

Finance and Audit Scrutiny Panel

Town Hall, Colchester
21 August 2012 at 6.00pm

The Finance and Audit Scrutiny Panel deals with the review of service areas and associated budgets, and monitors the financial performance of the Council. The panel scrutinises the Council's audit arrangements and risk management arrangements, including the annual audit letter and audit plans, and reviews Portfolio Holder 'Service' decisions referred to the Panel under the Call in procedure.

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 refer to Attending Meetings and "Have Your Say" 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 or switched to silent before the meeting begins and note that photography or audio recording is not permitted.

Access

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Terms of Reference

Finance and Audit Scrutiny Panel

To review all existing service plans and associated budget provisions against options for alternative levels of service provision and the corporate policies of the Council, and make recommendations to the Cabinet

To have an overview of the Council's internal and external audit arrangements and risk management arrangements, in particular with regard to the annual audit plan, the audit work programme and progress reports, and to make recommendations to the Cabinet

To monitor the financial performance of the Council, and to make recommendations to the Cabinet in relation to financial outturns, revenue and capital expenditure monitors

To scrutinise the Audit Commission's annual audit letter

To scrutinise executive 'service' decisions made by Portfolio Holders and officers taking key decisions which have been made but not implemented referred to the Panel through the call-in procedure

**COLCHESTER BOROUGH COUNCIL
FINANCE AND AUDIT SCRUTINY PANEL
21 August 2012 at 6:00pm**

Members

Chairman : Councillor Dennis Willetts.
Deputy Chairman : Councillor Marcus Harrington.
Councillors Cyril Liddy, Jon Manning, Gerard Oxford,
Ray Gamble, Glenn Granger, Scott Greenhill, Julia Havis
and Theresa Higgins.

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

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

5. Minutes

1 - 5

To confirm as a correct record the minutes of the meeting held on 24 July 2012.

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

6 - 7

(a) To evaluate requests by members of the Panel for an item relevant to the Panel's functions to be considered.

At the June meeting, Councillor Gerard Oxford requested a review of the High Woods Country Park charges. Panel members agreed to requesting a scoping report detailing all the income and expenditure, and with this information would then decide whether to undertake a full scrutiny review.

See the scoping report from Mr. Bob Penny, Parks and Recreation Manager, Life Opportunities, setting out information that shows the impact of the introduction of car parking charges from April 2012 on income and expenditure at High Woods Country Park.

(b) To evaluate requests by other members of the Council for an item relevant to the Panel's functions to be considered.

Members of the panel may use agenda item 'a' (all other members will use agenda item 'b') as the appropriate route for referring a 'local government matter' in the context of the Councillor Call for Action to the panel. Please refer to the panel's terms of reference for further procedural arrangements.

8. Decisions taken under special urgency provisions

To consider any Portfolio Holder decisions taken under the special urgency provisions.

9. Referred items under the Call in Procedure

To consider any decisions taken under the Call in Procedure.

10. Capital Expenditure Monitor 2012-13, period April to June

8 - 16

See report from the Head of Resource Management.

11. Financial Monitoring Report - April to June 2012

17 - 30

See report from the Head of Resource Management.

12. Work Programme

31 - 32

See report from the Head of Corporate Management.

13. 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).

FINANCE AND AUDIT SCRUTINY PANEL

24 JULY 2012

Present :- Councillor Dennis Willetts (Chairman)
Councillors Ray Gamble, Glenn Granger,
Scott Greenhill, Julia Havis, Cyril Liddy and
Jon Manning

Substitute Members :- Councillor Sonia Lewis for Councillor Marcus
Harrington
Councillor Nick Cope for Councillor Theresa Higgins

Also in Attendance :- Councillor Will Quince
Councillor Paul Smith

7. Minutes

The minutes of the meeting held on the **26 June 2012** was confirmed as a correct record.

8. Items requested by members of the Panel and other Members

The item requested by Councillor G. Oxford on the High Woods Country Park charges, was deferred until the next meeting due to Councillor Oxford's absence.

Councillor Granger commented that the new refuse collection and recycling services has been in operation for one year, and he had heard anecdotally that things could in places be improved. Councillor Granger asked if the Panel would support a report being provided that gave an update on the changes, how it has gone, and what corrections and improvements have been made.

Councillor Manning whilst in favour of a review said the timing of any review should be mindful of the ongoing food waste trial. Councillor Lewis whilst accepting Councillor Manning's comment said she was happy with the timing taken account of the food waste trial provided it did not delay a review too long.

Mrs. Hedges, Executive Director, said Street Services is subject to continuous monitoring, and information will be available in respect of a range of financial and performance monitoring reports. Mr. Judd, Democratic Services Officer said the Panel's comments would be shared with the Head of Street Services and a response will be fed back to the Panel at the next meeting, so that a decision can be made by the Panel on the need for further scrutiny and the scope of that scrutiny if required"

9. Audit Commission Update

Mr. Gary Belcher, Audit Commission, presented the Audit Committee Update report.

Mr. Belcher said this report is now presented on a regular basis and provides an

update on the Audit Commission services. Mr. Belcher said the report highlighted key local issues and emerging national issues.

Mr. Belcher drew member's attention to the report's Summary of Progress against the 2011/12 Audit Plan, including Financial Statements, Grant Claims and the Value for Money (VFM) arrangements in place at Colchester. It was confirmed that a report on VFM will be finalised and reported to the Panel at September's meeting.

Mr. Belcher confirmed the new fees and charges for 2012/13, representing a forty percent reduction on the previous year's fees. The fees and charges would be fixed for a five year period.

In response to Councillor Manning who asked whether the large reduction in the charges was due to previous overcharging or to service provision cuts that could be detrimental to the Council, Mr. Belcher said the fee was set by the Audit Commission against their scale of fees, with fees reduced overall due to the tendering exercise. Mrs. Hedges said the Audit Commission's charges are dependent on the work to be done, and the overall services provided have radically changed in complexity and scale, with some previously significant pieces of work no longer required.

RESOLVED that the Panel considered and noted the contents of the progress report.

10. 2011/12 Internal Audit Report

Ms. Elfreda Walker, Finance Manager, presented the Year end Internal Audit Assurance Report 2011/12.

Ms. Walker said the use of resources was 100%, with 352 of 360 audit days used, and eight days carried forward to 2012/13.

Ms. Walker said during the reporting period there were a total of 15 audits finalised, with three audits receiving a Limited or No Assurance rating and included Parking Services Income, Corporate Debt and Vehicle Workshop. There was one joint audit on Housing Rents completed for Colchester Borough Council and Colchester Borough Homes, given a Substantial Assurance rating.

The key messages within the report are that the Council continued to provide an effective internal audit service during the second half of the 2011/12 financial year.

During 2011/12 there had been a total of 38 audits finalised, with the assurance rating improving in 14% in the systems audits carried out, remaining the same in 79% of audits, and decreasing in 7% of audits. Of the outstanding recommendations, there remained 2 overdue as at 31-March-2012.

Finally, the key performance indicators show that the internal audit provider has achieved 100%, exceeding the standard set of 96%.

In response to Councillor Granger, Ms. Walker said the Corporate Debt audit was given

limited assurance due to the procedures adopted for writing-off debts by Parking Services. Whilst Parking Services had been complying with Corporate Debt Policy, write-offs had been based on various local arrangements (for partner authorities). Mr. Alan Woodhead (Deloitte) said the Parking Partnership had written off small debts without following the corporate debt procedure. This was now rectified with the Parking Partnership now compliant. Mr. Woodhead said this was for small debts only, and whilst he did not know the overall amount written-off, he could provide this information to members of the panel.

Ms. Walker confirmed that there are no concerns in respect of the Licensing audit where there are two overdue recommendations to be implemented.

RESOLVED that the Panel commented on and noted the Council's performance relating to the Internal Audit Plan 2011/12, the internal audit activity from 1-October-2011 to 31-March-2012, and the performance of internal audit in reference to national best practice.

11. 2011/12 Year End Review of Risk Management

Ms. Hayley McGrath, Risk and Resilience Manager, presented the 2011/12 Year End Review of Risk Management that forms part of the Council's policy framework.

The key messages within the report was that the economy and cuts in public spending continue to have had a significant impact on the key risks during the year and the highest risk on the year end strategic register remains the potential impact of future central government decisions to reduce public funding, including that of the Council's partners. As well as having a direct effect on resources, cuts in public spending are also influencing non-financial risk areas, such as staff motivation, as a result of implementing required savings.

Ms. McGrath said that in summary for 2011/12, the requirement to raise the profile of the Council's anti-fraud and corruption processes was identified on the Annual Governance Statement for 2010/11, and therefore a significant focus for 2011/12 has been to work with the Monitoring Officer to revise the relevant policies and embed risk management processes throughout the organisation. The Risk and Resilience Manager has attended at least one Group Management Team meeting for each service to discuss current risk issues and review their operational risk register, and the risk registers for the Joint Museum Service and the North Essex Parking Partnership both continue to be produced and reported to the respective joint committees.

Ms. McGrath confirmed that during 2011/12 the Strategic Risk Register had been reviewed and changed, with one risk removed and two risks added, one of these being 6e, the increased risk to ICT resilience with migration to new supplier and ever increasing demands around information security. Mrs. Hedges said there remain actions around this and all other risks, and would not anticipate this situation changing. For the risks associated with ICT resilience, the risks may have reduced due to the new IT provider being in-place and forging a solid relationship with the Council, but it has to

be recognised that this still remains a high risk due to the fundamental impact that a system closure would have on all users. It was confirmed to Councillor Greenhill that the Council was looking to the IT supplier to build risk into the resilience arrangements.

RESOLVED that the Panel considered and noted the risk management work undertaken during 2011/12, the current strategic risk register, and the proposed risk management strategy for 2012/13, and endorsed the submission of this report to Cabinet.

12. 2011/12 Annual Report - Treasury Management

Mr. Steve Heath, Finance Manager, presented the 2011/12 Annual Treasury Management Report.

Mr. Heath confirmed this report was the first of three Treasury Management reports to be presented to the Panel in 2012/13 and would include a mid-term report in November and an Investment Strategy report in January 2013, a piece of pre-Cabinet scrutiny.

Mr. Heath said the average rate of the new borrowing was 3.5% as a result of the lower margins available from the Public Works Loans Board (PWLB) for housing reform borrowing. This has resulted in the average rate of the Council's debt falling to 4.56% from 5.80% at the end of 2010/11.

In regards to Housing Finance Reform that has abolished the housing subsidy system financed by central government and consequently, all housing debt has been reallocated nationally between housing authorities, Mr. Heath said the result of this reallocation is that this Council has made a capital payment to the Department of Communities and Local Government of £73.694m. This has resulted in an increase in the Capital Financing Requirement and total borrowing at the end of the year which was financed by new external borrowing. There has been no impact on HRA revenue finances in 2011/12 due to compensating adjustments being made in the HRA determination.

In regards to investments, Mr. Heath said the Council had no direct exposure to the Euro Zone, though the financial contagion element cannot be quantified at present.

In regards to the Icelandic Investments the Landsbanki winding up board made a distribution to creditors in a basket of currencies in February 2012, which amounted to approximately 30% of the total claim. A small element of this distribution was in Icelandic Kroner which has been placed in an escrow account in Iceland and is earning interest of 3.35%. This element of the distribution has been retained due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk, over which the Council has no control.

Mr. Heath said a further distribution in Sterling was received in May 2012, making the total distribution around 42% of the claim. The current position is ahead of the estimated future payouts within the 2010/11 accounts and it is now expected that 100% of the investment will be repaid by 2019, an improvement on the previous expectation

of 95%. Mr. Heath confirmed to Councillor Manning that the figure of 42% was above the projected figure of 22%.

In response to Councillor Granger, Mr. Heath said the Council expects to receive, subject to exchange rates, slightly more than the original £4m investment. The impairment was recognised in the 2010/11 Accounts, though a prudent approach has been taken in regards to crediting the repayments to the Revenue Account, and has yet to be completed. Mr. Heath confirmed that legal representatives had been appointed by the Local Government Association to provide assistance to all Councils in recovering these investments.

In regards to the Council borrowing £73.694m on 26 March (for the Housing Finance reform) at an average rate of 3.5%, Mr. Heath confirmed to Councillor Cope that this preferential reduced rate was available for 1 day only, and provided flexibility going forward and the ability to start paying off the loan fifteen years into the borrowing period. The 3.5% borrowing rate is a fixed rate, over a 25-30 year period, with discounts provided for early repayments. Councillor Smith, Portfolio Holder for Business and Resources said the flexibility with the new Housing Finance arrangements allowed for proceeds from Right to Buy to be retained by the Council provided they re-invest the income into the Council's Housing Investment Programme.

Responding to Councillor Granger, Mr. Heath confirmed that of the overall debt of £136.094m included a debt of £73.694 borrowed at an average rate of 3.5%, with the remainder borrowed at an average of 5.80% that included a range of loans, with one in particular being a 15 year bond borrowed at a rate of 8.8% in 1995. Loans are now primarily Public Works Loan Board loans or LOBO (Lender Option Borrower Option) loans.

RESOLVED that the Panel noted the activities relating to treasury management in 2011/12, considered and noted the performance of treasury management and noted the performance of the Council's treasury management advisors.

13. Work Programme

RESOLVED that the Panel considered and noted the current Work Programme.

Item 7(a)

Information requested from Panel Members

High Woods Country Park

Impact of the introduction of car parking charges from April 2012 on income and expenditure at High Woods Country Park

Arising from the discussion at FASP on 26 June 2012 a request was made for a scoping report detailing the income and expenditure at High Woods Country Park for Panel members to decide if the information warrants full scrutiny at a Panel meeting.

The information provided below sets out comparisons of the visitor numbers to High Woods Country Park visitor centre, the income being generated from the Visitor Centre and the income being generated from car park charges since the introduction in April 2012 to demonstrate the impact that the introduction of car park charges has had on visitor numbers and in particular income at the High Woods Country Park Visitor Centre.

Annual comparisons are a little crude as attendance figures are very dependent on weather conditions. In 2011/12 the new play area was opened which created a surge in demand and the spring weather was exceptionally good.

The first 3 months figures are available for 2012 since the car park charges have been introduced. With only 3 months figures available and seasonal variations to be considered it is difficult to make many conclusions. The figures show that the average spend per visitor is increasing, visitor attendance has increased beyond the 2010 figures and car parking is generating income averaging £1,700 per month.

There will be an annual management fee of £2,500 by the Parking Partnership which will cover parking ticket machine maintenance, enforcement, back office processing and cash collection and an additional annual payment of £500 per annum for coin processing. There is a one off fee in the first year of £8,000 for the purchase of pay and display machines and another of £1,000 for advertising of the fees and charges.

Car parking income	Transactions	Income
April	2764	£1,709.40
May	2662	£1,710.50
June	2648	£1,659.70

3 month total	8074	£5,079.60
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Number of visitors recorded in High Woods Country Park Visitor Centre

Month	2010	2011	2012
April	3551	7149	3167
May	2304	5144	3404
June	2483	4385	2825
July	3206	5592	
August	3658	6810	
September	1839	3462	
October	1610	2312	
November	620	1137	
December	359	665	
January	447	1129	
February	799	1317	
March	1074	1752	
Total	21950	40854	9396

3 month total	8338	16678	9396
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Income Comparison for High Woods Country Park Visitor Centre

Month	2010	2011	2012
April	2,683.73	5,802.75	2,640.37
May	1,926.00	4,267.25	3,080.28
June	2,512.08	3,256.82	3,121.57
July	3,619.42	3,596.47	
August	2,753.86	6,506.38	
September	2,869.89	5,556.64	
October	1,007.81	1,494.51	
November	1,072.40	917.22	
December	765.90	694.93	
January	275.89	633.84	
February	404.24	976.11	
March	1,546.84	1,923.93	
Total	£21,438.06	£35,626.85	£8,842.22

3 month total	£7,121.81	£13,326.82	£8,842.22
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Spend per visitor	£0.85	£0.80	£0.94
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Finance and Audit Scrutiny Panel

Item
10

21 August 2012

Report of	Head of Resource Management	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2012/13 – Quarter 1		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes in the first three months of 2012/13

1. Action Required

1.1 To note the level of capital spending during 2012/13 and forecasts for future years.

2. Reason for scrutiny

2.1 Monitoring capital spending is important to ensure:

- Spending on projects is within agreed scheme budgets.
- The overall programme is delivered within budget.

2.2 This report also gives the Panel the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

3. Background

3.1 This report sets out details of spending for the financial year 2012/13 (April to June) and revised forecasts for future years.

3.2 The report includes new capital funding and changes to the capital programme as revised by Cabinet on 4 July 2012.

3.3 The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock.

4. 2012/13 Review

4.1 In the first three months of this year capital spending totalled £1.3 million. This represents 5% of the total programme, and 7% of the projected spend for 2012/13. **Appendix A** which sets out details of spending and forecasts on all schemes now includes quarterly forecasts of spend for the current year provided by budget managers. The table below shows in total the forecast profile of spending during this year

	Actual	Forecast			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Spend (£'000)	1,287	4,233	7,271	6,012	18,803
% of planned spend for year	7%	23%	38%	32%	100%

- 4.2 New funding has been added to the capital programme including £200k for Mandatory Disabled Facilities Grants. Also included are further contributions from other external parties and Section 106 monies.
- 4.3 It should be noted that the programme includes a number of major schemes where spending is planned across more than one year. Budget managers have re-profiled their forecasts for expenditure in line with expectations for 2012/13 and beyond.
- 4.4 Forecast spending for 2012/13 is £18.8 million, with the remainder of the programme planned for 2013/14 and beyond. The table below provides a summary of the capital programme by service area:

Service / Scheme	Total Programme	2012/03		2013/14 and Beyond Forecast	(Surplus) / Shortfall
		Spend to date	Forecast for year		
	£'000	£'000	£'000	£'000	£'000
SUMMARY					
Corporate Management	1,420.7	94.4	1,318.8	109.0	7.1
EMT	3.4	3.4	3.4	0.0	0.0
Resource Management	51.4	5.4	25.0	41.4	15.0
Street Services	354.4	19.9	297.1	57.3	0.0
Environmental & Protective Serv.	4,852.1	72.9	1,134.3	3,717.8	0.0
Strategic Policy & Regeneration	4,246.4	(248.3)	3,631.8	614.6	0.0
Life Opportunities	4,491.4	865.6	3,895.4	596.0	0.0
Completed Schemes	13.3	2.0	13.3	0.0	0.0
Total (General Fund)	15,433.1	815.3	10,319.1	5,136.1	22.1
Housing Revenue Account	10,240.5	471.8	8,483.5	1,757.0	0.0
Total Capital Programme	25,673.6	1,287.1	18,802.6	6,893.1	22.1

- 4.5 As stated earlier **Appendix A** sets out details of spending and forecasts on all schemes. Future reports to the Panel will provide an analysis of spend in each quarter compared to these forecasts to provide a better indication in monetary terms of current and planned progress with schemes.
- 4.6 As shown in the table above there is currently a forecast net overspend on the capital programme of £22.1k. This is detailed below

Scheme	Over/ (Under)
	£'000
Town Hall DDA Sensory Project	3.1
Carbon Management Programme Phase 2	4.0
Site Disposal Costs	15.0
Total Net Overspend	22.1

- 4.7 This sum will be referred to Cabinet to consider alongside an updated forecast of capital receipts later in the year.

5. Strategic Plan references

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

6. Financial implications

- 6.1 As set out above.

7. Risk management implications

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

8. Other Standard References

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

Background Papers

None

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected Expenditure			2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
			2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000			
SUMMARY								
Corporate Management	1,420.7	94.4	292.0	455.5	476.9	109.0	0.0	7.1
EMT	3.4	3.4	0.0	0.0	0.0	0.0	0.0	(0.0)
Resource Management	51.4	5.4	5.5	5.5	8.6	41.4	0.0	15.0
Street Services	354.4	19.9	136.0	135.9	5.3	57.3	0.0	0.0
Environmental & Protective Serv.	4,852.1	72.9	150.7	145.4	765.3	3,081.0	636.8	0.0
Strategic Policy & Regeneration	4,246.4	(248.3)	762.7	2,305.5	811.9	614.6	0.0	0.0
Life Opportunities	4,491.4	865.6	760.4	1,257.9	1,011.5	596.0	0.0	0.0
Completed Schemes	13.3	2.0	4.9	6.4	0.0	0.0	0.0	0.0
Total (General Fund)	15,433.1	815.3	2,112.2	4,312.1	3,079.5	4,499.3	636.8	22.1
Housing Revenue Account	10,240.5	471.8	2,120.7	2,958.4	2,932.6	1,757.0	0.0	0.0
Total Capital Programme	25,673.6	1,287.1	4,232.9	7,270.5	6,012.1	6,256.3	636.8	22.1
N.B. Summary does not include cost of accommodation from reserve								
Reconciliation to previous FASP report						£'000		
Programme reported to FASP 26 June 2012						112,506.8		
Less: expenditure in 2011/12						(87,886.6)		
<i>Add:</i>								
Cabinet 4 July 2012 - Reallocation of unspent funding for Support to Parish Councils						(47.8)		
Cabinet 4 July 2012 - Release of CBC funding for Disabled Facilities Grants						200.0		
Cabinet 4 July 2012 - Release for repairs required to the Roman Walls in Priory St. and East Hill						84.0		
Cabinet 4 July 2012 - Transfer of £227.2k from St Botolphs Regeneration Enabling Fund to St Botolphs Public Realm						0.0		
S299 release - new clubhouse at Abbey Field						681.3		
S106 release - Abberton Church Extension						50.0		
S106 release - New Braiswick Park Cycle Route						10.0		
S106 releases - Town Station Square						62.3		
External funding - New Braiswick Park Cycle Route						13.6		
Current Programme						25,673.6		

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected Expenditure			2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
			2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000			
CORPORATE MANAGEMENT								
Town Hall DDA Sensory Project	183.9	2.5	1.5	180.0	0.0	3.0	0.0	3.1
Description of Scheme: Replacement of existing hearing loop and PA systems within the Town Hall and enhancement of audio visual equipment within the Town Hall and Rowan House Training Room. Small overspend predicted based on tender returns.								
Carbon Management Programme phase 2	269.7	76.6	192.1	0.0	0.0	5.0	0.0	4.0
Description of Scheme: Phase 2 schemes: Rowan House Lighting and filming of windows, Multi-storey car park lighting, and upgrading of BEMS within operational buildings. Predicted small overspend of £4k.								
Moot Hall Organ	18.3	0.0	9.0	9.3	0.0	0.0	0.0	0.0
Description of Scheme: Restoration and repair of Moot Hall organ. Project funded by HLF and Friends of the Moot Hall Organ.								
Mercury Theatre - Roof & Windows	372.0	10.9	89.4	266.2	0.0	5.5	0.0	0.0
Description of Scheme: Replacement of flat roof and windows to bar and circulation spaces.								
Provision for future FSRs	379.0	0.0	0.0	0.0	379.0	0.0	0.0	0.0
Description of Scheme: Funding for future FSRs								
Customer Service Centre Redesign	95.5	0.0	0.0	0.0	0.0	95.5	0.0	0.0
Description of Scheme: Work required following the completion of the flexible working project and sale of Angel Court, and development of infopoint@colchester.								
ICT Strategy Phase 2	102.3	4.4	0.0	0.0	97.9	0.0	0.0	0.0
Description of Scheme: Second phase of ICT capital investment - remaining spend dependent on outcome of UUCSFR.								
TOTAL - Corporate Management	1,420.7	94.4	292.0	455.5	476.9	109.0	0.0	7.1

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected			2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
			2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000			
EMT								
Support for Parish Councils and Community Groups	3.4	3.4	0.0	0.0	0.0	0.0	0.0	(0.0)
Description of Scheme: Grants scheme to provide funding to Parishes in delivering projects in their areas - scheme now closed								
TOTAL - EMT	3.4	3.4	0.0	0.0	0.0	0.0	0.0	(0.0)

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
Financial Systems Migration	3.1	0.0	0.0	0.0	3.1	0.0	0.0	0.0
Description of Scheme: Upgrade of Financial Systems								
Site Disposal Costs	6.9	5.4	5.5	5.5	5.5	0.0	0.0	15.0
Description of Scheme: Costs of securing capital receipts. Current funds nearly fully spent. Also committed to agent fees and marketing expenses for A12 restaurant site. Further funding will be required.								
Moler Works Site	41.4	0.0	0.0	0.0	0.0	41.4	0.0	0.0
Description of Scheme: Costs associated with provision of three commercial shop units - no spend anticipated during 2012-13.								
TOTAL - Resource Management	51.4	5.4	5.5	5.5	8.6	41.4	0.0	15.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected 2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
STREET SERVICES								
Flat Recycling Extension Description of Scheme: New phase delivering recycling facilities for residents living in flats	10.3	0.0	0.0	0.0	5.3	5.0	0.0	0.0
Street Services FSR Description of Scheme: Capital costs of implementing Street Services FSR	143.2	19.9	46.0	25.0	0.0	52.3	0.0	0.0
Pumping Main - Distillery Lane/Haven Road Description of Scheme: To alleviate flooding in Haven Road to properties and industrial units.	90.0	0.0	90.0	0.0	0.0	0.0	0.0	0.0
Upgrade of CCTV Equipment Description of Scheme: Upgrade of equipment to digital format	96.0	0.0	0.0	96.0	0.0	0.0	0.0	0.0
CCTV Section 106 installations Description of Scheme: Cost of purchasing a video matrix system and its installation	14.9	0.0	0.0	14.9	0.0	0.0	0.0	0.0
TOTAL - Street Services	354.4	19.9	136.0	135.9	5.3	57.3	0.0	0.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected 2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
ENVIRONMENTAL & PROTECTIVE SERVICES								
Heritage Fund - incl. Roman Walls Description of Scheme: Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	353.8	2.1	36.0	36.0	0.0	145.6	134.1	0.0
Heritage Fund - Castle Park Interpretation Description of Scheme: Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	23.3	0.0	0.0	0.0	0.0	23.3	0.0	0.0
Cemetery Extension Description of Scheme: Acquisition of land and provision of infrastructure to enable continuation of burial services	125.0	0.0	0.0	0.0	40.0	85.0	0.0	0.0
Replacement of Cremators Description of Scheme: Replacement of Cremators at Colchester Crematorium to deliver mercury abatement in compliance with environmental legislation.	29.5	0.0	0.0	0.0	29.5	0.0	0.0	0.0
Abberton Church Extension Description of Scheme: Payment from S106 funds for extension and alterations to St Andrews Church in Abberton.	50.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0
Roman Circus Description of Scheme: Interpretation/Visitor Centre for Roman Remains	69.2	0.0	0.0	0.0	32.2	37.0	0.0	0.0
Castle Walls Description of Scheme: Repair works to the external walls of Colchester Castle	114.1	3.5	0.0	0.0	0.0	110.6	0.0	0.0
Redevelopment of Castle Museum Description of Scheme: Scheme for redevelopment and redisplay of Castle Museum	4,087.2	17.3	114.7	109.4	663.6	2,679.5	502.7	0.0
TOTAL - Env & Prot Services	4,852.1	72.9	150.7	145.4	765.3	3,081.0	636.8	0.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected 2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
LIFE OPPORTUNITIES								
Improving Life Opportunities Description of Scheme: A general provision to enable the Council to support work in improving life chances such as the provision of new community facilities.	73.3	20.0	10.0	20.0	23.3	0.0	0.0	0.0
Hythe Community Centre Description of Scheme: S106. Improvements incl. conversion of garage to storage, works to windows and doors and boiler replacement - further releases to be made	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mandatory Disabled Facilities Grants Description of Scheme: Disabled Facility Grants	686.5	107.0	190.0	190.0	199.5	0.0	0.0	0.0
Private Sector Renewals - Loans and Grants Description of Scheme: Loans and grants to private householders	728.1	16.0	47.0	47.0	48.1	570.0	0.0	0.0
Temporary Accommodation Review Description of Scheme: Rebuilding and refurbishment of temporary accommodation	400.0	0.0	0.0	400.0	0.0	0.0	0.0	0.0
Sport & Leisure FSR - Building works to Colchester Leisure World Description of Scheme: Extension of Activa Gym, creation of new multi-purpose room at first floor level and re-modelling and extension of main reception area including creation of new catering concession at LWC.	1,455.0	33.2	465.2	465.3	465.3	26.0	0.0	0.0
Sport & Leisure FSR - IT works Description of Scheme: A personal leisure card/account providing a number of benefits for the customer and customer insight and marketing information for the service and a range of self-service opportunities for customers both online and in the facilities	156.5	0.0	48.2	48.3	60.0	0.0	0.0	0.0
Clubhouse - Abbey Field Description of Scheme: Payment to MOD for construction of new clubhouse	681.3	681.3	0.0	0.0	0.0	0.0	0.0	0.0
Old Heath MUGA Installation & Landscape Improvements Description of Scheme: Works to recreation ground	10.5	0.0	0.0	0.0	10.5	0.0	0.0	0.0
Castle Park - Playground Refurbishment Description of Scheme: Refurbishment of Playground	30.7	0.0	0.0	30.7	0.0	0.0	0.0	0.0
Repairs to walls of closed churchyards Description of Scheme: Health & safety works to walls of closed churchyards.	24.2	0.1	0.0	24.1	0.0	0.0	0.0	0.0
Resource Centre - Highwoods Country Park Description of Scheme: S106. Provision of Resource Centre.	152.3	3.5	0.0	0.0	148.8	0.0	0.0	0.0
Grove Rd Tiptree Skatepark S106 Description of Scheme: Expansion of existing youth facilities at Grove Road Recreation Ground Tiptree. Project being developed by Tiptree Parish Council. Project timescale unconfirmed and subject to TPC receipt of external funding	20.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0
Broad Lane Sports Ground S106 Description of Scheme: Contribution to construction and fitting out of new toilet block	4.5	4.5	0.0	0.0	0.0	0.0	0.0	0.0
King George V Pavilion Wivenhoe S106 Description of Scheme: Contribution to Upgrade of sports pavilion at King George V Playing Field	12.5	0.0	0.0	12.5	0.0	0.0	0.0	0.0
Bergholt Road Play Area Description of Scheme: Improvements to Bergholt Road Play Area	15.0	0.0	0.0	0.0	15.0	0.0	0.0	0.0
Holly Trees WCs Castle Park Description of Scheme: Refurbishment of Holly Trees toilet block to provide improved visitor facilities and experience. Toilets maintained as part of Castle Park grounds maintenance	41.0	0.0	0.0	20.0	21.0	0.0	0.0	0.0
TOTAL - Life Opportunities	4,491.4	865.6	760.4	1,257.9	1,011.5	596.0	0.0	0.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected 2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
STRATEGIC POLICY & REGENERATION								
Park & Ride Description of Scheme: Costs of achieving a Colchester Park & Ride.	124.4	0.0	0.0	0.0	124.4	0.0	0.0	0.0
Community Stadium Pre-development Description of Scheme: Preliminary work on construction details, costs and business planning to progress the project.	12.2	0.0	0.0	5.0	4.5	2.7	0.0	0.0
Community Stadium - Build Description of Scheme: Construction of new Community Stadium	16.3	6.4	0.0	4.0	3.6	2.3	0.0	0.0
North Colchester Development Land Description of Scheme: Predevelopment activity (such as specialist input on legal, highway and environmental issues) to facilitate the development of Cuckoo Farm.	110.0	(16.8)	10.0	60.0	36.8	20.0	0.0	0.0
North Colchester Business Incubation Unit Description of Scheme: Business Incubator Units in North Colchester	71.5	(37.5)	0.0	60.0	42.5	6.5	0.0	0.0
King Edward Quay Description of Scheme: Transformation of Quay	3.5	(7.1)	0.0	0.0	10.6	0.0	0.0	0.0
St Botolphs Regeneration Description of Scheme: Fund to progress elements within the St Botolphs regeneration area.	504.0	44.1	10.0	50.0	190.0	209.9	0.0	0.0
St Botolphs Public Realm Description of Scheme: Public Realm Improvements in the St Botolphs area	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Town Centre Improvements Description of Scheme: Improvement works to Town Centre, including removal of unnecessary traffic and improved public realm (including Historic Core Zone)	155.4	1.6	0.0	0.0	153.8	0.0	0.0	0.0
Town Station Square Description of Scheme: Development of Public Open Space between railway station and new Court Building funded from Section 106 - further releases being processed to cover extra costs	268.5	0.0	0.0	268.5	0.0	0.0	0.0	0.0
Bus Station - CBC Enhancements Description of Scheme: Enhanced features of new bus station including new paving, public information systems and signage	420.0	0.0	0.0	420.0	0.0	0.0	0.0	0.0
Osborne Street Bus Station Description of Scheme: Creation of new bus station facility	1,500.0	1.6	498.4	1,000.0	0.0	0.0	0.0	0.0
A12 Junction Facilitation Description of Scheme: Contribution towards A12 Junction Facilitation costs	168.7	3.5	0.0	30.0	50.0	85.2	0.0	0.0
Creative Business Hub Description of Scheme: Contribution to Creative Business Centre	140.7	0.0	0.0	0.0	40.7	100.0	0.0	0.0
Transcoast Description of Scheme: Design, manufacture and installation work to improve public realm and access routes to redevelop and integrate old port. Enabling and installation work for moorings and pontoons. Community event and engagement programme	146.1	0.0	0.0	0.0	80.0	66.1	0.0	0.0
New Braiswick Park Cycle Route Description of Scheme: To provide better access to the rail station for pedestrians and cyclists. Improved fence will also make fence line more secure, reducing vandalism	23.6	0.2	0.0	23.4	0.0	0.0	0.0	0.0
Firstsite (VAF) Description of Scheme: New Visual Arts Facility	384.6	(244.3)	244.3	384.6	0.0	0.0	0.0	0.0
Assistance to Registered Housing Providers Description of Scheme: Support to affordable housing schemes	196.9	0.0	0.0	0.0	75.0	121.9	0.0	0.0
TOTAL - Strat Policy & Regen	4,246.4	(248.3)	762.7	2,305.5	811.9	614.6	0.0	0.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	Projected			2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
			2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000			
HOUSING REVENUE ACCOUNT								
Decent Homes & Upgrades	7,546.1	440.3	1,909.2	2,707.8	2,488.8	0.0	0.0	0.0
Description of Scheme: Scheme to maintain council housing stock at the Decent Homes standard together with other upgrade works								
Adaptations	580.6	19.2	160.0	204.1	197.3	0.0	0.0	0.0
Description of Scheme: Improvements made to Council housing stock to meet specific tenants needs								
Sheltered Accommodation Review	1,800.0	0.0	0.0	0.0	200.0	1,600.0	0.0	0.0
Description of Scheme: Improvements made to Council's sheltered housing accommodation.								
Housing ICT Development	313.8	12.3	51.5	46.5	46.5	157.0	0.0	0.0
Description of Scheme: Improvements to Housing IT systems								
TOTAL - HRA	10,240.5	471.8	2,120.7	2,958.4	2,932.6	1,757.0	0.0	0.0

Service / Scheme	Total Programme £'000	Accrued spend to Q1 £'000	2012/13 Q2 £'000	2012/13 Q3 £'000	2012/13 Q4 £'000	2013/14 £'000	2014/15 £'000	(Surplus) / Shortfall £'000
Electronic Service Delivery	3.0	2.0	0.0	1.0	0.0	0.0	0.0	0.0
Description of Scheme: Customer Service Centre. Furtherance of electronic service facilities includes areas identified in business case for CSC								
Boada Skatebowl	4.4	0.0	4.4	0.0	0.0	0.0	0.0	0.0
Description of Scheme: Provision of new activity area targeted at young people								
Gladiator Way - Play Equipment S106	0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Description of Scheme: Provision of new play equipment								
Barbour Gardens - Play Equipment S106	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Description of Scheme: Provision of new play equipment								
Colchester Leisure World - Fitness Pool LACM and Modernisation	5.4	0.0	0.0	5.4	0.0	0.0	0.0	0.0
Description of Scheme: Refurbishment of Fitness Pool building								
TOTAL - COMPLETED SCHEMES	13.3	2.0	4.9	6.4	0.0	0.0	0.0	0.0

21 August 2012

Report of	Head of Resource Management	Author	Sean Plummer ☎ 282347
Title	Financial Monitoring Report – April to June 2012		
Wards affected	Not applicable		

The Panel is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first three months of 2012/13

1. Action required

- 1.1 The panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) in the first three months of 2012/13.

2. Reason for scrutiny

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

3. Background and Summary Position

- 3.1 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2012, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net underspend of £74k (excluding the risk factor allowance). The Housing Revenue Account forecast outturn position is currently to be 'on budget'.
- 3.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in section 6.

4. General Fund – Position to 30 June 2012

Service Budgets

- 4.1 Appendix A summarises the Council position by expenditure group and by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding benefits) of £492k (favourable). This comprises total expenditure being £1013k lower than expected and less income than expected totalling £521k.

Appendix B provides a more detailed view, breaking this information down by individual Service Groups.

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

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

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

5. Outturn Forecast / Risk Areas

5.1 This is the first review this year of the 12/13 budget position and the current forecast outturn is net underspend of £74k. This excludes the risk factor allowance of £285k within the budget.

	£'000	
Service budgets	139	See paras. 5.2 – 5.3 and Appendix C
Technical Items - Interest	(213)	See paras. 5.5.
Potential net underspend	(74)	
<i>Risk factor allowance</i>	<i>(285)</i>	<i>See para. 5.7</i>
<i>Potential addition to balances</i>	<i>(359)</i>	

Service Budgets

5.2 The following table sets out the forecast outturn for all service areas with outturn variances. This shows a net forecast overspend of £175k. As the table shows the key variances are in respect of forecast shortfalls in income which in several cases have been offset by cost savings.

Service	Forecast outturn		
	<i>Expenditure</i>	<i>Income</i>	<i>Net</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporate Management	0	30	30
Environmental and Protective Services	0	36	36
Life Opportunities	(505)	398	(107)
Resource Management (incl. CDC)	(40)	0	(40)
Strategic Policy and Regeneration	0	56	56
Street Services	23	177	200
Total all services	(522)	697	175

5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £175k. These include a budget shortfall of £36k in respect of Museum income. Under the terms the joint museum service if this forecast transpires then this overspend will be carried forward and as such will not impact on balances. Therefore, this has been excluded from the table at paragraph 5.1.

5.4 There are other risks, both positive and negative, to the outturn position that are not currently shown such in the forecast. For example, planning income is currently higher than budget, whilst some of other income areas remain below targets such as community alarms and land charges. These and other areas will be closely monitored over the coming months and if necessary the outturn forecast will be revised.

Corporate / Technical Items – Interest earnings

- 5.5. The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non service specific grants. The table below sets out that currently there is total net underspend of £213k in these areas. The main reason for the position is in respect of the interest budget where costs of borrowing are expected to be lower due to timing of capital schemes, funding decisions and the current strategy.

Area	Net £'000	Comment
Net Interest	(175)	Currently expect net interest costs will be less than budget due to:- <ul style="list-style-type: none"> • Ongoing strategy of 'internal borrowing' • Reduced borrowing on existing programme (see MRP comment below) • Underspend on provision for new borrowing (FSR allocation) Net underspend should be delivered based on current strategy of internal borrowing. Potential for greater underspend to be reviewed at Period 6.
Minimum Revenue Provision (MRP)	(30)	Decision to use revenue funds to support part of the capital programme means that borrowing level was lower resulting in reduced MRP.
New Burdens Grant	(8)	New grant received in respect of "Community Right to Challenge". No specific additional costs identified at this stage.
<i>Total</i>	<i>(213)</i>	

Summary position and action proposed

- 5.6. The forecast outturn shows a potential net underspend of £74k. This excludes the likely cost in respect of the repayment of fees for Private Hire and Hackney Carriage licences. This repayment relates to the lack of advertisement of the annual increase for 3 specific fees as required by the Local Government (Miscellaneous Provisions) Act 1976. An allocation has been made within balances that will fund this pressure.
- 5.7. As part of the 2012/13 budget an allocation of £285k was made in respect of a risk factor against the budget savings. Based on the position currently reported this may not be required and could be returned to balances.
- 5.8. SMT continues to monitor the budget position on a monthly basis. The next report to the Panel will consider the position after 6 months. This will provide a better opportunity to assess progress against budget targets and income levels.

6. Housing Revenue Account

- 6.1 The Housing Revenue Account (HRA) is a ring-fenced account which is affected by a number of variable factors. At the end of June 2012, the HRA is showing a net underspend of £522k compared to the budget for the same period. This is primarily due to lower expenditure on Premises costs (£334k) and Support service costs (£62k). Furthermore, we have received £93k more income than anticipated.

Position to date

- 6.2 Premises related costs are showing an underspend of £334k as at the end of June 2012. Overall, there is a net underspend of £266k on Repairs and Maintenance. The repairs budget reflects the re-profiling provided by CBH. The remainder of the underspend on R&M to date relates to the timing of expenditure on the external decorating programme and the gas servicing contract, along with repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are underspends of £29k on Grounds Maintenance budgets which relate to the timing of expenditure. There is an underspend of £24k on Utility and Water costs.
- 6.3 Support service costs are underspent by £62k at the end of June. The HRA receives recharges from a number of services and given the level of expenditure currently experienced within these areas as at June 2012, there is a resultant impact upon the HRA for recharges from these services.
- 6.4 We have received £93k more income at the end of June 2012. This has primarily arisen due to less rental income lost through void dwellings than anticipated, and more income from Tenant and Leaseholder service charges. The budget also assumed a loss of garage rental income from the redevelopment of some sites. Given these have not been demolished yet, there is more garage rental income to date than anticipated.

Forecast Outturn

- 6.6 The current projected outturn for the HRA is that it will be broadly on budget. However, two issues should be noted at this stage:-

- *Capital Financing Charges*

As reported to Cabinet in January 2012 as part of the 2012/13 HRA Budget setting report, it was prudently assumed that we would borrow the £74.338 million to fund our HRA self-financing payment to DCLG at a rate of 4.5%. However, subsequent to the budget being set the final settlement figure was reduced by DCLG to £73.694 million, and more importantly the actual loans we took out on the 28th March 2012 were at a lower average rate of 3.5%. This will produce recurring annual savings to the HRA the impact of which will be considered alongside updates to the HRA business plan and as such are not reflected in this report.

- *Rental Income*

Currently, there is a potential for higher levels of rental and service charge income primarily due to a lower number of void properties and garages than assumed within the budget. However, this has not yet been reflected in the forecast outturn partly due to the risk to rental income levels arising from various welfare reforms.

7. Strategic Plan references

- 7.1 The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2012/13 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

- 8.1 As set out above.

9. Risk management implications

- 9.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2012/13 revenue budget report that was approved by Council in February 2012 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

10. Other Standard References

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

Background Papers

None

Budget Monitoring Summary - Period 3 2012/13		Full Year Position			
Account Description	Budget to Period 3 £'000	Actual to Period 3 £'000	Annual Budget £'000	Projected Outturn £'000	Variance (fav) / adv £'000
By Subjective Group					
Employees	6,038	5,913	24,116	23,884	(232)
Premises Related	2,968	2,696	7,676	7,401	(275)
Transport Related	544	296	2,329	2,341	12
Supplies & Services	2,589	2,315	8,997	8,889	(108)
Third Party Payments	364	287	1,153	1,172	19
Transfer Payments	60	43	284	346	62
Capital Financing Costs	-	-	100	100	-
Subtotal Expenditure	12,563	11,550	44,655	44,133	(523)
Government Grant	(184)	(243)	(638)	(638)	-
Other Grants & Reimbursements	(904)	(662)	(3,602)	(3,518)	84
Customer & Client Receipts	(4,922)	(4,584)	(19,469)	(18,856)	613
Income-Interest	-	-	(2)	(2)	-
Inter Account Transfers	-	-	-	-	-
Subtotal Income	(6,010)	(5,489)	(23,711)	(23,014)	697
Total General Fund Services	6,553	6,061	20,944	21,119	175
By Service Group					
Corporate & Democratic Core	65	48	321	281	(40)
Executive Management Team	(74)	(72)	772	772	-
Corporate Management	1,858	1,813	6,203	6,233	30
Customer Service Centre	256	252	1,009	1,009	-
Environmental & Protective Service:	916	810	2,119	2,155	36
Life Opportunities	1,570	1,156	5,255	5,148	(107)
Resource Management	154	113	1,017	1,017	-
Strategic Policy & Regeneration	482	458	2,358	2,414	56
Street Services	1,326	1,483	1,890	2,090	200
Subtotal General Fund Services	6,553	6,061	20,944	21,119	175

APPENDIX B

Account Description	CDC	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
EMPLOYEES										
Profiled Budget to Date	-	195	694	270	1,315	1,314	659	385	1,206	6,038
Actual to Date	-	194	706	261	1,249	1,239	654	375	1,235	5,913
Variance to Date	-	(1)	12	(9)	(66)	(75)	(5)	(10)	29	(125)
	green	green	green	green	red	red	green	green	green	amber
Annual Budget	-	782	2,751	1,067	5,258	5,247	2,644	1,545	4,822	24,116
Projected Outturn	-	782	2,751	1,067	5,258	5,007	2,644	1,545	4,830	23,884
Variance	-	-	-	-	-	(240)	-	-	8	(232)
PREMISES										
Profiled Budget to Date	-	1	666	-	239	1,136	86	12	828	2,968
Actual to Date	-	1	631	-	195	879	154	11	825	2,696
Variance to Date	-	-	(35)	-	(44)	(257)	68	(1)	(3)	(272)
	green	green	amber	green	amber	red	red	amber	green	red
Annual Budget	-	1	1,459	-	753	4,040	210	77	1,136	7,676
Projected Outturn	-	1	1,459	-	753	3,765	210	77	1,136	7,401
Variance	-	-	-	-	-	(275)	-	-	-	(275)
TRANSPORT										
Profiled Budget to Date	-	1	15	-	15	5	2	4	502	544
Actual to Date	-	1	11	-	11	6	2	1	264	296
Variance to Date	-	-	(4)	-	(4)	1	-	(3)	(238)	(248)
	green	green	amber	green	amber	amber	green	amber	red	red
Annual Budget	-	4	59	-	57	23	10	11	2,165	2,329
Projected Outturn	-	4	59	-	57	35	10	11	2,165	2,341
Variance	-	-	-	-	-	12	-	-	-	12

APPENDIX B

Account Description	CDC £'000	EMT £'000	Corporate Mgt £'000	CSC £'000	Env. & Protective £'000	Life Opps £'000	Resource Mgt. £'000	Strategic Policy and Regen £'000	Street £'000	
SUPPLIES & SERVICES										
Profiled Budget to Date	65	29	696	12	322	407	526	124	408	2,589
Actual to Date	47	21	678	5	253	341	508	134	328	2,315
Variance to Date	(18)	(8)	(18)	(7)	(69)	(66)	(18)	10	(80)	(274)
	amber	amber	green	amber	red	red	green	amber	red	red
Annual Budget	321	339	2,814	49	763	1,284	1,460	989	978	8,997
Projected Outturn	281	339	2,814	49	763	1,216	1,460	989	978	8,889
Variance	(40)	-	-	-	-	(68)	-	-	-	(108)
	green	green	amber	green	amber	amber	green	amber	amber	red
THIRD PARTY										
Profiled Budget to Date	-	-	22	-	12	188	-	40	102	364
Actual to Date	-	-	5	-	8	142	-	13	119	287
Variance to Date	-	-	(17)	-	(4)	(46)	-	(27)	17	(77)
	green	green	amber	green	amber	amber	green	amber	amber	red
Annual Budget	-	-	86	-	48	237	81	161	540	1,153
Projected Outturn	-	-	86	-	48	241	81	161	555	1,172
Variance	-	-	-	-	-	4	-	-	15	19
	green	green	green	green	green	green	green	green	green	green
TRANSFER PAYMENTS										
Profiled Budget to Date	-	-	-	-	-	36	24	-	-	60
Actual to Date	-	-	-	-	-	20	23	-	-	43
Variance to Date	-	-	-	-	-	(16)	(1)	-	-	(17)
	green	green	green	green	green	amber	green	green	green	amber
Annual Budget	-	-	-	-	-	144	140	-	-	284
Projected Outturn	-	-	-	-	-	206	140	-	-	346
Variance	-	-	-	-	-	62	-	-	-	62
	green	green	green	green	green	amber	green	green	green	amber

APPENDIX B

Account Description	CDC	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CAPITAL FINANCING										
Profiled Budget to Date	-	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	-	-	-	-	-	-
Variance to Date	-	-	-	-	-	-	-	-	-	-
Annual Budget	green	green	green	green	green	green	green	green	green	green
Projected Outturn	-	-	-	-	-	-	100	-	-	100
Variance	-	-	-	-	-	-	100	-	-	100
Profiled Budget to Date	65	226	2,093	282	1,903	3,086	1,297	565	3,046	12,563
Actual to Date	47	217	2,031	266	1,716	2,627	1,341	534	2,771	11,550
Variance to Date	(18)	(9)	(62)	(16)	(187)	(459)	44	(31)	(275)	(1,013)
Annual Budget	amber	green	amber	amber	red	red	green	amber	red	red
Projected Outturn	321	1,126	7,169	1,116	6,879	10,975	4,645	2,783	9,641	44,655
Variance	281	1,126	7,169	1,116	6,879	10,470	4,645	2,783	9,664	44,133
	(40)	-	-	-	-	(505)	-	-	23	(523)
GOVERNMENT GRANT										
Profiled Budget to Date	-	(32)	-	-	(91)	-	(61)	-	-	(184)
Actual to Date	-	(32)	-	-	(76)	(11)	(124)	-	-	(243)
Variance to Date	-	-	-	-	15	(11)	(63)	-	-	(59)
Annual Budget	green	green	green	green	amber	amber	red	green	green	red
Projected Outturn	-	(32)	-	-	(362)	-	(244)	-	-	(638)
Variance	-	(32)	-	-	(362)	-	(244)	-	-	(638)
	-	-	-	-	-	-	-	-	-	-

APPENDIX B

Account Description	CDC	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
OTHER GRANTS										
Profiled Budget to Date	-	(263)	(6)	(21)	(82)	(95)	-	(57)	(380)	(904)
Actual to Date	-	(257)	(5)	(10)	(75)	(101)	(22)	(52)	(140)	(662)
Variance to Date	green	6	1	11	7	(6)	(22)	5	240	242
Annual Budget	-	(302)	(24)	(85)	(1,022)	(324)	-	(167)	red	(3,602)
Projected Outturn	-	(302)	(24)	(85)	(1,022)	(336)	-	(111)	(1,678)	(3,518)
Variance	-	-	-	-	-	(12)	-	56	40	84
CUST & CLIENT RECPTS										
Profiled Budget to Date	-	(5)	(229)	(5)	(814)	(1,421)	(1,082)	(26)	(1,340)	(4,922)
Actual to Date	1	-	(213)	(4)	(755)	(1,359)	(1,082)	(24)	(1,148)	(4,584)
Variance to Date	amber	5	16	1	59	62	-	2	192	338
Annual Budget	-	(20)	(942)	(22)	(3,376)	(5,396)	(3,384)	(256)	red	(19,469)
Projected Outturn	-	(20)	(912)	(22)	(3,340)	(4,986)	(3,384)	(256)	(6,073)	(18,856)
Variance	-	-	30	-	36	410	-	-	137	613
INCOME-INTEREST										
Profiled Budget to Date	-	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	-	-	-	-	-	-
Variance to Date	green	green	green	green	green	green	green	green	green	green
Annual Budget	-	-	-	-	-	-	-	(2)	-	(2)
Projected Outturn	-	-	-	-	-	-	-	(2)	-	(2)
Variance	-	-	-	-	-	-	-	-	-	-

APPENDIX B

Account Description	CDC	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
INTER ACCOUNT TRANS										
Profiled Budget to Date	-	-	-	-	-	-	-	-	-	-
Actual to Date	-	-	-	-	-	-	-	-	-	-
Variance to Date	-	-	-	-	-	-	-	-	-	-
Annual Budget	green	green	green	green	green	green	green	green	green	green
Projected Outturn	-	-	-	-	-	-	-	-	-	-
Variance	-	-	-	-	-	-	-	-	-	-
Profiled Budget to Date	-	(300)	(235)	(26)	(987)	(1,516)	(1,143)	(83)	(1,720)	(6,010)
Actual to Date	1	(289)	(218)	(14)	(906)	(1,471)	(1,228)	(76)	(1,288)	(5,489)
Variance to Date	1	11	17	12	81	45	(85)	7	432	521
Annual Budget	amber	green	amber	amber	red	green	red	amber	red	red
Projected Outturn	-	(354)	(966)	(107)	(4,760)	(5,720)	(3,628)	(425)	(7,751)	(23,711)
Variance	-	(354)	(936)	(107)	(4,724)	(5,322)	(3,628)	(369)	(7,574)	(23,014)
Profiled Budget to Date	-	-	30	-	36	398	-	56	177	697
Actual to Date	65	(74)	1,858	256	916	1,570	154	482	1,326	6,553
Variance to Date	48	(72)	1,813	252	810	1,156	113	458	1,483	6,061
Annual Budget	(17)	2	(45)	(4)	(106)	(414)	(41)	(24)	157	(492)
Projected Outturn	amber	green	green	green	red	red	amber	green	red	red
Variance	321	772	6,203	1,009	2,119	5,255	1,017	2,358	1,890	20,944
Profiled Budget to Date	281	772	6,233	1,009	2,155	5,148	1,017	2,414	2,090	21,119
Actual to Date	(40)	-	30	-	36	(107)	-	56	199	175
Variance	-	-	-	-	-	-	-	-	-	-

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Life Opportunities				
Sport & Leisure	(356)	271	(85)	The forecast reflects that we are on track to deliver the FSR target saving of £200k for 12/13 which is largely cost savings. The first quarter's trading position suggests that some income targets are unlikely to be achieved in the year and these include Bar & Catering, Events and the Leisure World Car Park. Cost savings have been identified to partly offset these shortfalls in income and these are reflected in the forecast.
Housing Comm's &	(149)	127	(22)	Mainly reflects £42k net underspend currently forecast within Housing. Primarily relates to salary savings in the PSU, and an underspend on repair and maintenance at the Homeless Persons Units.
Resource Management (incl. CDC)				
Corporate & Democratic Core (CDC)	(40)	0	(40)	Saving on External Audit fees for 2012/13
Street Services				
Recycling & Fleet	23	147	170	Overspend on agency costs for domestic refuse incurred to assist and stabilise current service due to reliability and suitability of interim fleet. Trade refuse income lower than budgeted. FSR targets (shown in income) for trade refuse and depot will not be fully met due to delay in implementing yard / trade refuse partnership. The partnership is now expected to commence in January.
Zones	0	30	30	Income budget for the market included a third trading day for a full financial year, which has not yet been formally agreed, therefore income projected to be under budget.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Corporate Management				
ICT	0	30	30	The previous ICT contract included income from the contractor for use of various corporate resources. This income item should have been removed when the budget was set for as this arrangement is no longer in place as part of the new contract. The new ICT contract as previously reported has delivered significant savings.
Env. & Protective Services				
Museums	0	36	36	£36k less income than budgeted expected at year end due to Castle Museum closure.
SP&R				
Enterprise	0	56	56	Digital Strategy. Negotiations continuing, however, income target unlikely to be achieved this year. Alternative providers under consideration.

Housing Revenue Account – Period 3

June 2012	Current Period - June 2012				Forecast Year-End Position		
	Account Description	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
HRA - Direct & Non-Direct							
EXPENDITURE							
Employees	62	56	(6)	Amber	245	245	- Green
Premises Related	1,356	1,022	(334)	Red	6,654	6,654	- Green
Transport Related	1	-	(1)	Amber	4	4	- Green
Supplies & Services	119	117	(2)	Green	657	657	- Green
Third Party Payments	1,387	1,383	(4)	Green	3,340	3,340	- Green
Transfer Payments	65	45	(20)	Amber	260	260	- Green
Support Services	775	713	(62)	Red	3,364	3,364	- Green
Capital Financing Costs	-	-	-	Green	14,004	14,004 *	- Green
TOTAL EXPENDITURE	3,765	3,336	(429)	Red	28,528	28,528	Green
INCOME							
Other Grants & Reimbursements	(30)	(30)	-	Green	(134)	(134)	- Green
Customer & Client Receipts	(7,371)	(7,464)	(93)	Amber	(27,563)	(27,563)	- Green
Income-Interest	(1)	(1)	-	Green	(24)	(24)	- Green
Inter Account Transfers	-	-	-	Green	(260)	(260)	- Green
TOTAL INCOME	(7,402)	(7,495)	(93)	Amber	(27,981)	(27,981)	Amber
TOTAL NET - HRA	(3,637)	(4,159)	(522)	Red	547	(303)	0 Green

* Savings will be delivered as a result of the reduced interest rate achieved on new borrowing.



Finance and Audit Scrutiny Panel

Item
12

21 August 2012

Report of	Head of Corporate Management	Author	Robert Judd Tel. 282274
Title	Work Programme 2012-13		
Wards affected	Not applicable		

This report sets out the 2012-13 work programme for the Finance and Audit Scrutiny Panel and Accounts and Regulatory Committee

1. Action Required

1.1 The Panel is asked to consider and note the 2012-13 work programme.

2. Reason for Action

2.1 This function forms part of the Panel's Terms of Reference in the Constitution.

3. Outstanding items for scrutiny, with dates to be confirmed

3.1 **The financial impact of a new Park and Ride Scheme** - To include a presentation on parking charges modelling. In hand, and the Panel to be notified of a future review date.

firstsite

To consider a review taking in 'A summary of previous scrutiny', 'the possibility of including partners', 'a comparison of the experience with the first contractor and the second, and the lessons learnt'. In-hand, and the Panel to be consulted on any future review.

4. Work Programme

4.1 **26 June 2012**

1. Honorary Alderman (A&R)
2. Myland Community Governance Review (A&R)
3. Annual review of the Governance Framework and 2011-12 Statement (A&R)
4. 2011-12 Revenue Expenditure Monitoring Report
5. 2011-12 Capital Expenditure Monitoring Report

4.2 **24 July 2012**

1. Draft Annual Statement of Accounts (A&R)
2. 2011-12 Internal Audit Report
3. Annual Report on Treasury Management
4. 2011-12 Risk Management Summary & Strategy Review

4.3 **21 August 2012**

1. 2012-13 Revenue Expenditure Monitoring Report, period April to June
2. 2012-13 Capital Expenditure Monitoring Report, period April to June

- 4.4 **25 September 2012**
1. Service Level Agreement to manage the Abbots Centre
(In ref. to review of decision COM-004-11 Activity Centres – 23-Nov-11)
 2. Annual Statement of Accounts (A&R)
Briefing, 6pm Thursday 20 September 2012
 3. Annual Governance Report (AC)
 4. Audit Commission Progress report (AC)
- 4.5 **16 October 2012**
1. Report Publication of Audited Statement of Accounts (A&R)
 2. Annual Audit Letter (AC)
 3. Annual Business Continuity Year-end
- 4.6 **20 November 2012**
1. 2012-13 Risk Management, period April to September
 2. 2012-13 Revenue Expenditure Monitoring Report, period April to September
 3. 2012-13 Capital Expenditure Monitoring Report, period April to September
 4. Treasury Management – 6-monthly update
 5. Interim Annual Governance Statement review (A&R)
 6. 2012-13 Internal Audit Monitor, period April to September
- 4.7 **22 January 2013**
1. Audit Opinion Plan (AC)
 2. Audit Commission Progress report (AC)
 3. 2013-14 Revenue Budget
 4. Treasury Management - Investment Strategy
 5. Housing Revenue Account Estimates and Housing Investment Programme
- 4.8 **26 February 2013**
1. 2012-13 Revenue Expenditure Monitoring Report, period April to December
 2. 2012-13 Capital Expenditure Monitoring Report, period April to December
- 4.9 **26 March 2013**
1. Annual Governance Statement Process
 2. Certificate of Claims and Returns (AC)

A&R = Accounts and Regulatory Committee // AC = Audit Commission

5. Standard and Strategic Plan References

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

