing Revenue Account	16,366.6	459.4	16,366.6	0.0	0.0
Total Capital Programme	25,898.1	1,868.1	24,737.3	1,183.4	22.6

- 4.4 The Capital Programme has increased by £15.3m since the previous report. £14.8m of this results from the inclusion of the 2014/15 Housing Investment Programme into the Capital Programme. £452k has been added in respect of Government Grant for the provision of Disabled Facility Grants. There are a number of other small adjustments for schemes funded from external grants and Section 106 monies and the provision of contributions from revenue funding. The Capital Programme now stands at £25.9 million.
- 4.5 The most significant areas of planned expenditure in the year are summarised in the following table:

Scheme	Forecast £'000	Actual £'000	RAG status
Decent Homes & Upgrades	9,821.2	39.4	G
Council House New Build	3,356.0	124.0	G
Sheltered Accommodation Review	2,350.0	161.0	G
Universal Customer Contact FSR – ICT	1,650.0	(51.6)	A
Castle Museum Redevelopment	904.4	618.8	A
Shrub End Depot – new baler and shed	840.5	0.0	A
Carbon Management Prog Ph3 – PV Systems	561.1	74.5	G
Adaptations	560.0	56.7	G
Disabled Facilities Grants	500.0	158.9	A
Walls – Town, Castle and Closed Churchyards	453.2	11.4	G

- 4.6 The Scrutiny Panel on 20 August 2013 requested that a RAG (Red, Amber, Green) status was added to the quarterly capital monitoring report to provide a clear indicator of overall project performance. The RAG status of capital schemes is summarised in **Appendix A**. Although there are no 'Red' schemes, a total of 10 schemes were classed as 'Amber' by the budget manager. The current position against these schemes is detailed in **Appendix B** to this report.

- 4.7 There is currently a projected net overspend on the capital programme of £22.6k. This is detailed below:

Scheme	Over/ (Under) £'000
Town Hall DDA Sensory Project (forecast)	3.5
Carbon Management Programme (forecast)	(5.9)
Site Disposal Costs	25.0
Total Net Overspend	22.6

- 4.8 It is possible that the small variances against the Town Hall DDA Sensory Project and phase 2 of the Carbon Management Programme will be mitigated as part of the overall programme. Further funding of £25.0k is now required to provide for the costs of site disposals that will result in future capital receipts for the Council. Subject to final figures these items will be referred to a future Cabinet for consideration alongside an updated forecast of capital receipts.

5. Strategic Plan references

- 5.1 The Council's Capital Programme is aligned to the Strategic Plan.

6. Financial implications

- 6.1 As set out above.

7. Risk management implications

- 7.1 Risk management issues are considered as part of all capital projects.

8. Other standard references

- 8.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

Background papers

None

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Forecast Expenditure		(Surplus) / Shortfall £'000	RAG Status	
			2014/15 £'000	2015/16 £'000		Q1	Q4
SUMMARY							
Corporate & Financial Management	2,841.8	159.9	2,609.7	229.7	(2.4)		
Operational Services	986.0	73.3	986.0	0.0	0.0		
Professional Services	1,848.2	212.3	922.0	926.2	0.0		
Commercial Services	1,841.0	191.9	1,863.0	3.0	25.0		
Community Services	2,014.5	778.3	1,990.0	24.5	0.0		
Completed Schemes	0.0	(7.0)	0.0	0.0	0.0		
Total (General Fund)	9,531.5	1,408.7	8,370.7	1,183.4	22.6		
Housing Revenue Account	16,366.6	459.4	16,366.6	0.0	0.0		
Total Capital Programme	25,898.1	1,868.1	24,737.3	1,183.4	22.6		
CORPORATE & FINANCIAL MANAGEMENT							
Town Hall DDA Sensory Project	0.1	3.5	3.6	0.0	3.5	G	G
Carbon Management Programme phase 2	11.3	0.0	5.4	0.0	(5.9)	G	G
CMP Phase 3 - PV Systems	561.1	74.5	561.1	0.0	0.0	G	G
Moot Hall Organ	439.1	64.5	209.4	229.7	0.0	G	G
Universal Customer Contact Fundamental Service Review - ICT	1,650.0	(51.6)	1,650.0	0.0	0.0	A	A
Universal Customer Contact Fundamental Service Review - Accommodation	125.7	39.9	125.7	0.0	0.0	G	G
Financial Systems Migration	54.5	29.1	54.5	0.0	0.0	G	G
TOTAL - Corporate & Financial Management	2,841.8	159.9	2,609.7	229.7	(2.4)		
OPERATIONAL SERVICES							
Flat Recycling Extension	10.3	0.0	10.3	0.0	0.0	A	A
Street Services FSR	43.8	4.1	43.8	0.0	0.0	A	A
Shrub End Depot - new baler and shed	840.5	0.0	840.5	0.0	0.0	A	A
Sport & Leisure FSR - Building works to Colchester Leisure World	3.9	(18.3)	3.9	0.0	0.0	G	G
Sport & Leisure FSR - IT works	0.5	0.5	0.5	0.0	0.0	G	G
Colchester School of Gymnastics S106	87.0	87.0	87.0	0.0	0.0	G	G
TOTAL - Operational Services	986.0	73.3	986.0	0.0	0.0		
PROFESSIONAL SERVICES							
Mandatory Disabled Facilities Grants	1,426.2	158.9	500.0	926.2	0.0	G	A
Private Sector Renewals - Loans and Grants	417.1	53.4	417.1	0.0	0.0	G	G
Elections - Hardware	4.9	0.0	4.9	0.0	0.0	G	G
TOTAL - Professional Services	1,848.2	212.3	922.0	926.2	0.0		
COMMERCIAL SERVICES							
Park & Ride	124.4	0.0	124.4	0.0	0.0	G	G
Community Stadium	19.2	0.0	19.2	0.0	0.0	G	G
St Botolphs Regeneration	376.7	16.0	376.7	0.0	0.0	G	G
Town Centre Improvements	141.8	5.3	141.8	0.0	0.0	G	G
Town Station Square	50.0	3.0	50.0	0.0	0.0	G	G
Bus Station - CBC Enhancements	71.0	2.0	71.0	0.0	0.0	G	G
Osborne Street Bus Station	39.8	4.5	39.8	0.0	0.0	G	G
A12 Junction Facilitation	69.6	0.0	69.6	0.0	0.0	G	A
Creative Business Hub	74.7	0.0	74.7	0.0	0.0	A	A
Transcoast	26.4	0.0	26.4	0.0	0.0	G	G
East Colchester Enabling Fund	71.2	0.0	71.2	0.0	0.0	G	-
Site Disposal Costs	2.3	0.0	27.3	0.0	25.0	A	G
Moler Works Site	41.4	0.0	41.4	0.0	0.0	G	G
Assistance to Registered Housing Providers	91.9	0.0	91.9	0.0	0.0	G	G
Provision of broadband in parishes	0.0	0.0	0.0	0.0	0.0	G	G
Abberton Community Fund S106	32.4	32.4	32.4	0.0	0.0	G	G
Laver Road Statue S106	10.8	7.9	10.8	0.0	0.0	G	G
Pumping Main - Distillery Lane/Haven Road	81.5	0.0	81.5	0.0	0.0	A	A
CCTV Equipment & move of CCTV Monitoring Centre	179.5	120.8	176.5	3.0	0.0	G	A
Cemetery Extension	125.0	0.0	125.0	0.0	0.0	G	G
Replacement of Cremators	11.4	0.0	11.4	0.0	0.0	G	G
Temporary Accommodation Review	200.0	0.0	200.0	0.0	0.0	G	G
TOTAL - Commercial Services	1,841.0	191.9	1,863.0	3.0	25.0		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Forecast Expenditure		(Surplus) / Shortfall £'000	RAG Status	
			2014/15 £'000	2015/16 £'000		Q1	Q4
COMMUNITY SERVICES							
Improving Life Opportunities	53.3	0.0	53.3	0.0	0.0	G	G
Lion Walk Activity Centre Lift	40.0	0.0	40.0	0.0	0.0	G	G
Garrison Gymnasium & MRS	0.0	0.0	0.0	0.0	0.0	A	A
Castle Park - Playground Refurbishment	22.2	0.0	22.2	0.0	0.0	G	G
Resource Centre - Highwoods Country Park	19.1	3.4	19.1	0.0	0.0	G	G
King George V Pavilion Wivenhoe S106	1.7	0.0	1.7	0.0	0.0	G	G
Holly Trees WCs Castle Park	11.5	0.0	11.5	0.0	0.0	G	G
Castle Park Sensory Garden S106	61.5	0.0	61.5	0.0	0.0	G	G
Cook's Shipyard Playsite Wivenhoe S106	5.8	0.0	5.8	0.0	0.0	G	G
Castle Park Olympic Legacy Project	125.0	124.8	125.0	0.0	0.0	G	G
Old Heath Recreation Ground Improvements	272.7	11.2	272.7	0.0	0.0	G	G
Royal Square & Pavilion Dedham	10.7	0.0	10.7	0.0	0.0	G	G
Wivenhoe Cricket Club Pavilion	28.6	4.1	4.1	24.5	0.0	G	G
Walls - new merged scheme	453.2	11.4	453.2	0.0	0.0	G	G
Visitor Information Centre relocating to Hollytrees	4.8	4.6	4.8	0.0	0.0	G	G
Redevelopment of Castle Museum	904.4	618.8	904.4	0.0	0.0	A	A
TOTAL - Community Services	2,014.5	778.3	1,990.0	24.5	0.0		
HOUSING REVENUE ACCOUNT							
Decent Homes & Upgrades	9,821.2	39.4	9,821.2	0.0	0.0	G	G
Adaptations	560.0	56.7	560.0	0.0	0.0	G	G
Sheltered Accommodation Review	2,350.0	161.0	2,350.0	0.0	0.0	G	G
Council House New Build	3,356.0	124.0	3,356.0	0.0	0.0	G	G
Housing ICT Development	279.4	78.3	279.4	0.0	0.0	G	G
TOTAL - Housing Revenue Account	16,366.6	459.4	16,366.6	0.0	0.0		
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)							
Firstsite (VAF)	0.0	(7.0)	0.0	0.0	0.0	G	G
TOTAL - Completed Schemes	0.0	(7.0)	0.0	0.0	0.0		

Scheme	Spend to Q1 £'000	Forecast 2014/15 £'000	Commentary
Universal Customer Contact Fundamental Service Review - ICT	(51.6)	1,650.0	Further orders have been placed the largest being for the new Customer Experience Solution and telephony. This is a large and complex programme and the amber status reflects the risks around delivery. In particular the time scales are critical in supporting the delivery of the customer journey savings in 2014/15.
Flat Recycling Extension	0.0	10.3	This project has been delayed as flattened properties need to be resurveyed as they now need to accommodate containers to collect food waste. The spend will occur in 2014/15 for those locations where bins can be accommodated.
Street Services FSR	4.1	43.8	It has now been decided that the Task Management technology used in Zones is not fit for purpose in regard to what is required in Recycling and Waste. A new system is being tendered for and the spend is now likely to occur in 2014/15. This is being procured in partnership with Braintree DC and Riverside Truck Rental. The scheme will then be reviewed including any further spend required to deliver the priorities from the Street Services FSR.
Shrub End Depot - new baler and shed	0.0	840.5	The service is looking at different options to provide the building to house the equipment to process the recycling materials collected. It is investigating a partnership approach with ECC and Riverside, the Council's Fleet provider. This may reduce the costs to the Council but needs to be examined from both a legal and financial standpoint.
Disabled Facilities Grants	158.9	500.0	The budget has been reprofiled, with significant resources moved into 2015/16. Discussions are underway with Essex County Council to clarify the current situation concerning the volume of cases in progress.
Creative Business Hub	0.0	74.7	Contribution to Creative Business Centre to be formed in the St Botolphs Quarter (old police station). Revised funding bid to ECC under ICS fund - awaiting decision. Scheme also a priority project for SELEP funding 2015/16.
Site Disposal Costs	0.0	27.3	Further funding required to cover costs of future disposals.
Pumping Main - Distillery Lane/Haven Road	0.0	81.5	New issues uncovered which are being progressed with other appropriate public bodies.
Garrison Gymnasium & MRS	0.0	0.0	£700k has been released from Section 299a monies and paid to the PCT in respect of refurbishment works at the ex-Garrison medical centre for use as a surgery. Further monies were due to be released to refurbish the Gym so that it can be used as a community centre, however, the building was damaged in a serious fire and so this project may take longer than initially planned. Approval received from insurance company to appoint NPS to establish work required and associated costs. Looking to make the building watertight during the winter.
Redevelopment of Castle Museum	618.8	904.4	Funding for redevelopment of Castle Museum, funded mainly from Heritage Lottery Fund plus other contributions. Main build is now complete and Castle is open. Final account with builders is in completion stage and by September we will have a complete final picture.

Scrutiny Panel

19 August 2014

Item
16

Report of	Assistant Chief Executive	Author	Jonathan Baker Tel. 282207
Title	Annual Scrutiny Report		
Wards affected	None		

This is a report setting out the work of the Scrutiny Panel during 2013/14

1. Action required

- 1.1 The Panel is asked to consider and comment on the draft Annual Scrutiny Report.

2. Reason for Action(s)

- 2.1 The Constitution states the Scrutiny Panel shall report annually to the full Council on its work and make recommendations for future work programmes and amended working methods if appropriate.

3. Purpose and Content of the Annual Report

- 3.1 The purpose of the report is to inform the Council of the work undertaken by the Scrutiny Panel, and for the Council to form an opinion of the effectiveness of the scrutiny function. The final report will be submitted to full Council for consideration and approval following endorsement by scrutiny panel members.
- 3.2 This Scrutiny Report is a descriptive record of the scrutiny reviews undertaken by the Scrutiny Panel 2013/14.

4. Standard and Strategic Plan References

- 4.1 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self governance provides a clear and demonstrable lead. Effective governance, of which scrutiny is a part, underpins the implementation and application of all aspects of the Council's work.
- 4.2 Scrutiny is a key function to ensure decisions have been subject to full appraisal and that they are in line with the Council's strategic aims. The role of scrutiny is also an important part of the Council's risk management and audit process, helping to check that risks are identified and challenged.
- 4.3 There is no publicity, equality and diversity, human rights, community safety, health and safety, risk management or financial implications in this matter.

Scrutiny Panel Annual Report 2013-14

This Annual Report demonstrates the contribution made by the Scrutiny Panel at Colchester Borough Council.

This is the first year of the newly formed Scrutiny Panel, after an agreement at Council on 20 March 2013 to merge the Strategic Overview and Scrutiny Panel and the Financial and Audit Scrutiny Panel. This agreement formed part of the Council's new governance arrangements after the Universal Customer Contact Fundamental Service Review.

Scrutiny Panel Role

The role of the Scrutiny Panel is to examine the policies and strategies from a borough-wide perspective and ensure the actions of the Cabinet accord with the Council's policies and budget. The Panel also reviews corporate strategies that form the Council's Strategic Plan, Council partnerships and the Council's budgetary guidelines, and scrutinises Cabinet or Portfolio Holder decisions which have been called in.

The Scrutiny Panel in 2013/14

The function of the Scrutiny Panel is as important as ever, given the challenging future of providing services in difficult economic times with limited resources.

The success of Scrutiny Panel reviews depended on the involvement of Councillors, Council officers, expert witnesses and members of the public, and the Chairman of the scrutiny panels would like to thank everyone for their contribution to scrutiny in 2013/14.

The very low level of call-ins and matters of urgency suggested Councillors continued to take a responsible approach to Governance.

Portfolio Holders have continued to regularly attend items on the Scrutiny Panel agenda that fall within their remit to take a lead on major reviews and to discuss policy, spending and performance.

Members are asked to consider whether the scrutiny and review process is a function that remains effective, ensuring the critical friend challenge to the executive policy and decision making that drives improvement in public services.

Prominent Reviews at Colchester Borough Council

The Scrutiny Panel requested a number of reviews during 2013/14.

The review of the North Essex Parking Partnership occurred twice over the course of the year. The first meeting focused on the operation of the partnership (10 December 2013), at which the NEPP Chairman Councillor Mitchell attended. An extra meeting was requested by Panel members to look further into the financial aspects of the NEPP which took place on 24 February 2014.

The Panel also held a Final Overview of Firstsite, with regards to the construction project of the visual arts facility, which took place on 10 September 2013. In addition the Scrutiny Panel looked at the Councils provision of IT (18 March 2014).

Pre Decision Scrutiny

Pre-scrutiny enables the Scrutiny Panel to examine an issue in depth, and make proposals to the Cabinet or portfolio holder in advance of that decision being taken. This work, regularly includes the Budget Strategy (Noted in July 2013 and January 2014) and the 6-monthly and year-end Performance Report and Strategic Plan Action Plan (Noted in June and December 2013).

The Corporate and Financial Management Fundamental Service Review was considered and noted at Scrutiny, with a recommendation that the minutes were taken into account by the Cabinet (29 October 2013).

The Panel also scrutinised the New Housing Arrangements on the 2 July 2013. This was scheduled in for pre-scrutiny before the Cabinet took its decision on 10 July 2013, providing an opportunity to look at strengthening the partnership arrangements and in what organisation the functions are best delivered. The Panel noted the report and recommended that the Cabinet makes its decision in light of the Panels discussions.

Another pre decision scrutiny that took place was the Portfolio Holder decision to close the Abbots Activity Centre on 23 July 2013. This meeting took place in the Auditorium at firstsite to ensure that there was enough capacity for members of the public to attend. Fifteen members of the public participated in Have Your Say! as well as four Councillors who were not members of the Panel. The Panel made a number of requests to Cabinet including to look at alternative funding options and to take into consideration the views of the public who spoke at the meeting.

The Panel also looked at the Homelessness Strategy on 11 February 2014.

Partnership arrangements

Two regular partnership reviews were undertaken. Both reviews, the 'Safer Colchester Partnership' (10 September 2013) and the Colchester Community Stadium Limited (March 2013) were noted.

Call-in

There was one call-in in the municipal year at the meeting on 12 November 2013, which referred the Allotment Charges and Review of Tenancy Agreements decision to the Panel.

The meeting was attended by the Portfolio Holder, members of the public who spoke as part of Have Your Say! as well as other councillors.

The Panel resolved that the decision on the allotment charges and the review of the tenancy agreements be referred back to the Portfolio Holder for Communities Leisure for reconsideration. ***Cabinet confirmed the decision as made by the Portfolio Holder.***

Councillor Call for Action (CCfA)

There were no CCfA issues brought to the attention of Scrutiny Panel during 2013/14.

Decisions taken as a matter of urgency

Two decisions were taken as a matter of urgency in 2013/14.

The first was to approve the fees for applications made under the Scrap Metal Dealers Act 2013. The Scrutiny Panel was notified on the 29 October 2013, and both the Monitoring Officer and the Deputy Chairman of the Scrutiny Panel certified the immediate implementation of the decision and that the call-in procedure would not apply.

The second was the recommendation to join the Essex Business Rates Pool. The Scrutiny Panel was notified at the meeting on 12 November 2013, and both the Monitoring Officer and the Chairman of the Scrutiny Panel certified the immediate implementation of the decision and that the call-in procedure would not apply.

Task and Finish Group

There were no Task and Finish Groups commissioned by the Scrutiny Panel 2013/14.

Schedule of meetings and reviews

Scrutiny Panel 2012/13

Councillor Davies (Chairman), Councillor Harrington (Deputy Chairman), Councillor Bentley, Councillor Cope, Councillor Harris, Councillor Hayes, Councillor Higgins, Councillor Hogg, Councillor Oxford

11 June 2013	<ul style="list-style-type: none"> • 2012-13 Year-end performance report and Strategic Plan Action Plan (SPAP) • Financial Monitoring Report 2012/13 • Capital Expenditure Monitor 202/13
2 July 2013 (extra)	<ul style="list-style-type: none"> • New Housing Arrangements
23 July 2013	<ul style="list-style-type: none"> • Pre-Scrutiny the Portfolio Holder decision 'to close the Abbots Activity Centre' • Budget Strategy, Timetable and Medium Term Financial Forecast • Annual Report on Treasury Management
20 August 2013	<ul style="list-style-type: none"> • 2013-14 Capital Monitor, period April-June • 2013-14 Financial Monitor, period April-June
10 September 2013	<ul style="list-style-type: none"> • Safer Colchester Partnership (Crime and Disorder Committee) • Final Overview - firstsite - the construction project for Colchester's Visual Arts Facility
29 October 2013	<ul style="list-style-type: none"> • Fundamental Service Review of Corporate and Financial Management
12 November 2013	<ul style="list-style-type: none"> • Call-in – Allotment Charges and Review of Tenancy Agreements • Local Council Tax Support 2014/15 • Capital Expenditure Monitor 2013/14 – Quarter 2 • Financial Monitoring Report – April to September 2013
10 December 2013	<ul style="list-style-type: none"> • Review of Parking Services in Colchester • Treasury Management Strategy Statement – Mid-Year Review Report 2013/14 • Half Yearly Performance Report including progress on Strategic Plan Action Plan

28 January 2014	<ul style="list-style-type: none"> • Revenue Budget 2014-15
11 February 2014	<ul style="list-style-type: none"> • Colchester's Homelessness Strategy 2013 – 2018 • Financial Monitoring Report - April to December 2014 • Capital Expenditure Monitor 2013/14 - Quarter 3
24 February 2014 (Extra)	<ul style="list-style-type: none"> • Review of the North Essex Parking Partnership Financial Position
18 March 2014	<ul style="list-style-type: none"> • Colchester Community Stadium Limited Review • Review of Council's overall IT provision