

Strategic Overview & Scrutiny Panel

Grand Jury Room, Town Hall

8 September 2008 at 6:00pm

Strategic Overview and Scrutiny Panel deals with reviewing corporate strategies within the Council's Strategic Plan, the Council's budgetary guidelines for the forthcoming year, scrutinising the Forward Plan, the performance of Portfolio Holders and scrutiny of Cabinet decisions or Cabinet Member decisions (with delegated power) 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.

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 meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at www.colchester.gov.uk.

Private Sessions

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.

Mobile phones, pagers, cameras, audio recorders

Please ensure that all mobile phones and pagers are turned off before the meeting begins and note that photography or audio recording is not permitted.

Access

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Terms of Reference

Strategic Overview and Scrutiny Panel

- To review corporate strategies
- To ensure the actions of the Cabinet accord with the policies and budget of the Council
- To monitor and scrutinise the financial performance of the Council, and make recommendations to the Cabinet particularly in relation to annual revenue and capital guidelines, bids and submissions
- To link the Council's spending proposals to the policy priorities and review progress towards achieving those priorities against the Strategic / Action Plans
- To scrutinise executive decisions made by Cabinet and the East Essex Area Waste Management Joint Committee and Cabinet Member decisions (with delegated authority taking a corporate / strategic decision) which have been made but not implemented, and referred to the Panel through call-in.

The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.

- To monitor 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 an effective operation.
- To scrutinise the Cabinet's performance in relation to the Forward Plan.
- To scrutinise the performance of Portfolio Holders.
- At the request of the Cabinet, make decisions about the priority of referrals made in the event of the volume of reports to the Cabinet or creating difficulty for the running of Cabinet business or jeopardising the efficient running of Council business.

COLCHESTER BOROUGH COUNCIL STRATEGIC OVERVIEW & SCRUTINY PANEL 8 September 2008 at 6:00pm

Members

Chairman : Councillor Arnold.
Deputy Chairman : Councillor Kimberley.
Councillors Barlow, Cory, Hazell, Higgins, Hogg, Naish,
Pyman, Taylor and Young.

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

Agenda - Part A

(open to the public including the media)

Members of the public may wish to note that agenda items 1 to 5 are normally brief and agenda items 6 to 9 are standard items for which there may be no business to consider.

Pages

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 off or to silent;
- 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 and to give reasons for the urgency.

4. Declarations of Interest

The Chairman to invite Councillors to declare individually any personal

interests they may have in the items on the agenda.

If the personal interest arises because of a Councillor's membership of or position of control or management on:

- any body to which the Councillor has been appointed or nominated by the Council; or
- another public body

then the interest need only be declared if the Councillor intends to speak on that item.

If a Councillor declares a personal interest they must also consider whether they have a prejudicial interest. If they have a prejudicial interest they must leave the room for that item.

If a Councillor wishes to make representations on an item on which they have a prejudicial interest they may do so if members of the public are allowed to make representations. In such circumstances a Councillor must leave the room immediately once they have finished speaking.

An interest is considered to be prejudicial if a member of the public with knowledge of the relevant facts would reasonably regard it as so significant that it is likely to prejudice the Councillor's judgement of the public interest.

Councillors should consult paragraph 7 of the Meetings General Procedure Rules for further guidance.

5. Minutes

1 - 3

To confirm as a correct record the minutes of the meetings held on 15 July 2008

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. 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.

8. Referred items under the Call in Procedure

To consider any Portfolio Holder decisions, taken under the Call in Procedure.

The panel may a) confirm the decision, which may then be implemented immediately, b) confirm the decision back to the decision taker for further consideration setting out in writing the nature of its concerns, or c) refer the matter to full Council in the event that the panel considers the decision to be contrary to the Policy Framework of the Council or contrary to, or not wholly in accordance with the Budget.

9. Decisions taken under special urgency provisions

To note as information under the special urgency provisions, the joint decision by the Portfolio Holder for Neighbourhoods and the Portfolio Holder for Resources and Business, 'Extension of the Housing Management Agreement' ref. NEI-006-0 / RES-005-08. The special urgency provision was certified by Mr. Adrian Pritchard, Chief Executive of Colchester Borough Council and Councillor Margaret Kimberley, Deputy Chairman of the Strategic Overview and Scrutiny Panel (in the absence of the Chairman, Councillor Christopher Arnold).

The reasons for the decision were as follows. The decision made by Cabinet on 12 March was to delegate the authority to approve the renewal of the Management Agreement to the Portfolio Holders for Neighbourhoods and Resources subject to the resolution of certain matters (Minute 70). As there remains some outstanding information to confirm these matters as resolved the renewal of the management agreement cannot be progressed.

The current management agreement was due to expire on 10 August 2008.

10. Work Programme

4 - 5

See report from the Scrutiny Officer

11. 2009-10 Budget Strategy and Timetable

6 - 57

See report from the Scrutiny Officer

12. Exclusion of the public

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).

STRATEGIC OVERVIEW & SCRUTINY PANEL

15 JULY 2008

Present :- Councillor Christopher Arnold (Chairman)
Councillors Nick Barlow, Mark Cory, Pauline Hazell,
Peter Higgins, Kim Naish, Gaye Pyman and Julie Young

Substitute Members :- Councillor Margaret Lissimore
for Councillor Margaret Kimberley
Councillor Nick Willetts for Councillor Nick Taylor

The adjourned meeting of 19 June 2008 was reconvened at 6.00 pm on Tuesday 15 July 2008.

Councillor Lissimore took the chair for the following item.

Councillor Julie Young (in respect of her membership of Essex County Council and her spouse's membership of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Peter Higgins (in respect of his employment by the University of Essex and his spouse being a member of Essex County Council) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

10. Strategic Plan 2006-09, 2007-08 Action Plan

Councillor Davidson, former Leader of the Council attended the meeting for this item and addressed the panel.

Councillor Davidson said the Annual Action Plan illustrated the significant amount of good work that had taken place in the last two years, showing real improvements for residents and to front line services. The approach taken with the Action Plan was sound, with challenging, but realistic targets, and the significant progress that had been made had given a clear steer to officers, residents and partners.

Councillor Davidson mentioned in further detail some of the significant achievements as illustrated in the key highlights within the plan.

Councillor Davidson concluded by thanking the Portfolio Holders and officers for their achievements over the last two years.

Councillor Lissimore concurred with Councillor Davidson by saying officers should be congratulated on their work towards delivering these achievements.

In response to Councillor Barlow, Councillor Davidson said he did not regret the setting

of challenging targets, though he had hoped that the level of targets achieved would have been greater than 48 (69%).

In response to Councillor Young, Councillor Davidson said it was important to review this year end document. It provided a gauge of what the Council had achieved, thereby illustrating what officers had achieved, but also provided an opportunity for the current administration to pick actions with aims and targets for real improvement, for the future.

In response to Councillor Naish, Councillor Davidson said he was equally frustrated at having to retain electricity pylons in the Hythe Area, though saying this had not hindered the demand for development in the area. The Administration has for the past eight years had contact with the responsible agency in trying to find an alternative solution to the pylons, but as yet with no progress. This problem was not helped by the location of the local electricity sub-station.

In response to Councillor Higgins, Councillor Davidson said that he believed the life span of the Firstsite Newsite building was seventy years or beyond, but no definitive time. The Partnership agreement was for the building's use to remain unchanged for the first fifteen years, thereafter the use could change.

RESOLVED that the panel noted the Strategic Plan (2006-9), Annual Action Plan year 2 – 2007-08 end of year performance report.

STRATEGIC OVERVIEW & SCRUTINY PANEL

15 JULY 2008

Present :- Councillor Christopher Arnold (Chairman)
Councillors Nick Barlow, Mark Cory, Pauline Hazell,
Peter Higgins, Margaret Kimberley, Kim Naish,
Gaye Pyman and Julie Young

Substitute Members :- Councillor Christopher Offen
for Councillor Christopher Arnold
Councillor Nick Willetts for Councillor Nick Taylor

11. Minutes

The minutes of the meeting held on 10 June was confirmed as a correct record, subject to the following amendment;

Minute 8. Review of Neighbourhood Action Panels (NAPS) – Essex Police, paragraph 11 to read:

Superintendent Newcombe felt a four year term would be a huge commitment and may restrict the development of the role, that said, Mr. Carrington agreed for the need for further training and development for NAP chairs, which would hopefully provide the refinement and improvement needed to focus NAPs members on pertinent issues.

12. Work Programme

In response to Councillor Willetts, Mr. Judd, Scrutiny Officer informed the panel of the current progress in the arrangements for the meeting on the 23 September 2008 at the West Mersea Centre, for the item on the New Bradwell Nuclear Power Station.

Councillor Willetts requested that a separate item on Colchester's Roman Heritage be reviewed in the autumn, at a time to be agreed with officers, as a separate piece of work from the Review of the work of the Portfolio Holder for Culture, Tourism and Diversity, to be undertaken in January 2009.

RESOLVED that the panel;

i) Noted the rolling Work Programme.

ii) Mr. Judd would speak to officers from Maldon District Council, the Planning Authority in respect of any planning application for a new nuclear power station at Bradwell, and feed this information into the report to be submitted for the meeting of the 23 September.

iii) Would include as an item for review, 'Colchester's Roman Heritage', at the meeting on 4 November 2008, subject to agreement by officers.



Strategic Overview and Scrutiny Panel

Item
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8 September 2008

Report of	Scrutiny Officer	Author	Robert Judd Tel. 01206 282274
Title	Work Programme 2008-09		
Wards affected	Not applicable		

This report sets out the rolling 2008/09 Work Programme for the Strategic Overview and Scrutiny Panel

1. Action Required

1.1 The Panel is asked to consider and note the rolling 2008-09 Work Programme.

2. Reason for Action

2.1 This function forms part of the Panel's Terms of Reference in the Constitution therefore there are no alternative options.

3. The role of the Strategic Overview and Scrutiny Panel

3.1 Overview and scrutiny needs to be member-led with member engagement that will include undertaking research when considering issues prior to panel meetings and preparing questions for witnesses being called. Likewise, senior officers will play their full part in supporting the scrutiny function in a positive and participative manner. By doing this a culture of positive and meaningful challenge can be created.

4. Standard References

4.1 There are no policy plan references or financial, human rights, community safety or health and safety implications in this matter.

4.2 The work of the Strategic Overview and Scrutiny Panel is a key function to ensure items within the programme are subject to full appraisal and in line with the aims of the strategic plan, and helps to check that risks are identified and challenged.

Strategic Overview and Scrutiny Panel

WORK PROGRAMME 2008/09 (last updated 26 August 2008)

Future scrutiny – amendments to programme

Roman Heritage – confirmed and scheduled for 4 November 2008

A review of the Council's partnership arrangements with Firstsite rescheduled for 4 November 2008

Annual Scrutiny report put back to 16 December 2008 (November too busy)

Strategic Plan 2008/09 Action Plan was provisional for 26 August – A new Strategic Plan is being drafted – will be advised on new date (Executive Director, People and Performance)

10 June 2008

1. Strategic Plan 2006-09, 2007/08 Action Plan (Head of Corporate Services)
2. Review of Neighbourhood Action Panels (Head of Enterprise and Communities)

15 July 2008

1. Strategic Plan 2006-09, 2007/08 Action Plan (Head of Corporate Services).

26 August 2008 (rescheduled to 8 September 2008)

1. Review of the Budget Strategy and Timetable (Head of Financial Services)

23 September 2008

1. The New Bradwell Nuclear Power Station – The Mersea Centre (MICA), West Mersea

4 November 2008

1. 'Going for Growth' (growth v infrastructure) (Executive Director Place Shaping/Head of Strategic Policy and Regeneration)
2. Roman Heritage (Head of Strategic Policy and Regeneration / Col.& Ipswich Museum Man.)
3. A review of the Council's partnership arrangements with Firstsite

16 December 2008

1. Annual Scrutiny Report (Scrutiny Officer)
2. Review of Colchester2020 Partnership arrangements (Executive Director, MC)
3. Carbon Reduction Management – Programme review

6 January 2009

1. Review of the work of the Portfolio Holder for Resources and Business
2. Review of the work of the Portfolio Holder for Culture, Tourism and Diversity

10 February 2009

1. Review of the work of the Portfolio Holder for Street and Waste Services
2. Review of the work of the Leader of Council, Portfolio Holder for Strategy

17 March 2009

1. Review of the work of the Portfolio Holder for Communications and Customers
2. Review of the work of the Portfolio Holder for Performance and Partnerships

7 April 2009

1. Review of the work of the Portfolio Holder for Neighbourhoods
2. Review of the work of the Portfolio Holder for Regeneration and Planning



Strategic Overview and Scrutiny Panel

Item
11

8 September 2008

Report of	Scrutiny Officer	Author	Robert Judd
Title	2009/10 Budget Strategy and Timetable		
Wards affected			

This report presents the report on the 2009/10 Budget Strategy and Timetable to be decided by Cabinet on 10 September 2008.

1. Action required

- 1.1 The Strategic Overview and Scrutiny Panel is requested to consider and note the 2009/10 Budget Strategy and Timetable. The report is to be presented to the Cabinet on 10 September 2008. A copy of the initial budget strategy report agreed by Cabinet on 9 July 2008 is also provided for scrutiny, as a background paper.
- 1.2 The Panel may refer the report back to the Cabinet for further consideration, setting out in writing any comments or concerns.

2. Reasons for Scrutiny

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

3. Standard and Strategic Plan References

- 3.1 There are no policy plan references or financial, human rights, community safety or health and safety implications in this matter.
- 3.2 Scrutiny is a key function to ensure the Budget Strategy and Timetable are subject to full appraisal and that they are in line with the aims of the strategic plan. The role of scrutiny is also an important part of our risk management, helping to check that risks are identified and challenged.



Cabinet

Item

10 September 2008

Report of	Head of Resource Management	Author	Sean Plummer ☎ 282347
Title	2009/10 Revenue Budget and Capital Programme Update		
Wards affected	Not applicable		

This report provides Cabinet with an update on the 2009/10 Revenue Budget forecast and Capital Programme and recommends changes to the 2008/09 revenue budget and capital programme.

1. Decisions Required

1.1 Cabinet is requested to consider the following items:

- i) Note the updated 2009/10 budget forecast as set out at paragraph 6.2 shows a current gap of £63k.
- ii) Note that officers are working towards delivering a balanced budget and that a plan has been agreed setting out the delivery of the budget strategy which includes reallocation of funding to priorities (See section 9).
- iii) Agree the proposed changes to the 2008/09 revenue budget set out in Section 5.
- iv) Determine whether the cost pressures set out at paragraph 7.1 should be included in the 2009/10 budget forecast.
- v) Determine whether the growth items set out at paragraph 8.1 should be included in the 2009/10 budget forecast.
- vi) Determine whether the provisional savings set out at paragraphs 9.1, 9.3 and 9.6. should be included in the 2009/10 budget forecast.
- vii) Note the potential 2009/10 budget forecast variables and risks set out in Section 10
- viii) Note the current position on the capital programme
- ix) Agree the proposal to put on hold specific projects as shown at paragraph 12.6.

2. Reasons for Decisions

- 2.1 The Council is required to approve a budget strategy and timetable in respect of the year 2009/10.
- 2.2. This report relates to the budget update and a review of the capital programme.

3. Alternative Options

- 3.1 There are different options that could be considered and as the budget progresses changes and further proposals will be made and considered by Cabinet and in turn Full Council.

4. Background

- 4.1 A timetable for the 2009/10 budget process (see Appendix A) was agreed at Cabinet on 9 July 2008.
- 4.2 At this stage in the budget process it is important to identify the main areas of cost pressure and any planned growth areas together with the approach to balance the budget. Detailed budgets are produced during September to December.
- 4.3 The Council's gross General Fund revenue budget is over £100million which translates in to a net revenue budget of £24million. This is the starting point and context in which to view the remainder of this report.

5. Budget 2008/09 - Review

- 5.1. As part of the review of the budget strategy consideration has also been given to changes in the budget which could be implemented this year. Appendix B sets out proposed budgets savings totalling £126k in 2008/09, with a recurring saving next year of £142k.
- 5.2. Consideration has also been given to the use of this funding and the following growth items are proposed:-

Area	£'000
Community Project capacity - to increase Life Opportunities project work with specific target areas/client groups to improve quality of life and deliver LAA targets. <i>(note a similar level of 'saving' is included for this year which will fund this work)</i>	15
Arts Council East are proposing to run a regional place-making campaign with RCE (Regional Cities East). Authorities within RCE are making a £10,000 contribution for this financial year with match funding being provided by Arts Council East. The purpose of the campaign is to: <ul style="list-style-type: none">credibly position the East of England nationally and internationally with key opinion formers, politicians and business leadersexploit the region's best cultural assets to tell compelling stories that enhance its reputation with key influencersattract inward investment and be seen as an influential player	10
Street Wardens – 2 additional street wardens (part year cost)	40
Total	65

- 5.3. One further area to update Cabinet on is the receipt of the Housing and Planning Delivery Grant (HPDG) for 2008/09. HPDG replaces the previous Planning Delivery Grant and the aim is to incentivise authorities to improve housing and other planning outcomes. The total provisional grant announced is £918,500. The grant is not ring-fenced, although there is one restriction that 33% of the grant must be used for capital purposes. We had already assumed that we would receive £84k. A separate report on this agenda proposes allocation of this funding.
- 5.4. The Finance and Audit Scrutiny Panel reviewed the budget position for the current year including outturn projections on 19 August 2008. The total position at this early stage is broadly on budget with an overall net underspend being forecast.

6. Summary of 2009/10 Budget Forecast

- 6.1 Should Cabinet approve the items detailed in this report the current 2009/10 budget forecast is as set out below.
- 6.2. The budget forecast below shows a current gap of £63k. As indicated, further work has been proposed to identify options to balance the budget and create capacity to reallocate funding including completion of budget reviews and developing delivery plans for all savings, completion of detailed budgets and assessment of risk areas.

	£'000
2008/09 Budget	23,998
Less: 2008/09 one-off items	(807)
Cost Pressures - including inflation (as per paragraph 7.1)	1,118
Revenue Growth (as per paragraph 8.1)	160
Savings/Increased Income:-	
Previously identified (as per paragraph 9.1)	(168)
Impact of 08/09 savings (paragraph 5.1 and 9.3)	(142)
Revised planning assumptions (paragraph 9.6)	(500)
Forecast Budget 09/10	23,659
Council Tax and Revenue Support Grant	22,980
Use of reserves	556
Collection Fund Surplus	60
Total Resources	23,596
Current budget gap	63

7. Cost Pressures

- 7.1. The following cost pressures expected in 2009/10 have been previously identified through the Medium Term Financial Forecast (MTFF) process and as part of the recent development of the budget:

	£'000	Comment
Inflationary pressure	740	Net inflation impact, including an allowance for pay and prices and an increase in fees and charges. This initial provision has been increased from last year representing the risk from higher price inflation.
Incremental pension contributions	148	The triennial review of the pension fund has shown a significant deficit due to market conditions and increased life expectancy. This financial pressure is one being felt by all local authorities and other organisations.
Minimum Revenue Provision (Commutation adjustment)	100	Increase in calculated figure based on statutory criteria.
Concessionary Fares	100	Provisional allowance based on take up of scheme / changes in operating hours.
Equality and diversity	15	Cabinet agreed to allocate £15k from the 2007/08 outturn position and this therefore needs to be included in the 2009/10 budget forecast.
Community Project Capacity	15	Ongoing impact of proposal set out at paragraph 5.2.
Total	1,118	

- 7.2 Cabinet need to determine whether the cost pressures detailed above should be included within the current 2009/10 budget forecast.

8. Growth Items

- 8.1. The following growth items have been identified in the approved Strategic Plan and through the MTFF process for 2009/10:

	£'000	Comment
Street Wardens	80	As set out at paragraph 5.2. it is proposed to allocate funding in this financial year to enable two new street wardens to be introduced. This cost represents the full year impact of this proposal.
Planning, Protection and Licensing review.	80	Remaining one-off costs of review including IT development and training (note: other one off costs in 08/09 have already been removed in budget forecast).
Total	160	

- 8.2 The previous MTFF had included the change in revenue impact arising from the Community Stadium financing costs. Estimates for this are currently being reviewed in light of changes in accounting treatment of providing for debt repayment and the level of the Layer Road capital receipt. This cost is being financed through the capital programme and capital expenditure reserve.
- 8.3. Cabinet need to determine whether the growth items above should be included within the current 2009/10 budget forecast.

9. Savings/Increased Income

- 9.1. The table below sets out savings from previous decisions which have previously been shown in the budget forecast:-

	£'000	Comment
No borough elections in 08/09	80	One year saving only.
Planning income	75	Income identified as part of review of planning, protection and licensing service.
Increase in concessionary fares grant	13	Notified increase in grant in respect of national free scheme.
Total	168	

- 9.2. The budget strategy for 09/10 was agreed by Cabinet in July and is shown diagrammatically at Appendix C. As this shows there are three main areas and progress against these is set out below.

Budget Reviews

- 9.3. All service areas have been reviewed and considered by Leadership Team as set out at paragraph 5.1. This has identified on-going savings of £142k for 09/10. Potential further savings have also been identified and are currently being explored in more detail.
- 9.4. Leadership Team is continuing the process of agreeing areas to target for budget review work. The aim is to generate savings to re-allocate to Council priorities.

Budget Framework / Budget Assumptions

- 9.5. This strand of the budget strategy includes reviewing our main budget assumptions. One of the areas of work identified is a review of Council fees and charges. This is currently in progress and includes an assessment of charging policies, factors affecting our income from charging and consideration of opportunities for charging. No target has been set for additional income from this review.
- 9.6. We have also considered some of our assumptions in respect of specific Government grants and our interest earnings. The table below sets out planning assumptions for these areas which total additional income of £0.5m

Area	£'000	Comment
HPDG	200	In light of the recent announcement set out in this report it is considered that building in an estimate of £200k for this grant represents a prudent assumption. It is worthwhile also noting that the proposals to allocate the 08/09 HPDG include the use of some of this money to support spending in 09/10.

<i>Area</i>	<i>£'000</i>	<i>Comment</i>
"LABGI" (Local Authority Business Incentive Scheme)	150	The 3-year LABGI scheme ended in 2007/08 and the Government has announced that there will be new scheme. The details of this new grant have not yet been announced and therefore the assumption of potential income of £150k will need to be reviewed as details are revealed.
Interest earnings	150	In the past two years we have been able to exceed our budget for net interest earnings. As part of the 2008/09 budget we did increase the budget by an additional £300k. The report to FASP on the position against this year's budget shows that we are currently anticipating that we will achieve additional net income in the region of £400k. There are a number of factors that affect our net interest earnings and these will need to be considered in more detail later in the budget process but at this stage a planning assumption of additional income next year of £150k is proposed.
	500	

- 9.7. Other budget assumptions will be considered as the budget progresses including the use of salary and procurement targets.

Major Service Reviews / Cross Cutting issues

- 9.8. As part of the budget review work consideration has been given to some of the Council major service reviews such as work with Braintree District Council and the ICT Strategy and accommodation review work. Proposals and targets will be included as appropriate at a later stage.
- 9.9. Cabinet need to determine whether the savings and revised planning assumptions set out above should be included in the 2008/09 budget forecast and to note the ongoing budget review work.

10. Risks and Variables

- 10.1 On 9 July 2008 Cabinet considered the budget strategy and MTFF. The MTFF set out the key areas that may impact on 2009/10 budget forecast and potentially later years. These have been reviewed and updated and are set out at Appendix D. It should be noted that variables include areas that may have positive or negative affect on the budget forecast.
- 10.2. One of the key areas to note which cuts across many areas of the budget forecast is the current economic conditions. There are a number of potential risks attached to the current economic conditions / outlook such as inflation pressures, impact on the capital programme from potentially lower capital receipts, the prospects for interest rates, impact on income from fees and charges etc. These issues have been identified specifically as risks within the budget and it should be noted that not all would have a negative impact on the Council's finances, for example, investment returns are higher due to the impact of the credit crunch on inter-bank lending and resulting rate so offer to the Council and have lenders.
- 10.3. It should be noted that the Council general fund balances remain £0.2m higher than our current assessed prudent level. The level of general balances and other reserves will be assessed as part of the final budget proposals.

10.3 Cabinet are asked to note the potential 2009/10 budget forecast variables and risks set out above.

11. Future Years

11.1 As part of consideration of budget issues facing the Council, SMT and Leadership Team have been considering future year budgets. The Medium Term Financial Forecast (MTFF) reported to Cabinet in July showed a budget gap over the next three years of circa £1.5m. Based on the proposals within this report the cumulative gap has now reduced to circa £1m. The MTFF will be updated and submitted to Cabinet and Council as part of the final budget report in January 2009.

12. Capital Programme

12.1. The current approved capital programme including spending to date was provided to FASP on 19 August 2008 and is set out at Appendix E.

12.2. A review has been carried out of estimated capital receipts and in total this is broadly in line with previous forecasts although there is a risk that some target levels will not be achieved and there has also been some re-profiling of certain land sales.

12.3. The FASP report identifies that the funded programme is broadly within budget. In total there remains an overall surplus of resources of circa £250k, however, there are two specific issues to consider.

Firstsite:Newsite

12.4. The report to FASP included commentary on the current situation with this project. As reported there have been a series of meetings with our project and cost managers and Rafael Viñoly Architects regarding how we move forward with the contractors, Banner Holdings. A meeting was held to put a proposal to Banner, so that all could agree the best way to resolve the construction problems as quickly as possible with the minimum cost. The offer would have seen work recommence in order to deliver an externally complete building before April next year, which could be done within the funding that we have available for this project. Unfortunately that offer has been rejected. The offer remains on the table but efforts are now being concentrated on exploring other options. There are likely to be cost implications of any delays, although the extent to which the Council will be liable is still to be determined. The project continues to be reviewed in conjunction with our funding partners. Once an agreed approach is determined proposals and relevant financial implications will need to be considered.

Local Authority Carbon Management (LACM)

12.5. It was reported at the Cabinet meeting in July that proposals for funding schemes as part of the LACM would be considered at this meeting. However, given current pressures and risks associated with the capital programme it is proposed that these be deferred until there is more certainty over the future capital programme.

12.6. Given the potential pressures on the capital programme a review of the schemes has been undertaken. Appendix F sets out a list of projects which it is suggested are 'put on hold' pending the outcome of the assessment of current risks and assumptions. No commitments for those projects which are funded would therefore be entered into and those unfunded projects would not have any further funding released.

13. Strategic Plan References

13.1 The 2009/10 Budget is underpinned by the Strategic Plan priorities. A review of these is taking place and final budget proposals will be produced and reported with reference to any proposed changes.

14. Consultation

14.1 The budget strategy report to Cabinet in July and this report have been considered by the Strategic Overview and Scrutiny Panel on 8 September 2008 with issues raised set out in the minute provided in this agenda.

14.2 Arrangements for a consultation exercise on the Council's priorities is being finalised and is expected to take place during October / November. This will include consideration of budgetary options. The results would then be reported to Cabinet in January and will therefore be considered alongside final budget proposals.

15. Financial implications

15.1 As set out in the report

16. Risk Management Implications

16.1 The strategic risks of the authority will be considered in developing the 2009/10 budget and all forecast savings/new income options will be risk assessed as part of the budget process. This report sets out some of the key risks / variables at this stage in the budget process and as stated earlier this will be refined during the year.

17. Other Standard References

17.1 There are no Publicity, Human Rights, Community Safety or Health and Safety implications.

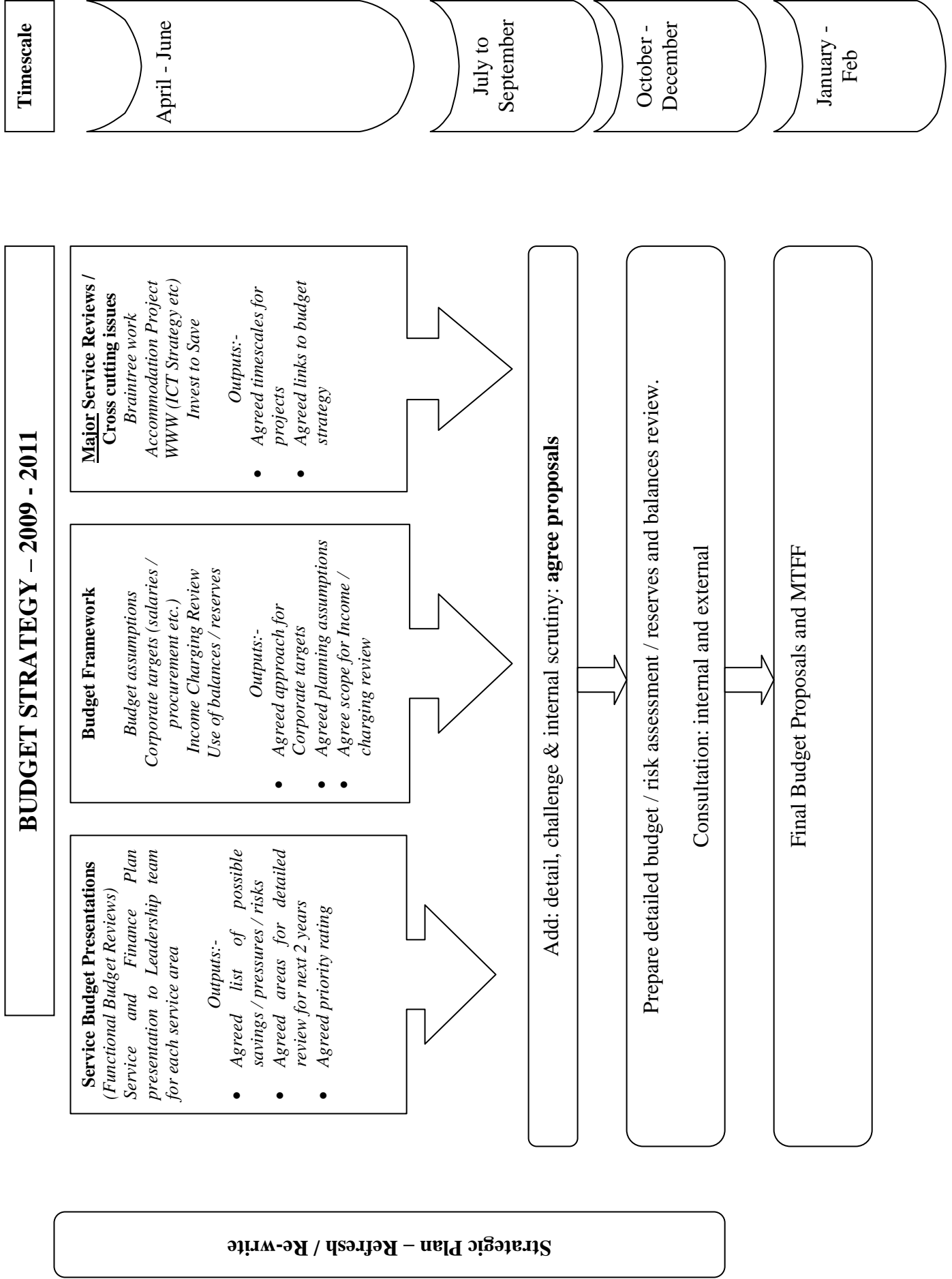
Background Papers

Report to Cabinet 9 July 2008

2009/10 Budget Timetable	
Budget Strategy April – July 2008	April – May (SMT)
Update MTF / Budget Strategy Review cost pressures, growth and risks Consider approach to budget	Update MTF / Budget Strategy Review cost pressures, growth and risks Consider approach to budget
May - June 08	Service budget summaries considered by Leadership team
Cabinet – 9 July 08	<ul style="list-style-type: none"> • Report on updated budget strategy / MTF • Timetable approved • Approach to consultation outlined
SOSP – 26 August 08 (changed to 8 September 08)	Review Cabinet report
Detailed Budget preparation and Budget Setting Consultation	
<u>Management Team regular sessions on progress / budget options</u>	Review progress on efficiencies
Leadership Team (July / August)	<ul style="list-style-type: none"> • Review outcomes of budget reviews and agree and carry out further detailed work
Cabinet – 10 September 08	<ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme
Cabinet – 22 October 08	Budget Update (if required)
Cabinet – 2 December 08	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Grant settlement
FASP – 20 January 09	Review consultation / Budget position
Cabinet – 28 January 09	Revenue and Capital budgets recommended to Council
Council – 18 February 09	Budget agreed / capital programme agreed / Council Tax set

<i>Item</i>	<i>Impact in 08/09 £</i>	<i>09/10 £</i>	<i>Notes</i>
Resource Management			
IT & control - Further extension of overpayment recovery service to Maldon DC	19,000	19,000	Contract extended until March 09. Thereafter will need re-negotiation but no reason currently to think Maldon will not extend again.
Corporate Management			
Streamlining administrative support	11,000	27,000	Savings arising through process and working practice changes. First year implementation costs will be incurred through restructuring charges.
Members Expenses - In year savings e.g. 2 PFH taking 1/2 allowances, overlap etc. e.g. leader of labour group. Difficult to predict + could change from year to year	15,000	15,000	Savings proposed are based on the current Cabinet arrangements. They are subject to change from year to year as well as in year.
Strategic HR - Reduce management consultancy provision	3,000	3,000	Provision was made to provide for external support for example in relation to legal advice for tribunals, health and safety etc. With the new HR structure and increased strategic capacity in HR and H&S it is felt the risk is reduced although remains and so a lower level of contingency is needed.
Civic Offices - NNDR rebate for 07/08 carried into 08/09	6,000	6,000	Already secured
Courier – Review of Courier planned 08/09 - coverage, distribution, income and format (e-edition) to identify savings opportunities. Reduce to 3 editions per year	18,000	18,000	This relates to either the reduction of an edition of the Courier to three or different ways of producing the Courier to reduce costs.
Life Opportunities			
Community Project capacity - Unbudgeted external funding for community project worker capacity	14,000 (but see growth/cost pressures at 5.2 & 7.1))	14,000 (but see growth/cost pressures at 5.2 & 7.1))	Proposal is to invest this saving in growth to support the Life Opportunities/LAA work

Strategic Policy and Regeneration				
Festival saving	30,000	30,000	30,000	The previously approved festival development strategy informed the level of budget that was set over four years (£80,000). A draft new-options report is currently being prepared for PH Culture Tourism and Diversity.
Enterprise - Deletion of IT/web budget	10,000	10,000	10,000	Budget no longer required.
Total	126,000	142,000		



Strategic Plan – Refresh / Re-write

Budget Risks / Variables

Ref	Risk / Area of uncertainty	
1	<i>White paper – Strong and prosperous communities</i>	The White Paper set out a number of important financial issues for the Council. These include responding to the proposals concerning communities, neighbourhoods and place-shaping and the impact of the new performance management framework and proposals around efficiency. The latter includes ambitious targets for efficiency savings (3% cashable savings over the next three years) and involving greater collaboration and partnership working.
2	<i>Government Grant and the Comprehensive Spending Review 07 (CSR07)</i>	Details of the CSR07 were announced last year alongside a 3-year grant settlement. The grant Settlement for the last 2 years in this period (09/10 and 10/11) shows an increase of 2.4% and 1.8% respectively. Our housing target to achieve is 17,100 by 2021 and we are currently the highest district housing producer in the region on an annual basis. This requires a grant settlement that allows us the funding needed to provide basic services. The reducing Settlement will place pressures on Council budgets.
3	<i>Pensions</i>	An allowance has been built in for increases in pensions costs based on the results of the recent actuarial review and therefore are fixed for the next two years.
4	<i>Concessionary Fares</i>	The budget for 2008/09 includes a cost pressure of £700k in respect of concessionary fares. This has been partly offset by Government grant of £538k for the extension to a national scheme. The Government has announced grant support for the following two years of £551k and £566k. The service is demand led and therefore costs are uncertain and therefore there remains a risk that with grant details already fixed we may face a funding shortfall. An allowance has been built into the budget forecast for next year in respect of concessionary fares which will be reviewed later this year.
5	<i>Fees and charges / Income</i>	As has been seen in the past few years we have experienced pressures arising from changes in income levels. In 2007/08 we have experienced forecast shortfalls in income in respect of sport and leisure income and car park revenue (on and off street). This has been considered as part of the 2008/09 budget but remains a risk that we will monitor next year. In addition, as part of the 2008/09 budget revised assumptions were included in respect of recycling credits and which will again be closely monitored. The budget strategy for 09/10 includes a review of all fees and charges.
6	<i>Inflation</i>	An allowance for general inflation has been built into the 09/10 forecast and MTFF. This includes an allowance based on pay and other costs as well as an assumed level of increase in fees and charges. In view of current economic conditions we will consider in more detail the level of inflation provision provided as the budget progresses.

Ref	Risk / Area of uncertainty	
7	<i>Use of reserves</i>	The MTFF makes assumptions regarding the use of general reserves and specific reserves. It is assumed that use of reserves is in line with current proposals and therefore any further calls on these sums may add pressures to the budget.
8	<i>Legislation</i>	There may be new legislation over the life of the MTFF for which any available funding may not cover costs.
9	<i>Government grants and partnership funding</i>	The Council's budget has changed over recent year's 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. An assessment has yet been built in to the 2009/10 forecast for the replacement of the LABGI and HPDG. These forecast will be reviewed as the budget progresses.
10	<i>Impact of renaissance programme e.g. car park closure and staff resources</i>	As the renaissance programme progresses there will be an impact on income from car park income due to temporary and permanent closure of certain car parks. We are currently using the Regeneration Reserve to meet some staffing costs to provide increased capacity to deliver the renaissance programme. The budget forecast includes funding for 2008/09 to ensure that the team can continue work but no allowance has yet been provided beyond this. This is being considered as part of current budget review work.
11	<i>ICT strategy – change programme</i>	The ICT strategy has been updated and it is likely that there will be a number of financial implications arising from changes. This may result in some costs in the short-term leading to longer term savings. This is being examined as part of detailed budget proposals.
12	<i>Property review/building maintenance.</i>	A review of our assets has been carried out and proposals for producing a 5-year Building Repairs and Maintenance Plan. There will be financial implications arising from this for both the revenue budget and capital programme and these have been considered in detail by the council's Property Forum and will be included within the budget forecast for 09/10 and MTFF as the budget progresses.
13	<i>Impact of growth in the Borough</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. The budget forecast already assumes an increase in the Council Tax base and 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.
14	<i>Delivery of 08/09 and 09/10 budget savings</i>	We did not achieve all the 2007/08 budget targets. Although targets were adjusted in 2008/09 they remain challenging and we will need to consider the risk to delivering further savings in 09/10.

Ref	Risk / Area of uncertainty
15	<p data-bbox="172 192 475 264"><i>Net Interest earnings</i></p> <p data-bbox="496 192 1370 331">The Council's budget includes extra net income of £300k in respect of net interest earnings. The budget is influenced by a number of factors including interest rates and cashflow movements.</p> <p data-bbox="496 338 1370 555">We will continue to monitor whether the additional income is sustainable in later years as the budget strategy for 09/10 is developed, especially given the current levels of volatility in financial markets. At this stage an assumption of additional income in 09/10 of £150k has been included in the budget forecast.</p>
16	<p data-bbox="172 562 475 701"><i>Major projects: FS:NS and Community Stadium etc</i></p> <p data-bbox="496 562 1370 701">Changes to assumptions in respect of major projects may impact on the revenue budgets through changes in cashflow or financing costs. These will be monitored and considered as part of the final budget report.</p>
17	<p data-bbox="172 707 475 779"><i>Economic Conditions</i></p> <p data-bbox="496 707 1370 960">The risks identified above include inflation, fees and charge income and net interest earnings which may be affected by current and forecast economic conditions. In addition, there are other impacts that may occur that could affect other budgets such as the level of development in the Borough. These specific impacts will be considered in more detail as part of the latter stages of the budget process.</p>

	Amount to remove		Total
	<i>Funded</i>	<i>Unfunded</i>	
	£'000	£'000	
Backlog Repairs		150.0	150.0
Support for Parish Councils. Reduce funded programme from £100k to £50k and remove unfunded £50k	50.0	50.0	100.0
Historic Core Zone	160.0		160.0
Maritime Projects		150.0	150.0
Personal Computer Upgrade	0.8	800.0	800.8
Public Conveniences	175.0		175.0
Town Centre Signs	90.0		90.0
Park & Ride	125.0		125.0
East Colchester	222.1		222.1
Total	822.9	1,150.0	1,972.9

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Total Funded Programme b/fwd as at 1 April 2008	New monies		Total Programme	Funded					Additional Funding Required		
		£'000	£'000		External Funding	£'000	£'000	£'000	£'000		£'000	
												CBC
SUMMARY												
Corporate Management	2,807.2	0.0	0.0	4,056.2				143.1	2,639.7	167.5	0.0	0.0
EMT	273.0	0.0	0.0	323.0				12.4	173.0	100.0	0.0	0.0
Resource Management	1,501.4	0.0	0.0	1,651.4				186.6	1,474.4	27.0	0.0	0.0
Street Services	854.2	0.0	0.0	950.2				244.9	852.3	0.0	0.0	(1.9)
Environmental & Protective Services	277.2	0.0	46.0	748.2				0.9	293.2	30.0	0.0	0.0
Strategic Policy & Regeneration	15,531.8	15.0	101.3	16,343.1				4,163.6	12,545.8	3,102.3	0.0	0.0
Life Opportunities	2,405.5	107.8	99.9	3,748.2				256.6	1,616.7	996.5	0.0	0.0
Completed Schemes	8.4	(8.4)	15.0	15.0				16.9	16.9	0.0	0.0	1.9
Total (all General Fund schemes)	23,658.7	114.4	262.2	27,835.3				5,025.0	19,612.0	4,423.3	0.0	0.0
Housing Revenue Account	4,964.4	0.0	0.0	4,964.4				627.0	2,673.4	2,291.0	0.0	0.0
Total Capital Programme	28,623.1	114.4	262.2	32,799.7				5,652.0	22,285.4	6,714.3	0.0	0.0
Housing Schemes Dependent on Grants	1,537.5	0.0	0.0	1,737.5				54.8	720.0	817.5	0.0	0.0
Grand Total	30,160.6	114.4	262.2	34,537.2				5,706.8	23,005.4	7,531.8	0.0	0.0

	£'000
Reconciliation to previous FASP report	
Programme reported to FASP 30 June 2008	60,566.5
Less:	
Capital Expenditure in 2007-2008	(30,405.9)
Add:	
S106 release - Mylands Halls Modernisation Project Cabinet - July 2008	15.0
Adj to external funding King Edward Quay	(55.6)
S106 release July 2008 - East Bay Playground	46.3
S106 release July 2008 - Castle Park Improvements	41.3
Cabinet release 9 July 2008 - Life Chances	2.3
S106 funding for Tiptree Env Improvements	70.0
Developer contribution Vineyard Gate	15.0
Transfer from revenue for Opportunity Purchases	55.0
	100.0

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Scheme Description	Total Funded Programme b/wd as at 1 April 2008	New monies		Total Programme	Status		
			CBC	External Funding			£'000	£'000
CORPORATE MANAGEMENT								
Works to the Town Hall associated with the Business Plan	Access work to the Old Library/works to the Moat Hall Kitchen	282.9	0.0	0.0	282.9	FF		
E-Government	Works to comply with Government's E-Gov agenda	123.6	0.0	0.0	123.6	FF		
GIS/Gazetteer	Cleansing of LLPG database	50.0	0.0	0.0	50.0	FF		
Personal Computer Upgrade (including Councilors Computers)	To keep personal computer stock updated	0.8	0.0	0.0	800.8	PF		
Electronic Service Delivery (Customer Service Centre)	Furtherance of electronic service facilities includes areas identified in business case for CSC	480.1	0.0	0.0	480.1	FF		
ICT Strategy Development	New capital investment	1,869.8	0.0	0.0	2,318.8	PF		
TOTAL		2,807.2	0.0	0.0	4,056.2			

Total Funded Programme	Funded				Additional Funding Required	Comments
	Spend Apr-Jun 2008/09	Forecast				
		08/09	09/10	10/11		
£'000	£'000	£'000	£'000	£'000	£'000	
282.9	37.7	275.4	7.5	0.0	0.0	Phase 1 works to be handed over 31st July 2008. Phase 2 works will be handed over 31st July 2008. Access through the St Runwald Street graveyard will be tendered in 2008-2009. Includes balance of Town Hall Wiring project which is linked to this programme.
123.6	30.2	123.6	0.0	0.0	0.0	Budget committed - waiting on supplier to invoice.
50.0	0.0	50.0	0.0	0.0	0.0	Project was delayed, but now progressing. Remaining spend expected to be completed in 2008-2009.
0.8	0.0	0.8	0.0	0.0	0.0	AD2005 Project is now complete. Server migration also completed. Future desktop refresh. Awaiting capital release before progressing programme.
480.1	39.4	320.1	160.0	0.0	0.0	Programme continuing, major development work now completed. Revenues & Benefits systems to improve customer service and electronic services to be undertaken. Integration to Acad module available from software vendor and integration to GIS and LMS. Budget has also been allocated to an upgrade and virtualisation of servers and networking end of life.
1,869.8	35.8	1,869.8	0.0	0.0	0.0	New capital investment agreed by Cabinet. Of this, £600k was released in 2007-2008 to enable the new telephony system to be implemented. Pilot projects established for Mobile and Fixed Line services. PP&L and Enterprise and Communities services established. Projects for Marketplace integration with Cedar and other services are being progressed. Funds are committed for 2008-2009.
2,807.2	143.1	2,639.7	167.5	0.0	0.0	

Key to Status column:

Fully Funded	FF
Partly Funded	PF
Unfunded	U

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Scheme Description	New monies				Total Programme	Status
		Total Funded Programme b/wd as at 1 April 2008	External Funding		Total Programme		
			CBC	£'000			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
EIMT							
Support for Parish Councils	Grants scheme to provide funding to Parishes in delivering projects in their areas	273.0	0.0	0.0	323.0	PF	
TOTAL		273.0	0.0	0.0	323.0		

Service / Scheme	Scheme Description	Funded						Comments
		Total Funded Programme	Forecast			Additional Funding Required		
			Spend Apr-Jun 2008/09	08/09	09/10		10/11	
£'000	£'000	£'000	£'000	£'000	£'000	£'000		
		273.0	12.4	173.0	100.0	0.0	£100k has been allocated this year for Parish schemes and a meeting to allocate this year's funds. All other funds already committed to projects spending depends on Parishes completing schemes then claiming for inevitably slip into the following year. 2007/08 actual spend was slightly in excess of £100k and will be carried forward in committed projects. This added to the new £100k in £273k at 1 April to be spent over the coming years.	
TOTAL		273.0	12.4	173.0	100.0	0.0		

Service / Scheme	Scheme Description	New monies				Total Programme	Status
		Total Funded Programme b/wd as at 1 April 2008	External Funding		Total Programme		
			CBC	£'000			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
RESOURCE MANAGEMENT							
Financial Systems Migration Project	Upgrade of Financial Systems	5.9	0.0	0.0	5.9	FF	
DDA Measures	Works to civic buildings to comply with requirements of the Disability Discrimination Act (incl. Town Hall lift)	1,414.1	0.0	0.0	1,414.1	FF	
Backlog Repairs	Required maintenance to civic buildings	0.0	0.0	0.0	150.0	U	
Site Disposal Costs	Costs of securing capital receipts	40.0	0.0	0.0	40.0	FF	
Moler Works Site	Costs associated with provision of three commercial shop units	41.4	0.0	0.0	41.4	FF	
TOTAL		1,501.4	0.0	0.0	1,651.4		

Service / Scheme	Scheme Description	Funded						Comments
		Total Funded Programme	Forecast			Additional Funding Required		
			Spend Apr-Jun 2008/09	08/09	09/10		10/11	
£'000	£'000	£'000	£'000	£'000	£'000	£'000		
		5.9	2.7	5.9	0.0	0.0	The new debtors system is now live and the transition between systems is complete. Recurring billing went live in April. Works to integrate Leisure World undertaken.	
		1,414.1	175.3	1,387.1	27.0	0.0	The Town Hall lift project commenced on site on 3rd April 2008. The project is progressing well and is expected to be delivered within the overall budget of £1.4m. The additional out of hours works costs. DDA works to all shops completed in 2007/08.	
		0.0	0.0	0.0	0.0	0.0	This budget provision is currently being reviewed alongside the new Programme.	
		40.0	8.6	40.0	0.0	0.0	A provision approved by Cabinet on 14 March 2007 to provide for a Layer Road disposal is likely to require an extra £50k for security costs.	
		41.4	0.0	41.4	0.0	0.0	Capital receipt now received of which £50k was earmarked for costs of three shop units which will provide the Council with a future revenue stream. Holder for Resources and Regeneration in November 2006 refers. Refer to be late in 2008/09.	
TOTAL		1,501.4	186.6	1,474.4	27.0	0.0		

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Scheme Description	Total Funded Programme b/wd as at 1 April 2008	New monies		Total Programme	Status	
			£'000	£'000			£'000
STREET SERVICES							
Public Conveniences	Toilet refurbishment works	582.7	0.0	0.0	582.7	PF	
Car Park Ticket Machines	Supply & installation of new pay on foot machines at St. Mary's, St. John's and Leisure World Car Parks	43.7	0.0	0.0	43.7	FF	
Shrub End Yard Redevelopment (Grant from DEFRA) + Depot Improvements + Flat Recycling Scheme	Improvements to depot	49.6	0.0	0.0	49.6	FF	
Waste Diversion / Green Waste	General provision for recycling initiatives including green waste trials etc	33.7	0.0	0.0	33.7	FF	
Cleaner Streets - investment	Investment in plant & equipment to support street care and street cleaning operations	34.3	0.0	0.0	34.3	FF	
Vehicle Replacement	Fleet replacement programme	23.4	0.0	0.0	23.4	FF	
CCTV -Transfer to Digital	Upgrade of equipment to digital format	53.8	0.0	0.0	149.8	FF	
CCTV - Section 106 installations	Provision of CCTV facilities at sites including Crouch Street, Sheepen Road and Maldon Road	33.0	0.0	0.0	33.0	FF	
TOTAL		854.2	0.0	0.0	950.2		

Total Funded Programme	Funded				Additional Funding Required	Comments	
	£'000	Forecast					£'000
		08/09	09/10	10/11			
£'000	£'000	£'000	£'000	£'000	£'000		
582.7	187.3	582.7	0.0	0.0	0.0	Refurbishment complete at Lion Walk, including the creative convenience certificates will be due in August. The rest of the public conveniences reviewed by the Portfolio Holder in line with the general review of the	
43.7	0.2	43.7	0.0	0.0	0.0	Complete. Retention payment and final invoices awaited.	
49.6	0.1	49.6	0.0	0.0	0.0	Redevelopment complete, includes installation of weighbridge, resu drainage issues in order to remain compliant with EA waste management secure fencing. Vehicle wash facility currently being installed and expenditure. Budget now also includes remaining balance from Flat Recycling to material handling facility also in progress and will result in total spend	
33.7	0.0	33.7	0.0	0.0	0.0	Trials will come forward in this financial year as part of the Waste to	
34.3	32.5	32.5	0.0	0.0	(1.8)	Plant and equipment now procured and delivered. New sweeping ro sweepers now replaced and in operation. Project complete.	
23.4	23.3	23.3	0.0	0.0	(0.1)	Small fleet replacement programme completed from vehicle R & R vehicles delivered. Project complete.	
53.8	1.5	53.8	0.0	0.0	0.0	1st phase of CCTV upgrade completed March 07. Programme under CCTV monitoring centre.	
33.0	0.0	33.0	0.0	0.0	0.0	Crouch Street camera installation complete. Sheepen Road and Maldon	
854.2	244.9	852.3	0.0	0.0	(1.9)		

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Scheme Description	New monies				Total Programme £'000	Status
		Total Funded Programme b/wd as at 1 April 2008 £'000	CBC £'000	External Funding £'000			
				08/09	09/10		
ENVIRONMENTAL & PROTECTIVE SERVICES							
Heritage Fund - incl. Roman Walls	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	102.4	0.0	46.0	348.4	PF	Following award of English Heritage Grant (£46k) towards work on currently being produced with expectation that work will commence Balkeine Hill stretch has also been commissioned.
Heritage Fund - Castle Park Interpretation	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	50.0	0.0	0.0	50.0	PF	Interpretation and signing works in Castle Park now scheduled for 2009
Heritage Fund - St Nicholas Square	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	20.0	0.0	0.0	20.0	PF	Currently no progress and scheme is currently being re-evaluated w Portfolio Holder agreement, to another heritage project.
Museum Store	Purchase, fit-out and relocation to new store	10.8	0.0	0.0	10.8	FF	All major works completed and final small sum to be spent on additional and closing of scheme expected in September.
Cemetary Extension (inc construction costs)	Acquisition of land and provision of infrastructure to enable continuation of burial services	0.0	0.0	0.0	125.0	U	Approach made to MoD to confirm proposed extension land is not at development and therefore acquisition costs should be based on the passed between Defence Estates and Garrison PFI contract managed outside the PFI and Administered by Defence Estates. It is believed and appears to be "managed" as set aside land.
Roman Circus - Interpretation/Visitor Centre	Visitor Centre for Roman Remains	94.0	0.0	0.0	94.0	PF	Funding relates to design and other preliminary work only in order to fund for implementation not yet secured. Work ongoing with Head up design proposals and public consultation exercise just completed. HLF to update them on current position and to seek guidance on be developing funding bid. First Stage HLF bid expected to be delivered
Contribution towards redevelopment of Castle Museum	Provision of match funding towards Lottery bid	0.0	0.0	0.0	100.0	U	Work on developing a First stage Lottery Bid underway. Meeting has them on current position and to seek guidance on best approaches funding bid. First Stage HLF bid expected to be delivered in Autumn
TOTAL		277.2	0.0	46.0	748.2		

Funded						Additional Funding Required £'000	Comments
Total Funded Programme £'000	Spend Apr-Jun 2008/09 £'000	Forecast			£'000		
		08/09	09/10	10/11			
148.4	0.6	118.4	30.0	0.0	0.0	0.0	Following award of English Heritage Grant (£46k) towards work on currently being produced with expectation that work will commence Balkeine Hill stretch has also been commissioned.
50.0	0.0	50.0	0.0	0.0	0.0	0.0	Interpretation and signing works in Castle Park now scheduled for 2009
20.0	0.0	20.0	0.0	0.0	0.0	0.0	Currently no progress and scheme is currently being re-evaluated w Portfolio Holder agreement, to another heritage project.
10.8	0.3	10.8	0.0	0.0	0.0	0.0	All major works completed and final small sum to be spent on additional and closing of scheme expected in September.
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Approach made to MoD to confirm proposed extension land is not at development and therefore acquisition costs should be based on the passed between Defence Estates and Garrison PFI contract managed outside the PFI and Administered by Defence Estates. It is believed and appears to be "managed" as set aside land.
94.0	0.0	94.0	0.0	0.0	0.0	0.0	Funding relates to design and other preliminary work only in order to fund for implementation not yet secured. Work ongoing with Head up design proposals and public consultation exercise just completed. HLF to update them on current position and to seek guidance on be developing funding bid. First Stage HLF bid expected to be delivered
0.0	0.0	0.0	0.0	0.0	0.0	0.0	Work on developing a First stage Lottery Bid underway. Meeting has them on current position and to seek guidance on best approaches funding bid. First Stage HLF bid expected to be delivered in Autumn
323.2	0.9	293.2	30.0	0.0	0.0	0.0	

Service / Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008			New monies			Total Programme £'000	Status
		£'000	CBC	External Funding	£'000	£'000	£'000		
STRATEGIC POLICY & REGENERATION									
Park & Ride	Costs of achieving a Colchester Park & Ride	535.0	(410.0)	0.0	125.0	FF			
Community Stadium Pre-development	Preliminary work on construction details, costs and business planning to progress the project.	(5.0)	15.0	0.0	10.0	FF			
Community Stadium - Build	Construction of new Community Stadium	4,060.0	410.0	0.0	4,470.0	FF			
B I C North	Business Incubator Units in North Colchester	2,660.2	0.0	0.0	2,660.2	FF			
Cuckoo Farm - predevelopment costs	Predevelopment activity (such as specialist input on legal, highway and environmental issues) to facilitate the commencement of the development of Cuckoo Farm	53.9	0.0	0.0	53.9	FF			
East Colchester, Hythe Regeneration	A general provision for the cost of progressing elements of the regeneration of the area from master planning to matchfunding individual projects such as B-Sure	277.1	0.0	0.0	277.1	FF			
Hythe Station Refurbishment S106	Lengthen the platforms at Hythe Station.	1,000.0	0.0	0.0	1,000.0	FF			
King Edward Quay	Transformation of Quay	546.5	0.0	46.3	592.8	FF			

Total Funded Programme	Funded				Additional Funding Required	Comments
	Spend Apr-Jun 2008/09	Forecast				
		08/09	09/10	10/11		
£'000	£'000	£'000	£'000	£'000	£'000	
125.0	0.0	125.0	0.0	0.0	0.0	Proposals for a temporary Park & Ride based upon the Community examined by ECC officers. Cabinet in March 2008 had agreed to m purpose. Works on this have now ceased. Overall Park & Ride now
10.0	6.5	10.0	0.0	0.0	0.0	No further spend anticipated.
4,470.0	3,614.4	4,030.0	440.0	0.0	0.0	Practical Completion of building achieved 11th July on schedule and anticipated by end September 2008. 3% retention to be released at
2,660.2	0.0	0.0	2,660.2	0.0	0.0	Preliminaries completed with CLG funds. Cost plan review result no affect land sale of follow-on site. This may lead to delay in implement
53.9	3.1	53.9	0.0	0.0	0.0	The allocated funding for this work has not been fully utilised but is arising from the Severalls Landowners Agreement, to prepare for th
277.1	0.0	277.1	0.0	0.0	0.0	£55k has been committed to fund works on the Public Realm at the in 2008-09 for general East Colchester budget to be reviewed.
1,000.0	0.0	1,000.0	0.0	0.0	0.0	A design is currently being developed with Network Rail. It is intend work should be carried out concurrently with resignalling works prov to November 2008.
592.8	48.3	592.8	0.0	0.0	0.0	The £300k CLG grant, which it was not possible to claim by the dea replaced by S106 funds and further work is now underway to compl

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

Service / Scheme	Scheme Description	Total Funded Programme b/wd as at 1 April 2008			New monies			Total Programme £'000	Status
		£'000	CBC	£'000	External Funding	£'000			
							£'000		
LIFE OPPORTUNITIES (1)									
Community Development - St Annes: Contribution towards community facility	New community centre in Harwich Road	29.3	0.0	0.0	0.0	29.3	FF		
Improving Life Chances	A general provision to enable the Council to support work in improving life chances such as the provision of new community facilities	32.0	70.0	15.0	252.0	PF			
St Annes Community Centre - Section 106	Car Park Improvements	29.9	0.0	0.0	29.9	FF			
Hythe Community Centre S106	Improvements incl. conversion of garage to storage, works to windows and doors and boiler replacement	0.2	0.0	0.0	0.2	FF			
Mandatory Disabled Facilities Grants	Disabled Facility Grants	1,111.5	0.0	0.0	2,111.5	PF			
Highwoods Community Facilities	Social Meeting Place	19.0	0.0	0.0	19.0	FF			
St Annes MUGA	Provision of multi use games area	90.4	0.0	0.0	90.4	PF			
Old Heath MUGA Installation & Landscape Improvements	Works to recreation ground	75.0	0.0	0.0	75.0	FF			

Comments	Funded						
	Total Funded Programme £'000	Spend Apr-Jun 2008/09 £'000	Forecast			Additional Funding Required £'000	
			08/09	09/10	10/11		
			£'000	£'000	£'000		
	29.3	0.0	29.3	0.0	0.0	0.0	
Figure at 1 April, £32k is made up of £11k underspend which was not spent this year, £21k contribution is for works requested for the following projects: £20k for the SoS bus re-fit, £10k for CAB moving expenses (spent by September), £10k for Wt towards buying new building (spent by Sept), £5k contribution to end July), £20k to enable the Hythe Community Centre Association the building (this spend will be longer term), £5k as contribution towards and community centres in Colchester (this will be spent in November section 106 monies which has already been spent on Myland Parish	117.0	15.0	97.0	20.0	0.0	0.0	
The work to improve the car park at the St Annes's Community Centre made in July.	29.9	0.0	29.9	0.0	0.0	0.0	
S106 funds released in first phase = £3,960.32. S106 funds released third release of £1,821.25 was made in January 2008. Remaining to be released is £13,852.56.	0.2	0.0	0.2	0.0	0.0	0.0	
Spend on this area of work is very much demand led. The process straddle two financial years because by law it must be available to in We are allowed 6 months to determine any valid application from the applications waiting at end of December 2007 were approved. However work was not completed by the end of the financial year and there was DFG allocation for 2008/9 is already 60% committed. This year's budget May 2008, the Government changed the eligibility criteria to increase £30,000. Also, there was a change to the means testing requirements applicants through the means testing scheme. Demand for DFG is anticipated that by early September 2008, we will need to employ a and/or provide extra funding. Without additional funding, we will again approval timescale. We are currently looking into other funding options	1,111.5	148.5	550.0	561.5	0.0	0.0	
This scheme is linked to a United Solutions initiative to create a social estate - site now identified following consultation with young people caused considerable delay and is still not sufficiently resolved to allow	19.0	0.0	19.0	0.0	0.0	0.0	
External funding secured from Football Foundation (£55,000) and U £10,000 contribution also agreed from Life Chances programme. PI commenced in June 2008 and is on course for completion by the end of the financial year. This is also currently on budget.	90.4	27.7	90.4	0.0	0.0	0.0	
Designs and layout being discussed with local resident representatives additional complementary facilities being explored by resident group 2008/09.	75.0	0.0	75.0	0.0	0.0	0.0	

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Service / Scheme	Scheme Description	Total Funded Programme b/wd as at 1 April 2008			New monies			Total Programme	Status
		£'000	CBC	£'000	£'000	External Funding	£'000		
LIFE OPPORTUNITIES (2)									
Open Space Land Acquisition/Opportunity Purchases	Fund for purchase of open space land and other opportunity purchases	53.0	100.0	0.0	153.0	0.0	153.0	FF	
Castle Park - Playground Refurbishment	Refurbishment of Playground	110.0	0.0	0.0	110.0	0.0	110.0	FF	
Mersea Pontoon	Safety works to quay + replacement of Pontoon	75.5	(62.2)	0.0	13.3	0.0	13.3	FF	
Distillery Lane Playground - Section 106	Provision of children's play equipment	35.0	0.0	0.0	35.0	0.0	35.0	FF	
East Bay Playground - Section 106	Installation of local equipped play area in East Bay Recreation Ground	0.0	0.0	41.3	41.3	0.0	41.3	FF	
St Leonard's Church Wall	Repair & rebuild boundary walls to a closed churchyard	353.0	0.0	0.0	353.0	0.0	353.0	FF	
Resource Centre - Highwoods Country Park S106	Provision of Resource Centre	104.2	0.0	0.0	104.2	0.0	104.2	PF	
Groundsmen's Building Castle Park S106	Improvements and building modifications to provide accommodation for Castle Park rangers and grounds maintenance contractors	45.6	0.0	0.0	45.6	0.0	45.6	FF	
Mill Road Play Area/Youth Facility	Provision of Play Area and Youth Facilities	99.4	0.0	0.0	99.4	0.0	99.4	FF	
Highwoods Country Park Improvements - Section 106	Design and construct new car park, new landscaping and visitor information, repair main culvert	52.5	0.0	0.0	52.5	0.0	52.5	FF	
East Bay Open Space Section 106	Works to improve site access and interpretation of the river and adjacent mill	0.0	0.0	41.3	41.3	0.0	41.3	FF	
Castle Park Improvements Section 106	Design work to create plans showing overall improvements to the park in a coordinated approach	0.0	0.0	2.3	2.3	0.0	2.3	PF	
Town Centre Signs (Phase 2)	Extension of Town Centre signage scheme	90.0	0.0	0.0	90.0	0.0	90.0	U	

Total Funded Programme	Forecast						Additional Funding Required	Comments
	£'000		£'000		£'000			
	0.0	0.0	0.0	0.0	0.0	0.0		
153.0	0.0	153.0	0.0	0.0	0.0	0.0	Remaining funds (£53k) available for other open space acquisitions balances to fund future opportunity purchases.	
110.0	0.0	110.0	0.0	0.0	0.0	0.0	Refurbishment of existing play area has been delayed by English Heritage disturbance of archaeological remains on the current play area site installed. This is in spite of the play area having been previously re-discussion has taken place and alternative adjacent areas are being forward. Scheme being drawn up that will provide greater integration and new play area site. Impact of nursery site access road being completed on the quay.	
13.3	5.7	13.3	0.0	0.0	0.0	0.0	Floating pontoon installed and DEFRA grant received in 2008-2009 completed on the quay.	
35.0	0.0	35.0	0.0	0.0	0.0	0.0	Order placed using Section 106 funds specific to this project. Work Remaining S106 funds to be transferred to maintenance.	
41.3	0.0	41.3	0.0	0.0	0.0	0.0	Work commenced on site July 2008 funded from Section 106 monies	
353.0	18.3	33.0	320.0	0.0	0.0	0.0	Works being retendered - problems experienced obtaining facility undertaken in Spring 2009.	
104.2	0.0	9.2	95.0	0.0	0.0	0.0	Initial design proposals arising from LACM initiative are not affordable solution being sought and/or additional funding sources.	
45.6	41.4	45.6	0.0	0.0	0.0	0.0	Works complete except for some snagging items - payments being	
99.4	0.0	99.4	0.0	0.0	0.0	0.0	Work commenced July 2008. Project being funded with assistance for People Fund.	
52.5	0.0	52.5	0.0	0.0	0.0	0.0	New scheme for 2008/2009 being funded from section 106. Funding	
41.3	0.0	41.3	0.0	0.0	0.0	0.0	Design work progressing to deliver site improvements and riverside Section 106 contribution.	
2.3	0.0	2.3	0.0	0.0	0.0	0.0	Money released from Section 106 to produce outline drawings for improvements, subsequent consultation and costed grant applications	
90.0	0.0	90.0	0.0	0.0	0.0	0.0	Phase 2 works programmed for installation in 2008 following release	

Service / Scheme	Scheme Description	Total Funded Programme b/fwd as at 1 April 2008	New monies		Total Programme	Status
			CBC	External Funding		
		£'000	£'000	£'000	£'000	
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)						
Angel Court Atrium Roof	Replacement of Atrium Roof	(0.3)	0.3	0.0	0.0	FF
Angel Court Air Conditioning	Upgrade to Air Conditioning System	3.4	(3.4)	0.0	(0.0)	FF
S106 Env Improvements, Church Rd, Tipree	Environmental works funded from Section 106 contribution	0.0	0.0	15.0	15.0	FF
St Johns & St Mary's Car Parks - Anti-corrosion Deck Coatings	Works to car parks	4.0	(4.0)	0.0	0.0	FF
Footway - New Rd, Tipree	Footway works funded from Section 278 agreement	5.0	(5.0)	0.0	0.0	FF
Visitor information Centre - Refurbishment	VIC Refurbishment	3.0	(3.0)	0.0	0.0	FF
Shub End Sports Ground Project	Installation of all weather pitch & improvements to Pavilion	(0.6)	0.6	0.0	(0.0)	FF
Bus Shelter Hythe Hill	Installation of new bus shelter to serve Hythe Hill/Maudlyn Way (funded by S106 agreement)	0.1	(0.1)	0.0	(0.0)	FF
Heritage Econ Regen Scheme - Town Centre Queen St, East Bay & East St (HERS)	English Heritage Grant scheme	4.5	(4.5)	0.0	0.0	FF
Customer Service Centre (Offices)	Works to CSC offices	14.6	(14.6)	0.0	0.0	FF
Jarmin Road - relocation / prelims.	Costs associated with sale of Jarmin Road site	(32.2)	32.2	0.0	0.0	FF
Youth Parliament	Projects linked to Youth Council	6.9	(6.9)	0.0	0.0	FF
TOTAL		8.4	(8.4)	15.0	15.0	

Total Funded Programme	Spend Apr-Jun 2008/09	Forecast			Additional Funding Required	Comments
		08/09	09/10	10/11		
£'000	£'000	£'000	£'000	£'000	£'000	
0.0	(0.8)	(0.8)	0.0	0.0	(0.8)	Works complete. Credit relates to VAT adjustment.
(0.0)	2.7	2.7	0.0	0.0	2.7	Late invoice received for final works. Small credit taken from this bu
15.0	15.0	15.0	0.0	0.0	0.0	Works complete.
0.0	0.0	0.0	0.0	0.0	0.0	Works complete.
0.0	0.0	0.0	0.0	0.0	0.0	Works complete.
0.0	0.0	0.0	0.0	0.0	0.0	Works complete.
(0.0)	0.0	0.0	0.0	0.0	0.0	Scheme complete .
(0.0)	0.0	0.0	0.0	0.0	0.0	Works complete.
0.0	0.0	0.0	0.0	0.0	0.0	Scheme now closed.
0.0	0.0	0.0	0.0	0.0	0.0	Works complete.
0.0	0.0	0.0	0.0	0.0	0.0	0.0 Sale of Jarmin Road completed.
0.0	0.0	0.0	0.0	0.0	0.0	Scheme closed.
15.0	16.9	16.9	0.0	0.0	1.9	

Capital Programme 2008/09 - Appendix E (as reported to FASP 19 August 2008)

The following schemes form part of the capital programme, however, it was agreed by Cabinet that further releases from the programme would be based on securing specific Government grants

Housing Schemes Dependent on Specific Grants	Scheme Description	Total Funded Programme b/fwd as at 1 April 2008				New monies			Total Programme	Status
		£'000	918.2	0.0	0.0	CBC	External Funding			
							£'000	£'000		
Assistance to Registered Social Landlords	Support to affordable housing schemes		918.2	0.0	0.0			1,024.5	PF	
Private Sector Renewals - Loans and Grants	Loans and grants to private householders		619.3	0.0	0.0			713.0	PF	
TOTAL			1,537.5	0.0	0.0			1,737.5		

Total Funded Programme	£'000	Spend Apr-Jun 2008/09	Forecast			Variance	£'000	Comments
			08/09	09/10	10/11			
918.2		0.0	420.0	498.2	0.0		The expenditure forecast for 2009/10 includes the major part of the 2007 and £229k notified in April 2008 from the Regional Housing Programme (subject to a PH report). A small proportion of this 2009/10 to fund a pilot scheme which aims to increase the number of our RSL partners for people with disabilities. With Regular rounds through the Housing Corporation on a quarterly basis we are where opportunities arise in order to increase design and quality standards. This could result in money in this budget being committed of a RME bid is known and if the RME bid is not successful the monies commitment and re-allocated at the next RME round.	
619.3		54.8	300.0	319.3	0.0		Spend on this area of work is demanded. The process can be lengthy financial years. This is due to the fact that an approval notice is a letter approved. When aiming to spend this budget and improve housing expenditure will be incurred broadly evenly over last year, this year spend in Quarter 1 relates to commitments from 2007/08.	
1,537.5		54.8	720.0	817.5	0.0			

Service / Scheme	Scheme Description	Total Funded Programme b/fwd as at 1 April 2008				New monies			Total Programme	Status
		£'000	3,791.0	0.0	0.0	CBC	External Funding			
							£'000	£'000		
HOUSING REVENUE ACCOUNT										
Decent Homes & Upgrades	Scheme to bring council housing stock up to Decent Homes standard together with other upgrade works		3,791.0	0.0	0.0			3,791.0	FF	

Total Funded Programme	£'000	Spend Apr-Jun 2008/09	Forecast			Additional Funding Required	£'000	Comments
			08/09	09/10	10/11			
3,791.0		573.4	1,500.0	2,291.0	0.0		In September 2003 the Council committed to achieving the Decent Homes programme before the end of December 2007. It is now accepted that this date will not be met and cost to complete the programme, and this is underwritten by the letter to CLG on the 3 June 2008 and the specific functions will be subject to OJEU regulations which may delay the resources from 2008/09 will be carried forward to deliver a programme	



Colchester

Cabinet

9 July 2008

Item

8a

Report of	Head of Financial Services	Author	Sean Plummer
			☎ 282347
Title	2009/10 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 2007/08 and 2008/09**
- **The budget forecast and timetable for the 2009/10 budget**
- **An updated Medium Term Forecast for the period to 31 March 2011**
- **An update of the Revenue Balances and Capital Programme**

And asks Cabinet to approve:

- **Contribution to reserves**
- **Funding for a number of budget pressures**
- **The release of funding for capital projects**

1. Decisions Required

- 1.1. To note the pre-audit outturn position for the financial year 2007/08 and approve contributions of £250k to the Renewals and Repairs Reserve, £130k to the Regeneration Reserve and £100k contribution to the capital expenditure reserve for opportunity purchases and funding of items set out at paragraph 3.2.
- 1.2 To note the budget forecast, approach and timetable for the preparation of the 2009/10 budget.
- 1.3 To note the updated Medium Term Financial Forecast for the period to 31 March 2011 as set out at Appendix A.
- 1.4 To note the latest position in respect of the Capital Programme and agree to the proposed funding changes and release of funding as set out at paragraph 7

2. Reasons for Decisions

- 2.1 The Council is required to approve a financial strategy and timetable in respect of the financial year 2009/10 and a Medium Term Financial Forecast for the two subsequent financial years.

3. Financial Overview 2007/08 and 2008/09

3.1 *Financial Year 2007/08*

The Pre-Audit Outturn report for the year to 31 March 2008 has been presented to the Finance and Audit Scrutiny Panel (FASP) on 30 June 2008. A draft Statement of Accounts was considered by the Accounts and Regulatory Committee on the same day.

- 3.2. The overall position shows a net underspend on budgets of £1,428k after allowing for a number of agreed carry forward items. This position is primarily as a result of additional income and can be attributed to additional LABGI (Local Authority Business Growth Incentive) grant together with additional income from investment interest. As a consequence this will allow the Council to strengthen its reserves and provisions and to provide for a number of emerging budget items. In summary, the following actions are recommended:

Strengthening Reserves:-

- The budget for 2008/09 assumed a contribution from balances of £450k to support the revenue budget whilst still preserving balances at the agreed prudent level.
- £250k contribution to the Repairs and Renewals Reserve, towards the cost of the five-year buildings maintenance programme.
- A contribution of £130k to the Regeneration Reserve to finance non-recurring expenditure during the key period the regeneration areas are being developed. Any spending from the Reserve will continue to be approved through normal reporting channels.
- £100k contribution to the capital expenditure reserve for opportunity purchases.

Funding emerging pressures:-

- £100k towards an extended operating times for the Concessionary Fares scheme subject to Portfolio Holder decision the scheme hours will be from 9:00 to midnight.
- £85k of the LABGI grant to fund economic development initiatives.
- £15k of the LABGI grant to support the SOS bus initiative.
- £70k to fund one off costs to enable services to deliver efficiencies and generate income.
- £55k to fund ongoing work and existing commitments such as Diversity work, tree replacement, Strategic Plan consultation, and sustainability projects.

- 3.3. Based on the recommendations at paragraph 3.2 a net underspend of £173k will be added to General Fund balances. This is reflected in section 6 of this report.

3.4 *Financial Year 2008/09*

Although it is early in the financial year to report on the overall position of the 2008/09 budget, it should be recognised that the budget included a number of challenging savings targets. At this early stage, the budget is in balance but careful monitoring will be required to ensure no overall overspending is incurred.

4. Budget Forecast for 2009/10

4.1 Appendix A sets out a budget forecast for 2009/10 and a Medium Term Financial Forecast for the subsequent two years including the key assumptions. The current forecast budget gap for 2009/10 is £595k, summarised below:-

	2009/10
	£'000
<i>Base Budget</i>	23,998
Less: One-off items	(807)
Cost Pressures	348
Inflation	740
Growth Items	57
Savings / income	(168)
Forecast Base Budget	24,168
<i>Funded By:</i>	
Government Grant	(12,681)
Council Tax	(10,299)
Collection Fund Surplus	(60)
Use of Reserves	(533)
Total Funding	(23,573)
Budget Gap before additional savings	595

4.2 The key assumptions in respect of the 2009/10 forecast are:

- Additional cost pressures total £348k and includes provision of £148k for additional pension fund contributions as part of the most recent pension fund review and an allowance of £100k in respect of a potential increase in the costs of the concessionary fares scheme
- Inflation has been allowed for at 2.9% and this forecast will be reviewed as the budget cycle develops with consideration given to different rates for different budgets and current market forecasts.
- Strategic and service related growth has been assessed at £57k in respect of changes to the net revenue impact of the community stadium and costs included in the review of Planning, Protection and Licensing.
- Forecast Revenue Support Grant has been assessed based on the 3 year grant settlement announced as part of the Comprehensive Spending Review 07.
- An increase in Council Tax of 2.9% (in line with the increase applied in 2008/09) has been included together with an increase in the Council Tax Base (the equivalent number of Band D properties) of 2%. These assumptions will need to be reviewed as the 2009/10 Budget process progresses.

4.3 There are a number of significant budget risks that may affect the 09/10 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 throughout the budget process.

- 4.4. In summary there is a forecast budget gap of circa £595k. However, given the level of risks it is possible that further savings will be required to produce a balanced budget.

Delivering the 2009/10 Budget

- 4.5. 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 08/09 was based upon

- Setting each service an efficiency target
- Carrying out targeted budget review of agreed areas
- Reviewing our approach of setting cross cutting savings targets (e.g. procurement and staff costs)
- Consideration of income charging options

- 4.6. For 2009/10 it is proposed to build on these approaches but to also make a number of improvements to the process.

- 4.7. Appendix B sets out diagrammatically the four main stages of the budget process:-

- *Stage 1 - Planning & Priorities (overview, assumptions & timetable)*
- *Stage 2 – Detailed Review, Challenge and Decisions (focused detailed review work)*
- *Stage 3 - Detailed budgets and Scrutiny (including consultation)*
- *Stage 4 - Final Report and Medium Term view (final decision-making and balanced longer term plans)*

At the centre of this process is the development of the Strategic Plan which the budget will need to reflect and address the resulting financial implications.

- 4.8. Commentary on the four stages of the process is also set out at Appendix B along with a summary timetable.

- 4.9. The Council's approach to budgets has always been to consider the longer-term impact of decisions. The budget process for 2009/10 will build on this by recognising that some service changes (reductions, income and growth) will often be delivered over a period longer than a year.

Housing Revenue Account (HRA)

- 4.10. 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. This year 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.

5. Medium Term Financial Forecast

- 5.1. The Medium Term Financial Forecast (MTFF), as set out at Appendix A, shows a potential budget gap of £1.5m by 2011/12, an annual increase of circa £0.6m. The key factors affecting the budget gap in later years are:-
- Reducing use of Capital Expenditure Reserve to contribute towards accommodation costs
 - Increasing pensions costs (based on actuarial review)
- 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 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 does also show 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 2009/10 budget progresses.
- 5.4. In summary the MTFF sets out what is likely to continue to be a challenging financial outlook. 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 2008, including the action set out within this report at paragraph 3.2, uncommitted revenue balances currently stand at £1.887m. This compares with the approved minimum balance following a risk management review of £1.7m.
- 6.2 At this stage it would appear that revenue balances are £187k in excess of the minimum required and a further risk management review will be undertaken during the budget process to establish what flexibility the Council will have in funding future years' revenue budgets from balances. However, it should be stressed that it would not normally be prudent to finance ongoing spending commitments from a one-off contribution from balances.
- 6.3. The Council also maintains a number of earmarked reserves and provisions, which allows it to prudently plan for future expenditure requirements. These are set out within the MTFF at Appendix A.
- 6.4. As part of the budget process a review will be undertaken into the level and appropriateness of earmarked reserves and provisions.
- 6.5. It is worth noting that with ongoing renaissance projects the level of risks is likely to remain an issue over the next few years and we will consider the impact of this on all our reserves.

7. Capital Programme Update

7.1 There are some specific issues affecting the capital programme for Cabinet to consider. However, initially a summary of some of the key points for Cabinet to note in respect of the Capital Programme for the period 2008/09 to 2010/11 are set out below:

- Cabinet approved on 12 March 2008 a release of funds totalling £2,998k.
- Some resources have been released to support decent homes spend in line with the report to Cabinet on 21 May 2008.
- In total overall resources exceed the capital programme by circa £250k.
- A further review of the capital programme is scheduled to take place at the September Cabinet meeting.
- The Council's current Capital Programme remains funded based on current capital receipt projections
- The report to FASP on 30 June 2008 showed a general underspend on the funded programme of £87.8k.
- The firstsite:newsite project is currently projected to be over budget and over time
- There remain a number of other risks and pressures within the capital programme.

7.2. Against this position there are three specific issues to consider:-

- Community Stadium project
- Request for release of funding for Life Chances projects
- Consideration of Local Authority Carbon Management (LACM) funding

Community Stadium

7.3. The building contract with Barr was let on a design and build basis. While this had a fixed price the Council has retained some exposure to risk, for example, in securing approval from the Safety Advisory Group (SAG) which issues the certificates necessary to open the new facility for League football matches. The Council (and the Club) has also opted to make changes as the design details have developed to improve the quality of the finished product. These change orders fall into four main categories:

- Club changes – changes requested by the Club to improve functionality. The Club will pay for all these changes.
- Sustainability measures - considered and agreed by choice by Cabinet on 17 October 2007 to improve the building's sustainability
- Bus facilities and adoption of Bosted Road access – here significant changes have been made to the tendered design due to subsequent planning requirements and a desire to maximise the potential of this facility for public transport at this location eg to support the temporary park and ride. The changes now mean that the Council is getting a 10 bay bus station and formal adoption of the through route as a public highway
- Expenditure on general unforeseen items i.e. genuine contingency costs

- 7.4. In terms of resources, after taking into account agreed payments that will come from the Club and the further £500,000 released by Cabinet on 17 October 2007 there is a net shortfall in funding of between £260,000 and £410,000 depending upon the outcome of the risk issues identified. It is proposed that this is funded from the budget available to support Park and Ride.

Life Chances – release of funding

- 7.5. £135k is provided within the capital programme to enable the Council to support work in improving life chances. A number of potential projects have been identified and it is proposed that £70k is released from this budget to enable the relevant Portfolio Holder to agree the detailed schemes. One of the proposed projects to be supported is the £20k towards the SOS bus scheme. As this report set out earlier a further £15k towards the one off capital cost of this scheme is also proposed from last year's revenue budget surplus.

Local Authority Carbon Management (LACM)

- 7.6. Cabinet agreed to adopt the Council's Local Authority Carbon Management Strategy at the meeting on 12 March 2008. This included a series of projects for the Phase1 of the programme. The financial implications of the programme were set out within the report and this highlighted that whilst funding was available for some projects the Council would need to consider including funding shortfalls within the capital programme and revenue budget.
- 7.7. The proposals at paragraph 3.2 includes a contribution towards some of the smaller projects in Phase 1 but there remains a shortfall of capital funding. The previous report to Cabinet identified that the option of using Salix Funding via the Carbon Trust would be explored. This would be an interest free loan but would also include a number of lending criteria which may prove restricting for the Council in implementing projects. An alternative solution could be for the Council to consider using our prudential borrowing powers to borrow to finance capital projects with the financial savings from improved energy efficiency use to fund financing costs.
- 7.8. It is proposed that the different options be explored in detail and a suggested approach put forward to Cabinet in September alongside the full review of the capital programme.

8. Strategic Plan References

- 8.1 The 2009/10 budget and the Medium Term Financial Forecast will be underpinned by the Strategic Plan priorities.

9. Financial implications

- 9.1 As set out in the report.

10. Risk Management Implications

- 10.1 As set out in report.

11. Consultation

- 11.1. The Council is required to consult on its budget proposals. A major consultation exercise was undertaken in 2005/06 as part of Strategic Plan refresh which is the key driver for the budget.

11.2 A review of the Strategic Plan is due to take place this Summer and will include consultation. This work will help to inform the Strategic Plan and the Council's priorities which will in turn be reflected in budget decisions. In addition, this consultation will include specific consideration of budget proposals.

11.3 Furthermore, we will continue with the statutory consultation with business ratepayers.

12. Other Standard References

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

Background Papers

Finance & Audit Scrutiny Panel Report – 30 June 2008

Medium Term Financial Forecast 2008/09 – 2011/12

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 2008/09 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 2009/10 and beyond
- The current position on Council General Fund balances including the risk assessment for 2008/09
- The current position on all other reserves and balances

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

2. 2008/09 Budget

Colchester's total net revenue budget for 2008/09 is **£24 million**.

The budget is funded primarily by central government grant and Council Tax as follows:

	£'000
Net Budget	23,998
Funded by:	
Government Grant	12,385 (51%)
Council Taxpayers	9,812 (41%)
Collection Fund Surplus	135 (1%)
Use of Balances / Reserves	1,666 (7%)
	23,998

The following table sets out a summary of the 2008/09 budget including changes made from the previous year.

2008/09 Summary Budget

Service / Area	Adj. Base Budget	Inflation	Base + Inflation	One-off items	Cost Pressures	Growth	Total Savings	Detailed Budgets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	283.9	5.7	289.6	0.0	30.6	0.0	2.7	322.9
ICT	2,068.0	42.9	2,110.9	0.0	0.4	0.0	(68.0)	2,043.3
EMT	816.2	21.5	837.7	0.0	20.6	50.0	(3.0)	905.3
Corporate	4,242.3	106.6	4,348.9	0.0	115.0	51.0	(49.0)	4,465.9
Customer Service Centre	1,059.4	30.6	1,090.0	0.0	0.2	0.0	(42.0)	1,048.2
Enterprise & Communities (incl. Renaissance)	244.5	57.3	301.8	(187.0)	53.5	216.0	(198.0)	186.3
Financial	4,365.9	143.6	4,509.5	0.0	700.8	0.0	(597.5)	4,612.8
Housing & Environmental Planning, Protection & Licensing	1,635.9	53.6	1,689.5	0.0	0.5	447.0	(322.0)	1,815.0
Street & Leisure	7,147.7	220.1	7,367.8	0.0	253.2	147.0	(275.0)	7,493.0
TOTAL SERVICES	24,372.8	755.0	25,127.8	(187.0)	1,259.2	988.0	(1,596.8)	25,591.2
Corporate / Technical Items								
Procurement Savings	(127.4)	0.0	(127.4)	0.0	0.0	0.0	(100.0)	(227.4)
Support Services	(65.0)	0.0	(65.0)	0.0	0.0	0.0	16.8	(48.2)
Advertising	(170.0)	0.0	(170.0)	0.0	0.0	0.0	100.0	(70.0)
LABGI	(110.0)	0.0	(110.0)	0.0	110.0	0.0	0.0	0.0
Grants to Parish Councils	202.0	0.0	202.0	0.0	0.0	0.0	0.0	202.0
CLIA (net interest)	(879.0)	0.0	(879.0)	0.0	0.0	0.0	(300.0)	(1,179.0)
Min Revenue Provision (MRP)	11.0	0.0	11.0	0.0	93.4	300.0	0.0	404.4
Pensions	1,906.2	0.0	1,906.2	0.0	195.0	0.0	0.0	2,101.2
Provision for one-off costs	0.0	0.0	0.0	0.0	0.0	0.0	165.0	165.0
ECC - Second Homes	(112.0)	0.0	(112.0)	0.0	(12.0)	0.0	0.0	(124.0)
Heritage Reserve	22.0	0.0	22.0	0.0	0.0	0.0	0.0	22.0
Regeneration Reserve	110.0	0.0	110.0	(110.0)	0.0	50.0	0.0	50.0
GF / HRA								
Adjustment	(2,352.1)	(93.8)	(2,445.9)	0.0	62.4	0.0	10.0	(2,373.5)
Pay Savings	(500.0)	(15.0)	(515.0)	0.0	0.0	0.0	0.0	(515.0)
Total Corporate / Technical items	(2,064.3)	(108.8)	(2,173.1)	(110.0)	448.8	350.0	(108.2)	(1,592.5)
Total	22,308.5	646.2	22,954.7	(297.0)	1,708.0	1,338.0	(1,705.0)	23,998.7
Funded by:-								
General Reserves	(215.0)	0.0	(215.0)	215.0	(142.0)	(300.0)	(165.0)	(607.0)
Capital Expenditure Reserve	(400.0)	0.0	(400.0)	0.0	0.0	(351.0)	0.0	(751.0)
Regeneration Reserve	(297.0)	0.0	(297.0)	297.0	(62.0)	(216.0)	0.0	(278.0)
Regeneration Reserve (other)	(35.0)	0.0	(35.0)	35.0	0.0	0.0	0.0	0.0
Other Reserves-s.106 monitoring	0.0	0.0	0.0	0.0	0.0	(30.0)	0.0	(30.0)
RSG & NNDR	(11,948.0)	0.0	(11,948.0)	0.0	0.0	0.0	(437.0)	(12,385.0)
Council Tax	(9,353.0)	0.0	(9,353.0)	0.0	0.0	0.0	(459.7)	(9,812.7)
Collection Fund								
Transfer	(60.0)	0.0	(60.0)	0.0	0.0	0.0	(75.0)	(135.0)
Total	(22,308.0)	0.0	(22,308.0)	547.0	(204.0)	(897.0)	(1,136.7)	(23,998.7)

3. Budget Forecast 2008/09 to 2011/12

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

Medium Term Financial Forecast				
2008/09 to 2011/12				
	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
Base Budget	22,308	23,998	24,168	25,298
Remove one-off items	(297)	(807)	(71)	(150)
Cost Pressures	1,708	348	432	210
Inflation	646	740	740	740
Growth Items	1,610	57	59	(11)
Savings	(1,439)	(155)	(15)	0
Gov't Grant - Conces. Fares	(538)	(13)	(15)	
Forecast Base Budget	23,998	24,168	25,298	26,087
Government Grant	(12,385)	(12,681)	(12,911)	(12,911)
Council Tax	(9,812)	(10,299)	(10,810)	(11,324)
Collection Fund Surplus	(135)	(60)	(40)	(40)
Use of Reserves	(1,666)	(533)	(296)	(285)
Total Funding	(23,998)	(23,573)	(24,057)	(24,560)
Budget (surplus) / gap before changes (cumulative)	0	595	1,241	1,527
Annual increase		595	646	286

Key Assumptions

Inflation - Average 2.9%

Gov't Grant – Increase in line with 3 year settlement. As an initial assessment, the grant for 2010/11 assumed to be at a cash standstill.

Council Tax – 2.9% increase + 2% increase in tax base assumed for 09/10 and future years

Pensions forecast in-line with Actuarial review for 08/09, 09/10 & 10/11. Next review will impact in 11/12 and a planning assumption of £100k has been assumed.

Cost Pressures

Pensions	190	148	154	100
MRP (Minimum Revenue Provision)	95	100	13	10
Concessionary Fares	700	100	100	100
Core Strategy Examination (one-off)	86		150	
NNDR-Empty Rates (one-off)	62			
Strategic Plan (one-off)	20			
Best Value Surveys (one-off)	15		15	
Loss of Magistrates Court Income	30			
Members Allowances	70			
End of LABGI scheme <i>(note: new scheme from 09/10)</i>	110			
Impact of car park charges / usage	250			
General Fund / HRA impact	50			
Additional external audit fees	30			
Total	1,708	348	432	210

Growth Items				
PDG (one-off through use of grant rec'd in 07/08)	170	0	0	
Planning, Protection & Licensing (P, P & L) Review (incl. one-off)	354	80	70	
Community Stadium – MRP (offset by use of reserves)	300	(23)	(11)	(11)
Colne Estuary & Coastal P'Ships	5			
Colchester Festival	80			
Partnership Working - Braintree	50			
Provision of recycling sacks	142			
Provision for regeneration costs (one off)	50			
ICT Strategy (project support + IT training) (partly one off)	51			
Christmas lights	50			
Investment in recycling / street cleaning	192			
Renaissance Team – Resources (one-off)	166			
Total	1,610	57	59	(11)

Savings / additional Income				
Efficiency Targets	238			
Procurement	100			
Advertising	(100)			
Specific Savings	484			
P, P & L Review - Increased planning income	310	75	15	
Borough Elections (one-off)		80		
Increase in recycling credits	100			
ECC contr'n towards recycling	172			
CLIA (net interest)	300			
Less: one off costs to deliver budget (one-off)	(165)			
Total	1,439	155	15	0

Use of Reserves				
Balances	607			
S106 monitoring reserve	30	30	30	30
Regeneration Reserve	278			
Capital Expenditure Reserve:-				
Accommodation	400	205	0	0
Community Stadium	300	277	266	255
ICT Strategy	51	21		
Total	1,666	533	296	285

4. Risk Areas / Uncertainty

There are several key risk areas or areas where the outcome is uncertain which will impact on the 2009/10 budget forecast and potentially in later years. The main areas are:-

Ref	Risk / Area of uncertainty	
1	<i>White paper – Strong and prosperous communities</i>	The White Paper set out a number of important financial issues for the Council. These include responding to the proposals concerning communities, neighbourhoods and place-shaping and the impact of the new performance management framework and proposals around efficiency. The latter includes ambitious targets for efficiency savings (3% cashable savings over the next three years) and involving greater collaboration and partnership working.
2	<i>Government Grant and the Comprehensive Spending Review 07 (CSR07)</i>	Details of the CSR07 were announced last year alongside a 3-year grant settlement. The grant Settlement for the last 2 years in this period (09/10 and 10/11) shows an increase of 2.4% and 1.8% respectively. Our housing target to achieve is 17,100 by 2021 and we are currently the highest district housing producer in the region on an annual basis. This requires a grant settlement that allows us the funding needed to provide basic services. The reducing Settlement will place pressures on Council budgets.
3	<i>Pensions</i>	An allowance has been built in for increases in pensions costs based on the results of the recent actuarial review and therefore are fixed for the next two years.
4	<i>Concessionary Fares</i>	The budget for 2008/09 includes a cost pressure of £700k in respect of concessionary fares. This has been partly offset by Government grant of £538k for the extension to a national scheme. The Government has announced grant support for the following two years of £551k and £566k. The service is demand led and therefore costs are uncertain and therefore there remains a risk that with grant details already fixed we may face a funding shortfall.
5	<i>Fees and charges / Income</i>	As has been seen in the past few years we have experienced pressures arising from changes in income levels. In 2007/08 we have experienced forecast shortfalls in income in respect of sport and leisure income and car park revenue (on and off street). This has been considered as part of the 2008/09 budget but remains a risk that we will monitor next year. In addition, as part of the 2008/09 budget revised assumptions were included in respect of recycling credits and which will again be closely monitored. The budget strategy for 09/10 includes a review of all fees and charges.
6	<i>Inflation</i>	An allowance for general inflation has been built into the 09/10 forecast and MTFF. This includes an allowance based on pay and other costs as well as an assumed level of increase in fees and charges. In view of current economic conditions we will consider in more detail the level of inflation provision provided as the budget progresses.

Ref	Risk / Area of uncertainty	
7	<i>Use of reserves</i>	The MTFF makes assumptions regarding the use of general reserves and specific reserves. It is assumed that use of reserves is in line with current proposals and therefore any further calls on these sums may add pressures to the budget.
8	<i>Legislation</i>	There may be new legislation over the life of the MTFF for which any available funding may not cover costs.
9	<i>Government grants and partnership funding</i>	The Council's budget has changed over recent year's 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. The budget forecast makes an assumption regarding Planning Delivery Grant (PDG) that will be received in 2008/09 and also confirms that there will be no LABGI grant in 2008/09. A revised LABGI scheme is due to start from 2009/10. No assessment has yet been built in to the 2009/10 forecast or MTFF for either LABGI or PDG.
10	<i>Impact of renaissance programme e.g. car park closure and staff resources</i>	As the renaissance programme progresses there will be an impact on income from car park income due to temporary and permanent closure of certain car parks. We are currently using the Regeneration Reserve to meet some staffing costs to provide increased capacity to deliver the renaissance programme. The budget forecast includes funding for 2008/09 to ensure that the team can continue work but no allowance has been provided beyond this.
11	<i>ICT strategy – change programme</i>	The ICT strategy has been updated and it is likely that there will be a number of financial implications arising from changes. This may result in some costs in the short-term leading to longer term savings. This is being examined as part of detailed budget proposals.
12	<i>Property review/building maintenance.</i>	A review of our assets has been carried out and proposals for producing a 5-year Building Repairs and Maintenance Plan. There will be financial implications arising from this for both the revenue budget and capital programme and these have been considered in detail by the council's Property Forum and will be included within the budget forecast for 09/10 and MTFF as the budget progresses.
13	<i>Impact of growth in the Borough</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. The budget forecast already assumes an increase in the Council Tax base and 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.
14	<i>Delivery of 08/09 and 09/10 budget savings</i>	We did not achieve all the 2007/08 budget targets. Although targets were adjusted in 2008/09 they remain challenging and we will need to consider the risk to delivering further savings in 09/10.

Ref	Risk / Area of uncertainty	
15	<i>Net earnings</i>	<i>Interest</i>
		The Council's budget includes extra net income of £300k in respect of net interest earnings. The budget is influenced by a number of factors including interest rates and cashflow movements. We will continue to monitor whether the additional income is sustainable in later years as the budget strategy for 09/10 is developed, especially given the current levels of volatility in financial markets.

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

Implementing the Strategic Plan

The Council has an ambitious agenda in terms of delivering quality services that focus on the needs of our customers and investing in the key major regeneration projects.

As a number of the emerging projects move into implementation and delivery phases there will be revenue implications. A number of these are already included within budgets and the MTFF, however, these will need to be monitored and assessed for any potential changes.

5. General Fund Balances – Risk Assessment

A risk assessment has been undertaken to determine the prudent level of general fund balances as part of the 2008/09 budget process.

Background

Traditionally 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.

Over recent years general fund balances have been reduced in a managed and prudent manner: -

	£'000	
31 March 2001	3,558	
31 March 2002	3,024	
31 March 2003	2,559	
31 March 2004	2,639	
31 March 2005	2,193	
31 March 2006	1,997	
31 March 2007	2,708	(includes £902k to support 2007/08 budget
31 March 2008 (previous estimate)	2,128	

Risk Assessment 2008/09

The results of the assessment to inform the 2008/09 budget are summarised in the following table. This showed that the agreed minimum prudent level of balances should be increased to £1.7 million.

Factor	Assessed Risk		
	High £'000	Medium £'000	Low £'000
Cash Flow	900		
Capital (nil given reserves and receipts)			-
Inflation		200	
Investment Income		200	
Trading Activities	100		
Fees & Charges		160	
Emergencies		50	
Benefits			100
New Spending – legal commitments			100
Litigation		200	
Partnerships			100
VAT Exemption Limit			250
Budget Process		200	
Revenue impact of capital schemes			200
Renaissance programme			-
Concessionary fares	100		
Pension Contribution			100
	1,100	1,010	850

	Minimum Provision
High Risk – 100%	1,100
Medium – 50%	505
Low – 10%	85
Sub Total	1,690
Unforeseen Factors – say	10
	1,700

The main issues to mention concerning the assessment are: -

- 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.
- Revenue impact of capital schemes. The capital programme includes two major schemes, the Community Stadium and Firstsite. Both projects are subject to a rigorous risk assessment and monitoring. This balances risk assessment exercise is only

concerned with the potential revenue implications and for 2008/09 this has been included as a low risk.

- On the basis of earlier years outturns and current year monitoring particular areas have been identified as potential risk areas for variances: benefits, concessionary fares, various fees income and investment income. These are being regularly reported on as part of the current year monitoring. All of the areas are addressed in the risk assessment.
- 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.
- The concern over the funding of the pension fund is recognised in the assessment. However “risk” is assessed as “low” for 2008/09 because the anticipated increased contributions required have been built into the budget. Further increases will be necessary from 2009/10.

Implications

The risk assessment will be carried out at least annually as part of the budget process. While the current assessment indicates a minimum prudent 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 prudent 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.

6. General Fund Balances - Position

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

General Fund Balances Current Position

	£'000	£'000
Balance as at 31 March 2008 (As per Statement of Accounts)		3,347
Proposed use of balances during 2008/09:		
• Financing carry forwards		251
• Funds released in 07/08 carry forward to 08/09		227
• Supporting 2008/09 budget:-		
Items included in 08/09 budget	607	
New emerging pressures	325	932
• Earmarked sum for invest to save / generate schemes		50
Projected Balances as at 31 March 2008		1,887
Agreed minimum balance		1,700
Potential Surplus Balances as at 31 March 2009		187

Note:

- This forecast is on the basis that there are no further calls on balances during 2008/09 and the current year's budget does not overspend.
- The balance at 31 March 2008 reflects the decisions set out in this report at paragraph 3.2.

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 2008 earmarked reserves totalled £9m and provisions £0.3m.

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 2009/10 budget process including forecasting and assessing the impact of future commitments

Earmarked Reserves

Reserve	Amount 31/03/07 £'000	Amount 31/03/08 £'000	Comment
Renewals and Repairs (R & R)	3,370	3,565	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. A new building maintenance programme has been developed which forms part of the R & R and the balance shown reflects the additional contribution set out in this report of £250k.
Insurance	509	618	To cover the self-insurance of selected properties. The balance held in reserve is considered to be at an appropriate level. The balance of the fund is split with a proportion specifically identified as a provision against the cost of claims (see provisions).
Capital Expenditure	3,203	3,218	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. £400k per annum (until 2009/10) is being transferred to revenue in respect of accommodation. The transfer in respect of the Community Stadium is expected to commence in 2008/09. The balance also includes the additional contribution set out in this report in respect of opportunity purchases.
Regeneration Reserve	692	665	New reserve created for 2004/05 closure. Balance at March 08 reflects proposed additional contribution to reserve of £130k shown within this report
Regeneration reserve – Business Development	35	0	Reserve utilised in 07/08.
Asset Replacement Reserve	169	35	A reserve for the future replacement of vehicles and plant. Vehicle replacement policy is being reviewed.

Reserve	Amount 31/03/07 £'000	Amount 31/03/08 £'000	Comment
Heritage Reserve	16	9	Maintained to provide funding for the repair, maintenance and continuing development of ancient and historical monuments. Schemes are now being funded through capital programme.
Gosbecks	452	430	Provided under a Section 106 agreement for the provision of an Archaeological Park.
Mercury Theatre	134	154	Provision for the building's long term structural upkeep.
On street parking	113	89	Surplus ringfenced to cover future deficit positions and for transportation schemes subject to ECC agreement.
Hollies Bequest	14	13	Upkeep of open space.
Section 106 monitoring	127	188	Required for future monitoring of Section 106 agreements. The 2008/09 budget includes the use of £30k of this reserve to support the costs of monitoring S106 agreements.
Community Stadium - Loan	35	35	As agreed by Portfolio Holder
	8,869	9,019	

Provisions

Reserve	Amount 31/03/07 £'000	Amount 31/03/08 £'000	Comment
Insurance	390	323	This element of the fund is specifically set aside as a provision to meet the cost of claims, notably subsidence.
	390	323	

Budget Process and timetable

STAGE 1 – Planning & Priorities

Set out are three main strands to the process which are described in some more detail below.

Strand 1: Service Budget Sessions

To provide an overview of all service areas a summary statement of each service areas will be prepared. For each function within the service this would show:-

- Justification – why is the service delivered (e.g. could include statutory / discretionary),
- Current resources – Budget (direct expenditure, income and net) and staff (fte)
- Performance – current performance / volume indicators
- Cost pressures / Challenges – key issues / risks affecting service delivery
- Opportunities / efficiency / savings – potential savings / efficiency)

Strand 2: Budget Framework

This strand of work will pick up the key budget assumptions, position on reserves and balances and consider the ongoing use of corporate budget targets for areas such as procurement and salary savings.

In addition it is proposed to complete a review of the Council's fees and charges. This is partly in response to the Audit Commission's paper on charging ("Positively Charged") but is also in response to a number of questions raised about income and charging as part of the budget strategy in recent years. The intended outcome of this review will be to set out all current charges and charging policies and consideration of further opportunities to introduce new charges.

Strand 3: Major Service Reviews / Cross Cutting Issues

This final area of work is designed to ensure that a number of major service reviews, corporate projects or other cross-cutting initiatives are fully recognised in the budget strategy. Looking at the next two years this would include the work with Braintree DC, the ICT Strategy and links with the accommodation review and the strategic waste review. It would also include any major service reviews, for example, the Planning Protection and Licensing review from last year.

Bringing the Strands Together

The initial outcomes of these three strands of work will need to be considered by Leadership Team. The purpose of this will be to:-

- Agree services / functions for detailed budget review over the next two years
- Agree service / function priority
- Agree list of cost pressures, key risk and budget saving / efficiencies
- Agree key budget assumptions (e.g. Council Tax rate, use of Corporate targets etc)
- Agree timetable / scope of income charging review
- Recognise potential impact of wider corporate reviews such as Braintree, accommodation project etc.

STAGE 2 – Detailed Review, Challenge and Internal Scrutiny

The second stage involves the detailed review of the functions identified in the first stage as priorities.

To begin this part of the process it is proposed that separate teams meet to look in detail at the information for each area. These teams might include:-

- Relevant Portfolio Holder (s)
- Portfolio Holder for Resources
- Leader of the Council / Deputy
- Head of Financial Services
- Executive Director with lead on Finance
- Relevant Head of Service

Once these teams have met officers would work up proposals, including risk analysis, to then feed back first to the team and then to Leadership team for agreement.

At the same time detailed work on main budget assumptions and the charging review will be undertaken.

STAGE 3 – Detailed Budgets and Scrutiny

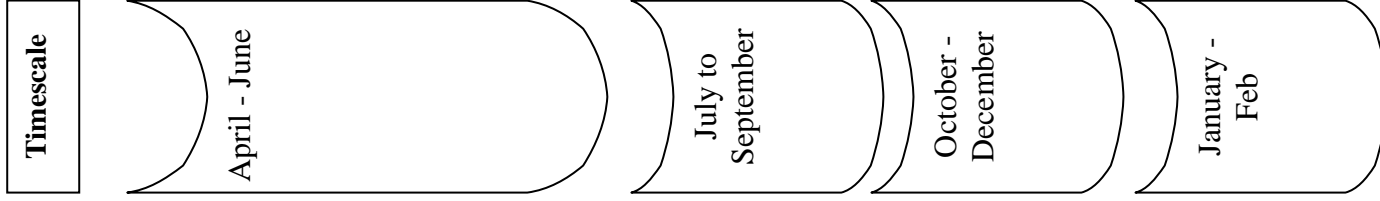
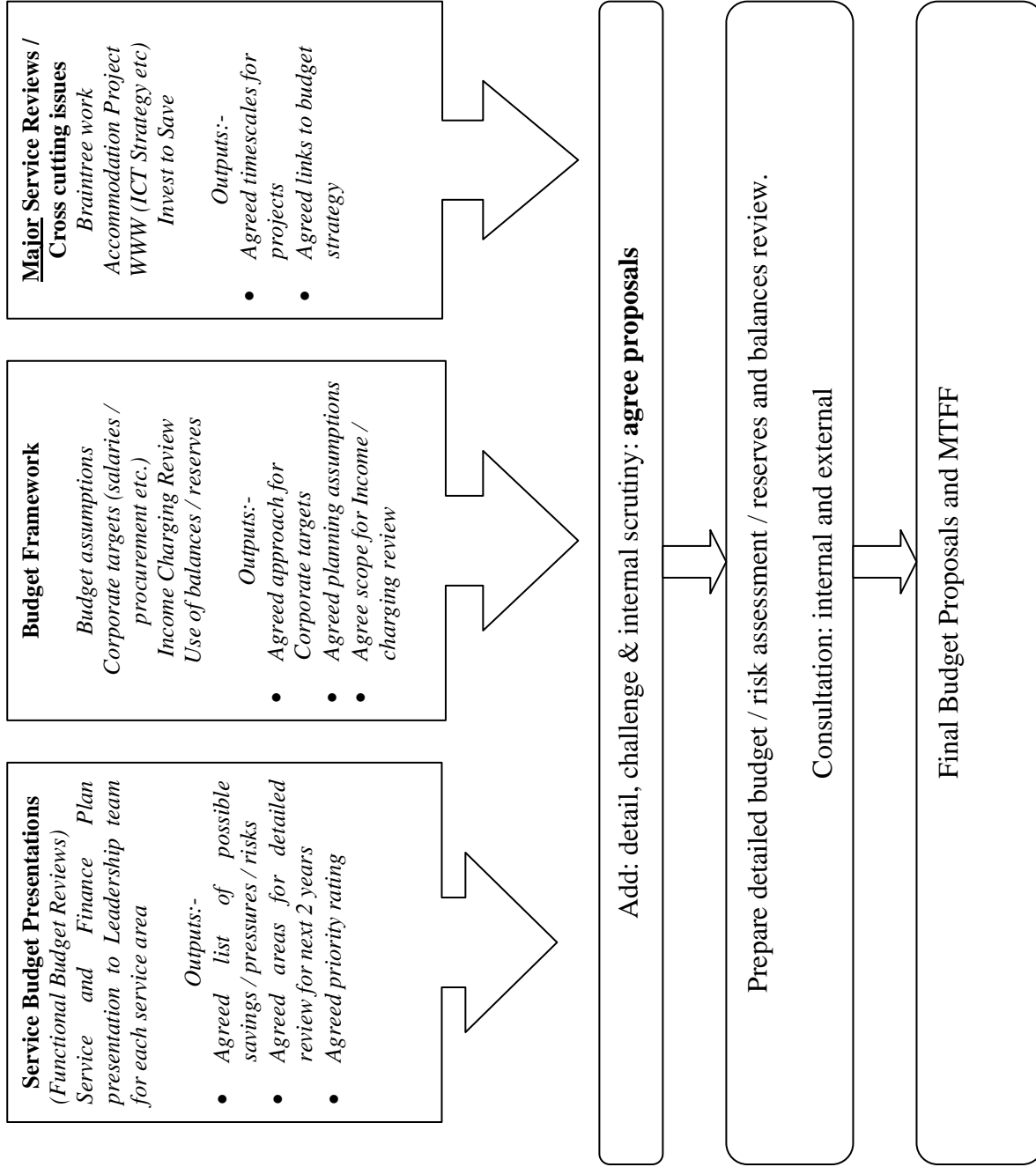
Detailed budgets will be prepared and scrutiny / consultation to take place (linked to Strategic Plan).

Risk assessment of balances and reserves and savings proposals prepared.

STAGE 4 – Final Report and Medium Term View

Final stages of budget process including reporting to Cabinet / Council. Reporting to include ongoing strategy for coming years and medium term financial forecast.

BUDGET STRATEGY – 2009 - 2011



2009/10 Budget Timetable	
Budget Strategy April – July 2008	
April – May (SMT)	Update MTFF /Budget Strategy Review cost pressures, growth and risks Consider approach to budget
May - June 08	Service budget summaries considered by Leadership team
Cabinet –9 July 08	<ul style="list-style-type: none"> • Report on updated budget strategy / MTFF • Timetable approved • Approach to consultation outlined
SOSP – 26 August 08	Review Cabinet report
Detailed Budget preparation and Budget Setting Consultation	
<u>Management Team regular sessions on progress / budget options</u>	Review progress on efficiencies
Leadership Team (July / August)	<ul style="list-style-type: none"> • Review outcomes of budget reviews and agree and carry out further detailed work
Cabinet – 10 September 08	<ul style="list-style-type: none"> • Budget Update • Review of capital resources / programme
Cabinet – 22 October 08	Budget Update (if required)
Cabinet – 2 December 08	<ul style="list-style-type: none"> • Budget update • Reserves and balances • Grant settlement
FASP – 20 January 09	Review consultation / Budget position
Cabinet – 28 January 09	Revenue and Capital budgets recommended to Council
Council – 18 February 09	Budget agreed / capital programme agreed / Council Tax set

Timing of consultation to be included within process when agreed (likely to be September / October)

Leadership Team to review budget progress during year.

