

Finance and Audit Scrutiny Panel

Town Hall, Colchester
26 February 2013 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

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to Angel Court Council offices, High Street, Colchester or telephone (01206) 282222 or textphone 18001 followed by the full number that you wish to call and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are located on each floor of the Town Hall. A vending machine selling hot and cold drinks is located on the ground floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Colchester Borough Council, Angel Court, High Street, Colchester
telephone (01206) 282222 or textphone 18001 followed by the full number you wish
to call

e-mail: democratic.services@colchester.gov.uk

www.colchester.gov.uk

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
26 February 2013 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

To confirm as a correct record the minutes of the meeting held on 22 January 2013.

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.

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

Councillor Willetts, Chairman of the Finance and Audit Scrutiny Panel and Mr. Andrew Weavers, Monitoring Officer certified that the following decision HOU-012-12 "Addendum to the Housing Revenue Account Fees and Charges 2013/14" was urgent and under the special urgency provisions could not be delayed for the usual five day working period, and it would not be possible to provide five clear days notice of the decision to be taken.

Any decision taken under the special urgency provisions is reported to the next meeting of the relevant scrutiny panel for information.

9. Referred items under the Call in Procedure

To consider any decisions taken under the Call in Procedure.

10. Audit Plan

1 - 21

See report from Ernst & Young with covering report from the Head of Corporate Management.

Ms. Debbie Hanson, for and on behalf of Ernst & Young will attend the meeting and present the Audit Plan.

11. Grounds Maintenance Contract Performance report

22 - 25

See report from the Head of Life Opportunities.

12. The Financial Impact of a new Park and Ride Scheme

26 - 31

See report from the Head of Street Services.

13. 2012-13 Financial Monitoring Report, April to December 32 - 50

See report from the Head of Resource Management.

14. 2012-13 Capital Expenditure Monitoring Report, April to December 51 - 59

See report from the Head of Resource Management.

15. Work Programme 60 - 61

See report from the Head of Corporate Management.

16. 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 & Audit Scrutiny Panel

Item
10

26 February 2013

Report of

Head of Corporate Management

Author

Robert Judd
282274

Title

Audit Plan

Wards
affected

Not applicable

**The accompanying report from Ernst & Young sets out their
Audit Plan for year ending 31 March 2013.**

1. Actions Required

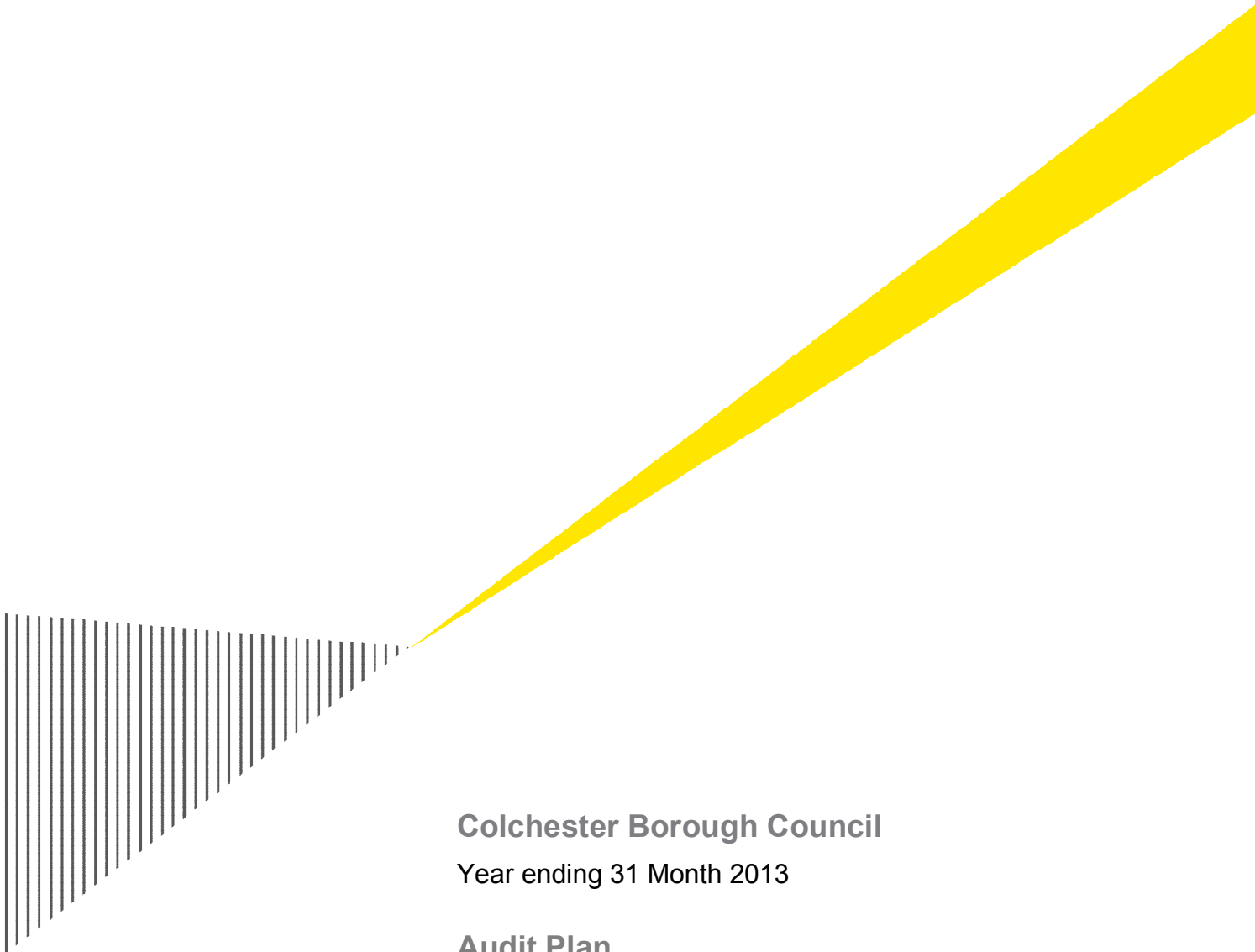
1.1 To consider and comment on the Audit Plan for year ending 31 March 2013.

2. Reason for Scrutiny

2.1 To consider how the external auditor, Ernst & Young, intend to uphold their responsibilities in carrying out the 2013 Audit.

2.2 To consider and comment on the audit approach and scope of the 2013 Audit.

2.3 To ensure the Audit is aligned with the Council's expectations.



Colchester Borough Council

Year ending 31 Month 2013

Audit Plan

February 2013

Finance and Audit Scrutiny Panel
Colchester Borough Council
Rowan House
33 Sheepen Road
Colchester
Essex
CO3 3WG

11 February 2013

Dear Councillor Willetts

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Finance and Audit Scrutiny Panel (FASP) with a basis to review our proposed audit approach and scope for the 2013 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Panel's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you on 26 February 2013 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Debbie Hanson
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview.....	1
2. Financial statement risks.....	4
3. Economy, efficiency and effectiveness.....	5
4. Our audit process and strategy.....	6
5. Independence.....	10
Appendix A Fees	13
Appendix B UK required communications with those charged with governance....	14
Appendix C Detailed scopes.....	16

1. Overview

Context for the audit

This audit plan covers the work that we plan to perform in order to provide you with:

- ▶ Our audit opinion on whether the financial statements of Colchester Borough Council give a true and fair view of the financial position as at 31 March 2013 and of the income and expenditure for the year then ended; and
- ▶ A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

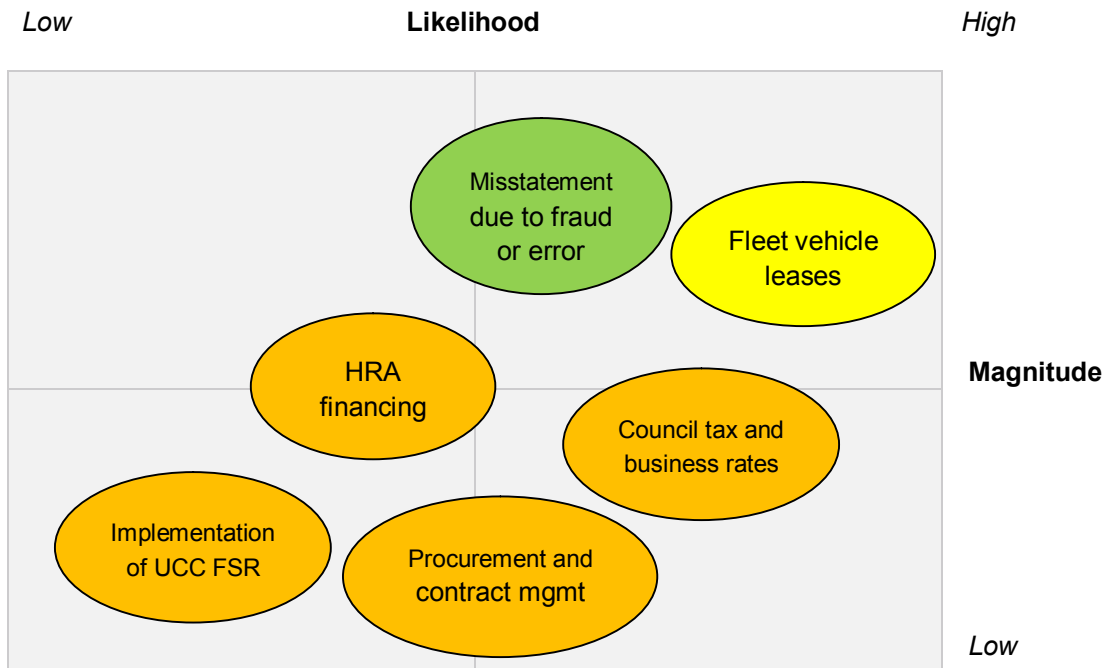
- ▶ Strategic, operational and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting and auditing standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the business and regulatory environment.
- ▶ Management's views on all of the above.





By considering these inputs, our audit is focused on the areas that matter. And by focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In part 2 and 3 of this report we provide more detail on the areas which we believe present significant risk to the financial statements audit, and outline our plans to address these risks. Details of our audit process and strategy are set out in more detail in section 4, and summarised below.

The grid below shows the overall assessment of these risks in terms of their likelihood of occurrence in 2012/13 as well as the perceived magnitude of the risk to our opinion.



-  Presentation and Disclosure
-  Judgements
-  Valuation
-  Value for money risk

We will provide an update to the Panel on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September, 2013.

Our process and strategy

- ▶ **Financial statement audit**
 - ▶ We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. We set our materiality based on the Council's level of gross expenditure. We also consider the size of useable reserves, the Council's financial position, its public profile and the reporting and challenge history. Our audit is designed to identify errors above materiality.
 - ▶ We aim to rely on the Council's internal controls in the key financial systems to the fullest extent allowed by auditing standards. We identify the controls we consider important and seek to place reliance on internal audit's testing of those controls. Where control failures are identified we consider the most appropriate steps to take.
 - ▶ We seek to place reliance on the work of internal audit wherever possible. We have already liaised with Internal Audit and have commenced our review and re-performance of their work.
 - ▶ There has been no change to the scope of our audit compared to previous audits.
- ▶ **Arrangements for securing economy, efficiency and effectiveness**
 - ▶ We adopt an integrated audit approach such that our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.
 - ▶ We will review the Council's Universal Customer Contact Fundamental Service Review (UCC FSR) as part of our assessment of the Council's value for money arrangements.

2. Financial statement risks

We outline below our assessment of the key strategic or operational risks and the financial statement risks facing Colchester Borough Council, identified through our knowledge of the entity's operations and discussion with members and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<p>Fleet vehicle leases and lease accounting</p> <p>The Council have acquired 13 new street cleaning vehicles and a further 25 are likely to be acquired prior to year end. In total these are likely to result in a material finance lease arrangement and there is therefore a risk that the financial statements may be materially misstated.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ evaluating the management controls in place to recognise leases; ▶ undertaking testing to ensure that leases are disclosed in accordance with accounting standards and the Code, and the financial statements are materially accurate; and ▶ ensuring the lease payment made to the lessor includes the correct split of maintenance costs and well as lease costs.
<p>Risk of misstatement due to fraud and error</p> <p>Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud. Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.</p> <p>The Council continues to face significant financial pressures due to reduced external funding and changes such as the localisation of council tax support. These changes add further pressure on management to meet budget and savings targets. This presents a risk that the financial statements may be materially misstated.</p>	<p>Based on the requirements of auditing standards our approach will focus on:</p> <ul style="list-style-type: none"> ▶ identifying fraud risks during the planning stages; ▶ inquiry of management about risks of fraud and the controls put in place to address those risks; ▶ understanding the oversight given by those charged with governance of management's processes over fraud; ▶ consideration of the effectiveness of management's controls designed to address the risk of fraud; ▶ determining an appropriate strategy to address those identified risks of fraud; and ▶ performing mandatory procedures regardless of specifically identified fraud risks. <p>We will consider the results of the National Fraud Initiative and may make reference to it in our reporting to you.</p> <p>Our approach to address the risks of fraud we have identified at this stage of our planning will focus on:</p> <ul style="list-style-type: none"> ▶ reviewing the year-end position against in-year financial forecasts; ▶ reviewing the reasonableness and completeness of prepayments, accruals and provisions; ▶ reviewing the appropriateness of capitalisation of staff costs; ▶ testing material adjustments made by journals; and ▶ reviewing transactions both before and after year-end to ensure they are correctly disclosed in the correct financial period

3. Economy, efficiency and effectiveness

Our work will focus on:

1. Whether there are proper arrangements in place for securing financial resilience at Colchester Borough Council; and
2. Whether there are proper arrangements in place at Colchester Borough Council to secure economy, efficiency and effectiveness in the use of resources.

The table below provides a high-level summary of our risk assessment and our proposed response to those risks. At this stage of our audit we have not identified any significant risks.

Other risks		Our audit approach
Implementation of the Universal Contact Centre FSR Business Plan		
<p>The Universal Customer Contact Fundamental Service Review (UCC FSR) is a comprehensive Council wide review of front end as well as backend critical pathways. The UCC FSR will require significant capital spend as well as organisation wide cultural change to achieve the longer term benefits and planned efficiencies.</p> <p>This presents a risk to the Council's achievement of securing economy, efficiency and effectiveness</p>	<p>Economy, efficiency and effectiveness</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ reviewing the UCC FSR business plan against the criteria for securing economy, efficiency and effectiveness; and ▶ reviewing the overall management of, and progress against, the UCC FSR implementation plan.
Changes to arrangements for council tax support and business rates		
<p>From April 2013, there will be changes to the arrangements for both Local Council Tax Support and business rates. These changes represent a significant change for the Council and bring both financial and reputational risks.</p>	<p>Economy, efficiency and effectiveness</p> <p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ How the Council has planned for and managed these changes. ▶ How the Council has assessed the likely impact of the changes on its financial position and built these into its future financial projections and budget.
HRA financing		
<p>HRA self financing took effect in late 2011/12, however 2012/13 is the first year where the Council will need to consider a number of new key arrangements including:</p> <ul style="list-style-type: none"> ▶ Loan Debt – How is the Council planning on repaying the loan debt? ▶ Planning assumptions – Are the original budget planning assumptions still appropriate? 	<p>Financial resilience</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Reviewing the planning assumptions and repayment of debt profile as part of our value for money conclusion work.
Procurement and contract management		
<p>An Internal Audit review of contract management resulted in a limited assurance rating. Internal Audit's reported findings directly impact our value for money conclusion work, and present a risk to the Council's achievement of securing economy, efficiency and effectiveness.</p>	<p>Economy, efficiency and effectiveness</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ reviewing Internal Audit's report findings to establish the extent this may impact the value for money conclusion; and ▶ reviewing tendering and procurement processes in year together with their outcomes as part of our value for money conclusion work.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice ('the Code'), dated March 2010, our principle objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the Council's:

- i) financial statements; and
- ii) arrangements for securing economy, efficiency and effectiveness in its use of resources.

We issue a two-part audit report covering both of these objectives.

i) Financial Statement Audit.

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return

ii) Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Council's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

4.2 Audit process overview

Our audit involves:

- ▶ assessing the key internal controls in place and testing the operation of these controls;
- ▶ review and re-performance of the work of your internal auditors;
- ▶ reliance on the work of other auditors where appropriate;
- ▶ reliance on the work of experts in relation to areas such as pensions and valuations; and
- ▶ substantive tests of detail of transactions and amounts.

Processes

Our initial assessment of the key processes across the entity has identified the following key processes where we will seek to test key controls, both manual and IT:

- Accounts receivable;
- Accounts payable;
- Cash processing;
- Payroll;
- Parking income;
- Council tax income;
- Business rates income;
- Housing rents income; and
- Housing benefit and council tax benefits.

Property, plant and equipment, investments, loans and cash balances will be tested substantively at year end

Analytics

We aim to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular in respect of payroll, cash payments and receipts and journal entries. These tools:

- help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and FASP.

Internal audit

As in prior years, we will review internal audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements and/or the value for money conclusion.

We will seek to place reliance on the work of internal audit wherever possible in line with auditing standards. We have already liaised with Internal Audit and have commenced our review and re-performance of their work on the systems detailed above.

Use of experts

We will utilise specialist Ernst & Young resource, as necessary, to help us to form a view on judgments made in the financial statements.

Other procedures

In addition to the key areas of emphasis outlined, we have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline the procedures we will undertake during the course of our audit.

Mandatory procedures required by auditing standards on:

- ▶ Addressing the risk of fraud and error.
- ▶ Significant disclosures included in the financial statements.
- ▶ Entity-wide controls.
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements.
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement and the Remuneration Report.
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO.
- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Council's corporate performance management and financial management arrangements and reporting on these arrangements.

4.3 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

ISA (UK & Ireland) 450 (revised) requires us to record all misstatements identified except those that are "clearly trivial". All uncorrected misstatements found above this amount will be presented to you in our year-end report.

4.4 Fees

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of Colchester Borough Council is £79,543.

4.5 Your audit team

The engagement team is led by Debbie Hanson, who has significant experience on Colchester Borough Council. Debbie Hanson is supported by Gary Belcher who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the chief accountant.

4.6 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts; and the deliverables we have agreed to provide to you through the FASP cycle in 2013. These dates are determined to ensure our alignment with the Audit Commission’s rolling calendar of deadlines.

We will provide a formal report to the FASP in June and September, incorporating the outputs from the interim audit and our year-end procedures respectively. From time to time matters may arise that require immediate communication with the Panel and we will discuss them with the FASP Chairman as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	FASP timetable	Deliverables
High level planning:	November/ December		Audit Fee letter
Risk assessment and setting of scopes	December		
Testing of routine processes and controls	January - February	FASP	Audit Plan
	June	FASP	Interim results report
Year-end audit including WGA	July – September	FASP	Report to those charged with governance
			Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources).
			Audit completion certificate
			Whole of Government Accounts certification
Reporting	October	FASP	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Self interest threats

A self interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved and that are in compliance with the Audit Commission's Standing Guidance.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement partner and the audit engagement team have not been compromised.

5.3 Other required communications

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 29 June 2012 and can be found here:

[UK 2012 Transparency Report](#)

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2012/13 £'000	Actual Fee 2011/12 £'000	Explanation of variance
Total Audit Fee – Code work	79,543	132,572	40% reduction reflects the savings achieved from the Audit Commission procurement exercise.
Certification of claims and returns*	25,550	37,478	2012/13 planned fee is set by the Commission based on the fee charged for 2010/11, adjusted to reflect the 40% reduction in fees referred to above

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables.
- ▶ We are able to place reliance, as planned, on the work of internal audit.
- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year.
- ▶ No significant changes being made by the Audit Commission to the value for money criteria on which our conclusion will be based.
- ▶ Our accounts opinion and value for money conclusion being unqualified.
- ▶ Appropriate quality of documentation is provided by the audited body.
- ▶ Effective control environment.
- ▶ There are no questions asked or objections made by local government electors.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with you in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

*Our fee for the certification of grant claims is based on the indicative scale fee set by the Audit Commission.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the audit committee, or equivalent, of audited clients. These are detailed here:

Required communication	Reference
Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.	Audit Plan
Significant findings from the audit	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits 	
Misstatements	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	
Fraud	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Enquiries of the Finance and Audit Scrutiny Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	
External confirmations	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	
Consideration of laws and regulations	Report to those charged with governance
<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Finance and Audit Scrutiny Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the panel may be aware of 	
Independence Communication of all significant facts and matters that bear on Ernst & Young's objectivity and independence	Audit Plan Report to those charged with

Required communication	Reference
<p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>For listed companies, communication of minimum requirements as detailed in the ethical standards:</p> <ul style="list-style-type: none"> ▶ Relationships between Ernst & Young, the audited body and senior management ▶ Services provided by Ernst & Young that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by Ernst & Young analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the ethical standards ▶ The Finance and Audit Scrutiny Panel should also be provided an opportunity to discuss matters affecting auditor independence 	governance
<p>Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	Report to those charged with governance
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit Plan
<p>Opening Balances (initial audits)</p> <ul style="list-style-type: none"> ▶ Findings and issues regarding the opening balance of initial audits 	Report to those charged with governance
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	Audit Plan Report to those charged with governance and Annual Audit Letter if considered necessary

Appendix C Detailed scopes

Our objective is to form an opinion on the group's consolidated financial statements under International Standards on Auditing (UK and Ireland).

We set audit scopes for each reporting unit which, when taken together, enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each reporting unit.

- ▶ **Full scope:** locations deemed significant based on size and those with significant risk factors are subject to a full scope audit, covering all significant accounts and processes using materiality levels assigned by the Ernst & Young Cambridge audit team for purposes of the consolidated audit. Procedures are full-scope in nature, but may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements (as materiality thresholds support to the consolidated audit).
- ▶ **Specific scope:** locations where only specific procedures are performed by the local audit team, based upon procedures, accounts or assertions identified by the Ernst & Young Cambridge audit team.
- ▶ **Limited Scope:** limited scope procedures primarily consist of enquiries of management and analytical review. On-site or desk top reviews may be performed, according to our assessment of risk.

The preliminary audit scopes we have adopted to enable us to report on the group accounts are set out below. Our audit approach is risk based, and therefore the data below on coverage of gross income and net expenditure (after elimination of intercompany transactions) is provided for your information only.

Group audit scope	Number of locations	% of Gross income	% of Net expenditure
Full	0	0%	0%
Specific	0	0%	0%
On site limited	0	0%	0%
Off site limited (desktop)	2	0.06%	0.13%

The two locations included as limited scope reviews relate to Colchester Borough Homes (CBH) and Colchester Communities Stadium Limited (CCSL).

ISA 600 (UK and Ireland) requires that we provide you with an overview of the nature of our planned involvement in the work to be performed by the component auditors of significant locations/reporting units. Our involvement can be summarised as follows:

Location name

Colchester Borough Homes – Limited scope location	<p>We will review the final audited financial statements of CBH, and the auditor's board report when performing our tests of consolidation and analytical review of the amounts feeding into the group statements.</p> <p>We will also request assurances from the auditors of CBH to support the controls underpinning the key processes at the Council for which CBH is partly responsible (i.e. housing rents)</p>
Colchester Community Stadium Limited – Limited scope location	We will review the final audited financial statements of CCSL, and the auditor's board report when performing our tests of consolidation and analytical review of the amounts feeding into the group statements.

Ernst & Young LLP

Assurance | Tax | Transaction | Advisory

www.ey.com/uk

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© Ernst & Young LLP 2012. Published in the UK.
All rights reserved.



Finance and Audit Scrutiny Panel

Item
11

26 February 2013

Report of	Head of Life Opportunities	Author	Bob Penny ☎ 282903
Title	Review of the performance of the grounds maintenance contract		
Wards affected	Not applicable		

The Panel is invited to review the performance of the grounds maintenance contract.

1. Action required

1.1 The panel is asked to consider and note the report

2. Reason for scrutiny

2.1 A proposal was raised by Cllr Martin Goss at the Accounts and Regulatory Committee on 25 September 2012 for the performance of the grounds maintenance contract to be added to the work programme and agenda items for consideration by FASP. The Chair and Group spokesperson have considered this proposal and asked for a report to be presented.

3. Background information

3.1 Grounds maintenance is carried out on behalf of the Council by Veolia Environmental Services Ltd. The contract commenced in April 2006 and is a 10 year partnering arrangement. The contract includes grounds maintenance for Council owned parks and open spaces, CBH property, Colchester Cemetery and crematorium and highway land on behalf of Essex County Council. The current contract has an annual value of approx £1.4m.

3.2 The contract has a break clause option effective from March 2013 with a requirement on both parties to give 12 months notice if the break clause was to be invoked. External consultants (White Young Green) were engaged to look at the contract and contract price to determine whether the contract continued to offer value for money or whether financial benefits could be gained by retendering the contract. Cabinet Members considered the WYG report and agreement for the grounds maintenance contract to be continued to 31 March 2016 was confirmed in Portfolio Holder decision COD-002-11.

3.3 Contract procedures

Grounds maintenance is an activity that affects every resident and visitor to the borough being very high profile and visible. The contract contains a performance management process with rectification notices and default notices being available in the event of poor performance. Since the commencement of the contract, it has not been necessary to issue rectification notices. The relationship with the contractor results in contract

performance being discussed at fortnightly contract meetings. At the same contract/client meetings progress against mowing rotas and border maintenance activities are discussed. Any contract failures such as areas of grass being missed or litter being shredded are brought to the contractor's attention as soon as Parks staff become aware. The Contractor will arrange for their staff to return to site to address the report that has been raised and rectify the problem.

- 3.4 While there is no programmed contract monitoring by Parks and Recreation staff each member of staff will be observing contractor's performance as they travel around the borough as part of their overall duty. Other council staff, including zone wardens, are also encouraged to observe performance issues and report any contractor failings.
- 3.5 Default Notices are issued when there are serious breaches or where it is not possible to rectify the action that has been taken. Since April 2006 there have been 3 default notices issued all in connection with the Cemetery and Crematorium.
- 3.6 It has been recognised that 2012 had been a challenging year in terms of the seasonal conditions. As soon as the hosepipe ban came in to effect in April, there was almost continuous rainfall which had several impacts on grass cutting which is the prime summer maintenance activity
- Excessive grass growth leading to more grass at each cut leading to longer mowing times leading to greater intervals between cuts
 - Soft ground conditions
 - Inclement weather affecting operators performance
 - Grass cuttings taking longer to dry up.
- 3.7 In spite of these challenges, the contractor was able to maintain good rather than very good grass cutting standards. The situation was improved as soon as the frequency of rain reduced and towards the end of the grass cutting season grass areas were at the anticipated frequency. It is considered that the contractor made all reasonable efforts to deliver good services in spite of the unusual conditions and had the relevant equipment at their disposal to deal with the volume of grass at each mowing visit.
- 3.8 Although grass cutting is such a high proportion of the summer activity and such high public profile, there were no significant numbers of complaints from residents.
- 3.9 A significant proportion of the grounds maintenance contractor's work is carried out on behalf of Colchester Borough Homes and its tenants. This work is overseen by Parks and Recreation Officers who attend tenants forums and discussion groups to identify any areas of concern. No specific areas of concern have been identified and Parks and Recreation are working with Tenancy Services to introduce grounds maintenance related observations in tenants surveys to enable performance issues and trends to be identified more easily.
- 3.10 Context of contractor's performance
To gauge the contractor's performance, Members are asked to consider the extent to which grounds maintenance issues feature in their post bags. Very few Councillors raise complaints about grounds maintenance to the Parks and Recreation team and often observations and comments come from the frustration associated with new development where new open spaces are being poorly constructed or maintained before they are transferred to CBC for subsequent maintenance.
- 3.11 The delivery of new public open spaces and landscapes is in the hands of the developers and their landscape consultants' before they are offered for adoption. There

are often “triggers” associated with the Planning agreement that require delivery at certain points of construction or occupation.

- 3.12 A common topic of correspondence is the quality of landscape maintenance by contractors on behalf of developers before land is transferred to CBC. This is an area where the Council has little control and is dependent on the developer seeking to transfer the land. On occasions, reports are about poor maintenance of highway verges when ECC has not informed CBC that sites have been approved by ECC for maintenance but the information has not been passed on to CBC to arrange for the areas to be added to the grounds maintenance contract. Communications between ECC and CBC have been improving and CBC has been asked to contribute to the ECC specification for highway landscape works so that required standards are acceptable. ECC Highway adoption inspections are carried out by Highway Engineers who have skills in their relevant field but may not be so familiar with soft landscaping. CBC has offered to attend highway inspections where soft landscaping is involved.
- 3.13 Once sites are under CBC maintenance and are incorporated in to the grounds maintenance contract there are seldom reports about the quality of maintenance other than the presence of litter that is required to be removed from grassed areas before sites are mown.
- 3.14 Due to their staff resource availability and the concentration of efforts during the summer season to maintain good standards of grass cutting, Veolia Environmental Services Ltd are not always able to take on additional construction and repair work. This has traditionally been carried out by local small contractors and would include items outside the regular work of the grounds maintenance contract to include border refurbishment, fencing and surfacing. To meet our Financial Procedures, contracts for this work have been advertised, PQQs submitted and assessed and new “Small Works” contracts are being awarded. A combination of new and former contractors have been identified as approved “Small Works” contractors and it will take some time to build up the same level of understanding with the new contractors as was previously experienced.
- 3.15 Members may also be aware that the maintenance of Castle Park by Veolia Environmental Services Ltd was recognised in the British Association of Landscape Industries Awards in the category Grounds Maintenance of Public Grounds (Free Public Access). In competition with other award winners in this category including Thames Barrier Park (London), Regents Park (London) and Bancroft Park in Stratford upon Avon Veolia Environmental Services Ltd was awarded the Principal Award in this category for its maintenance of Castle Park in 2012.

4. Strategic Plan references

- 4.1 Grounds maintenance is an activity that affects every resident and visitor to the borough being very high profile and visible. Within the category “Delivering high quality, accessible services are a number of priorities including; Providing sport and leisure for all, alongside good quality green spaces and play areas, Improving our streets and local environment. Within the category “Leading our communities”, good quality grounds maintenance supports tourism, heritage and the arts and brings investment to the borough through the quality of the place.

5. Consultation

- 5.1 Customer surveys are carried out at key locations such as Castle Park and High Woods Country Park to obtain feedback on the customer experience and areas for improvement or facility development.
- 5.2 Grounds maintenance is provided by Veolia Environmental Services Ltd to Colchester Borough Homes and regular focus group meetings are held and attended by Parks and Recreation representatives to gather feedback on maintenance standards. Parks and Recreation are working with Tenancy Services to introduce grounds maintenance related observations in tenants surveys to enable performance issues and trends to be identified more easily.

6. Publicity considerations

- 6.1 There is no content or action required from this report that is contentious or has publicity considerations.

8. Financial implications

- 8.1 The cost of grounds maintenance is contained within the Council's revenue budgets. An independent assessment of the contract carried out in 2011 established that the contract continued to deliver high standards at a competitive price.

9. Standard references

- 9.1 Having considered equality, diversity and human rights, health and safety, community safety and risk management implications, there are none which are significant to the matters in this report.

Background Papers


None



Finance and Audit Scrutiny Panel

Item
12

26 February 2013

Report of	Head of Street Services	Author	Matthew Young  282902
Title	The financial impact of the introduction of Park and Ride on the Council's car parking income		
Wards affected	All		

The Panel is invited to review the potential financial impact of the introduction of Park and Ride in Colchester and note the further work planned

1. Action required

- 1.1 The Panel is asked to consider the report requested on the impact of the introduction of a Park and Ride facility in Colchester.

2. Reason for scrutiny

- 2.1 This report was requested by the Panel to ensure that the impact of Park and Ride had been considered by the Council. It particularly asked officers to address the following points:
 - The pricing structure at the Park and Ride and how this is derived
 - The pricing structure for Council owned town centre car parks
 - The modelling work – a guide
 - The effect of Park and Ride on town centre car parking

3. Background information

- 3.1 Park & Ride is a key part of the transport strategy for Colchester, helping remove traffic from congested key routes and encourage more sustainable travel. Park and Ride will help increase the capacity of the transport network by moving people sustainably particularly as the town grows. Park and Ride is a fundamental element of the "Better Town Centre" project. For Colchester, Park and Ride is important for commuting, leisure and education, and supports the growth in tourism.
- 3.2 Essex County Council (ECC) have been working in partnership with Colchester Borough Council (CBC) with an aim to provide Colchester's first purpose built Park & Ride facility at Cuckoo Farm, accessed off Junction 28 on the A12. The facility will have 1,000 spaces.
- 3.3 Full Planning Permission for Cuckoo Farm Park & Ride was granted in 2011. Current expectations are that Park & Ride would be delivered around autumn 2014.
- 3.4 In order to deliver a successful and attractive service, and to minimise Park & Ride bus journey times and facilitate journey time reliability, a number of Highway improvements are expected to be required. These are likely to include improvements to North Station

Roundabout, Essex Hall Roundabout, Middleborough, and the provision of bus priority measures.

- 3.5 It has always been recognised that the introduction of park and ride will have an impact on the use of town centre car parks and work has been undertaken to assess and update the study undertaken in 2007.

4. Detailed information

4.1 Pricing structure for Park and Ride

Current expected pricing structures at Cuckoo Farm P&R are at the £2.50-£3.00 level, in line with those of Chelmsford P&Rs. Colchester P&R pricing structures will need to be supported by suitable price structures within all Town Centre car parks, to ensure usage is maximised and, therefore, revenue support of the P&R is minimised.

4.2 Pricing structure for Council owned town centre car parks

Designing effective parking charges is unquestionably a compromise. However, in setting fees and charges, an authority must:

- support town centre vitality;
- pursue policy objectives to curb travel during peak hours;
- influence supply, demand and congestion;
- be aware of price elasticity and resistance; and
- support the increasing costs of running and refurbishing car parks.

In order to encourage trade in the town centre, a unique range of special parking offers is available and these compare very favourably indeed to other towns with which Colchester is comparable and competitive. The off-peak parking offers have been commended by Traders' groups. It is also worth noting that all parking tariffs in Colchester have been adjusted to reflect the likely impact of Park and Ride so that they offer options for certain short-term parking needs and complement them for long-stays.

Whilst parking charges form a proportionally small part of the overall spend in any shopping visit, an important consideration in setting the tariff is the perceived relationship with the vitality of the town centre. Alongside that must be set the policy and strategic objectives of reducing car use, especially in peak hours and moreover in the town centre. The high-peak or "core" tariff represents a control in this respect, encouraging drivers to chose to travel off-peak or consider the use of other means of travel, or alternative or more appropriate car parks rather than queuing in the peak hours.

Parking fees and charges form an important measure to influence driver behaviour through setting appropriate parking charge levels. The primary function of parking is not simply to raise revenue, but to support transport policy, and Park & Ride is a fundamental part of that overall policy.

The financial support of the revenue generated from parking operations is of significant benefit to the Council, however this is subject to economic factors, and cannot be relied upon simply to increase year on year.

There are a total of over 4,000 public parking spaces in the town, of which the Council controls just under 3,000. It is important to note that the Council has no control over the pricing structure at some car parks such as North Station, Nunn's Road and Osborne Street, which are controlled by private operators mainly National Car Parks (NCP).

These public car parks are in competition with private, non-residential car parking spaces in the town. A 2007 desktop survey suggested that there are approximately 3,500 private non-residential car parking spaces in the town centre, either attached to businesses, retail or education establishments. 90% of these spaces are for business and education purposes and are in competition with Council run long-stay car parking. The Council has no control over these private car parks and in the main are provided free to the user with little or no restriction on use.

4.3 The likely effect of Park and Ride on town centre car parking

Long Stay Parking

The major market for Park & Ride is in the peak hours for long stay. Long stay parking is split between public and private car parks, with a high degree of private, non-residential parking (PNR) for example parking outside places of work.

From the high proportion of Park & Ride trips predicted in the morning and afternoon peak hours, the existing transport model predicts just over 400 trips into the town centre being saved in the morning peak hour, as follows:

Modelling for P&R – Peak Hour Trips

Arrival from	Peak Hour trips averted	Long-stay car parks generally available to this sector
North	-44	Sheepen Road, Middleborough, Nunn's Road, NRP
West	-126	St Mary's, St John's Butt Road, Nunn's Road, Sheepen Road, Middleborough, NRP
North-East	-134	Osborne Street, Nunn's Road, Sheepen Road, Middleborough, NRP
East	-115	Osborne Street, Nunn's Road, Sheepen Road, Middleborough, St Mary's, St John's, NRP
Total	-419	

Parking stock in the town centre amasses around 4,000 public car park bays, of which some is privately controlled (e.g. NCP) and the vast majority is short-stay. Long-stay parking, which would be attractive to the largest number of Park & Ride users, amounts to about 1,500 spaces.

PNR parking provides an estimated 3,535 further spaces in the town centre area, and 90% of these are business or education.

In addition, Colchester North railway station has a very large long-stay car park which may be considered partially in scope though the limit of earliest and latest buses may be a factor in Park & Ride's use as an alternative here.

Of these trips, around 16% may end in a Colchester Car Park, equating to about 65 cars from the morning peak. If this trend were repeated across the year the Park & Ride would "free up" up to £85k p.a. worth of parking in long-stay car parks around the town centre, in a "worst case" scenario for Colchester parking income budgets. This data is shown in **Table 1** overleaf. The forthcoming Parking and Land Use Model detailed in 4.4 will enable clarity on this figure.

This may not be entirely lost income, however, as a proportion of this space could be filled by diverted traffic from other non-Park & Ride routes. The impact could also be offset by the eventual changes which have been proposed in the further planned regeneration of the town centre.

As part of this Town Centre regeneration, a reduction in the short- to medium-term from reduced levels of parking income must be seriously considered in order to deliver the desired long-term improvements required within the town, such as delivering the Better Town Centre programme and its objectives. This includes reducing congestion, managing the Air Quality Management Areas in Colchester and improving the public realm in order to improve the offer for businesses and hence encourage economic vitality and growth within the town. This growth could also be delivered through the reallocation of land uses from Car Parking to Business or Residential, and Park and Ride would assist this growth by removing traffic and congestion from the network, providing space for new trips generated by the new growth accessing the transport network.

Such new town centre developments would only have limited impact on the road network due to their highly sustainable town centre location enabling walking, cycling and buses as new residents' and employees' preferred modes of travel within the town, helping break the link between economic growth and traffic growth. Park and Ride operating on a congestion-free network would enable this development to take place and would also assist Colchester in improving its footing on a regional level when compared to Cambridge and Norwich and other large towns and cities. This would allow Colchester to become a similar sustainable transport-focused town with a 'high quality' image and therefore more attractive to residents, visitors and the new businesses that would be set up to serve them in the future, which would bring increased spending in the town and therefore increased income to businesses.

TABLE 1 – peak hour trips likely to impact long-stay usage.

A	B	C	D	E	F	G
Long Stay Spaces		Location	Occ.	Proport'n Stays	Max £/stay	£/day (max)
90%	3535	Private, Non-residential	3,182			
20%	620	Nunns Road	124			
60%	450	Osbourne Street	270			
95%	192	Sheepen Road	182	16	£ 6.00	£ 96
95%	214	Middleborough	203	18	£ 6.00	£ 108
10%	617	St Mary's	62	5	£ 10.00	£ 50
45%	645	St Johns	290	26	£ 3.50	£ 91
90%	450	North Rail Station	405			
75.2%	5055	Non-CBC	3,981	84.4%		
24.8%	1668	CBC	737	15.6%		
	6723	Total	4,718			
	354	cars in peak - non-CBC			H	£ 345 per day
	65	cars in peak - CBC			J	£ 83,145 p.a. (241 days/yr)

500 arrivals at Park & Ride are assumed in the model, with 16% switching from other means such as bus. 419 road trips are therefore saved in the morning peak hour, which itself maybe sufficient to reduce congestion in the town centre by a sufficient amount to enable better flow of traffic.

Short Stay Parking

There is no available modelling for traffic flows outside the peak hours, and so an estimate must be made for other trips such as short-stay shopping. Since the majority of the traffic flow to Park and Ride predicted in the peak comes from the north and north-east, it would follow that a similar pattern would be repeated across the shoppers parking sector, for off-peak, short stay.

There is a far lower choice of car park for the casual shopper to choose when travelling from these points, because of the location of the car parks and the effect of the road system, and so it is quite unlikely that there will be any great impact felt on Colchester Borough car parks as a result.

Geographically those users from the North are likely to enter NCP Nunn's Road car park and perhaps St John's and St Mary's car parks for short-stay purposes. From the North East, short-stay customers are most likely to head for Britannia, Priory Street or Vineyard Street car parks. At peak times, Britannia, Priory Street and Vineyard Street car parks become full, and the additional space provided could be filled from users from a secondary market from the west/south and so it is not felt that there would be a large impact on usage but rather more users would be accommodated from other sources.

4.4 Future Modelling work

CBC has been working with ECC to develop a Parking and Land Use Strategy Model in Colchester. The model is designed to be used for testing future parking scenarios and thus develop a future parking strategy for the town. At the present time the impact of the introduction of Park and Ride is based on data and information produced in 2007 and the parking model will allow a comprehensive update of this to reflect the increase in Colchester's population and property numbers and driver behaviour since the introduction of new parking offers.

The model will give both Councils a mechanism to test various strategies and assess the impacts of changes on car park usage and traffic flows. It will allow the production of an informed and detailed Car Parking Strategy for Colchester.

The objectives of the Parking and Land Use Model are to estimate:

- Changes in the demand for town centre car parking following the opening or closure of a town centre car park;
- Changes in the demand for town centre car parking following the opening of a Park & Ride site;
- Changes in the demand for town centre car parking related to population increases;
- The financial impacts of changes in demand;
- Changes in the demand for town centre car parking following car park policy changes e.g. changes to the pricing structure.

5. Strategic Plan references

5.1 This report has a direct link to the broad aim of 'Being Cleaner and Greener' and the priority of 'Promoting sustainability and reducing congestion'.

6. Consultation

6.1 There is no consultation which is significant to the matters in this report.

7. Publicity considerations

7.1 There are no publicity considerations which are significant to the matters in this report.

8. Financial implications

- 8.1 The predicted financial impact of the introduction of Park and Ride is covered in section four of this report

9. Equality, Diversity and Human Rights implications

- 9.1 The EQIA is available on the Council's website www.colchester.gov.uk and follow the pathway: Home > Council and Democracy > Policies, strategies and performance > Equality and Diversity > Equality Impact Assessments or on the link below:
http://www.colchester.gov.uk/Info_page_two_pic_2_det.asp?art_id=7977&sec_id=1988

10. Community Safety implications

- 10.1 There are no particular community safety implications.

11. Health and Safety implications

- 11.1 There are no particular health and safety implications.

12. Risk Management implications

- 12.1 The risks to Colchester's parking income have been assessed and the development of the Parking and Land Use Strategy Model will enable further detailed work to understand the impact based on present and future necessary tariff levels and usage.

26 February 2013

Report of	Head of Resource Management	Author	Sean Plummer ☎ 282347
Title	Financial Monitoring Report – April to December 2013		
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 nine 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 nine 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 nine months to 31 December, 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 £79k (excluding the risk factor allowance). The Housing Revenue Account forecast outturn position is currently for a £989k underspend.
- 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 31 December 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 £1,069k (favourable). This comprises total expenditure being £1,474 lower than expected and less income than expected totalling £405k.

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 third review this year of the 12/13 budget position and the current forecast outturn is net underspend of £79k. This does though exclude the risk factor allowance of £285k within the budget.

	£'000	
Service budgets	259	See paras. 5.2 – 5.3 and Appendix C
Technical Items - Interest	(338)	See paras. 5.5.
Potential net underspend	(79)	
<i>Risk factor allowance</i>	<i>(285)</i>	<i>See para. 5.7</i>
<i>Potential addition to balances</i>	<i>(364)</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 £259k. 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>
	£'000	£'000	£'000
Corporate Management	(44)	100	56
Customer Service Centre	(36)	0	(36)
Executive Management Team	0	45	45
Environmental and Protective Services	(44)	(73)	(117)
Life Opportunities	(633)	323	(310)
Resource Management (incl. CDC)	(57)	100	43
Strategic Policy and Regeneration	43	60	103
Street Services	97	378	475
Total all services	(674)	933	259

5.3 Appendix C sets out details of all forecast variances against service budgets at the year-end totalling £325k. These include a budget shortfall of £66k 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 and 5.2 but is shown for completeness.

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 £338k 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. This figure remains the same as reported at Quarter 2.

Area	Net £'000	Comment
Net Interest	(300)	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.
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>(338)</i>	

Summary position and action proposed

- 5.6. The forecast outturn shows a potential net underspend of £79k. 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 part this will not be required and could be returned to balances. It should also be noted that this risk factor of £285k has not been included within the 2013/14 budget.
- 5.7. The financial position for 2012/13 was considered as part of the proposals set out in the 2013/14 budget. The forecast set out within this report shows a potentially larger net underspend. There remain a number of outstanding issues which will impact on the final end of year figures. These include requests for certain budgets to be "carried forward" into 2013/14. Some of these have already been identified and have been reflected in the outturn forecast, however, further adjustments are likely. The final end of year position will be reported for scrutiny purposes and the impact of this on balances will be considered by Cabinet as part of the budget strategy for 2014/15.

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 December 2012, the HRA is showing a net underspend of £641k compared to the profiled budget for the same period. This is primarily due to lower expenditure on Premises costs of £315k and support service costs of £68k, along with £250k more income than anticipated.

Position to date

- 6.2 Premises related costs are showing an underspend of £315k against the profiled budget as at the end of December 2012. There are underspends of £51k on utility & water costs, £26k on cleaning costs, and an overspend of £16k on grounds maintenance budgets compared to the profiled budget. Overall, there is a net underspend of £245k on Repairs and Maintenance (R&M) budgets to date. Following a request from the Panel at it's

meeting of 20th November 2012, a breakdown of the R&M budget has been provided at Appendix E. This shows the position to date by 2 areas: first those budgets which are either managed by the Council or delegated to Colchester Borough Homes to manage as part of the Housing Management Agreement, and secondly those budgets which are managed/delivered by CBH Property Services under the Addendum to the Management Agreement (known as the Deed of Variation).

- 6.3 It is important to state that any variations to budgets that fall under the Deed of Variation are re-profiled over the remainder of the financial year, as required by the contractual arrangements in place between the Council and CBH for these services. Therefore the underspend on R&M to date relates to those budgets which fall within the first category, and reflects 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. It should be noted that the underspend on the external decorating contract was referred to within the 2013/14 HRA Budget report which was considered by the Panel on 22nd January 2012.
- 6.4 Support service costs are underspent by £68k at the end of December. The HRA receives recharges from a number of services and given the level of expenditure currently experienced within these areas as at December 2012, there is a resultant impact upon the HRA for recharges from these services.
- 6.5 We have received £250k more income at the end of December 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. Finally, we have received the first payment of income relating to the installation of solar panels on our housing properties.

Forecast Outturn

- 6.6 The current projected outturn for the HRA is that it will be underspent by around £989k. The forecast outturn position was included as part of the 2013/14 HRA Budget report considered by the Panel at its meeting on 22nd January 2012, and has been updated at Period 9. The main contributing factors to this underspend are:-
- the saving in financing costs associated with our HRA Reform borrowing
 - more rental and service charge income from dwellings and garages than assumed within the budget
 - a prior-year adjustment to our final HRA subsidy claim
 - income from the first phase of solar panel installations.
- 6.7. The most significant variance is in respect of the interest savings on the loans raised as part of the HRA self financing arrangements. This saving has been reflected within the 2013/14 HRA budget proposals and medium term financial plans.

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

Budget Monitoring Summary <i>April - Dec 2012</i>		Full Year Position							
		Budget to Period 9 £'000	Actual to Period 9 £'000	Variance (fav) / adv £'000	Account Description				
By Subjective Group									
Employees	18,189	17,901	(288)	amber	24,215	23,907	(308)		
Premises Related	6,231	5,708	(523)	red	7,675	7,473	(202)		
Transport Related	1,654	1,520	(134)	red	2,307	2,335	28		
Supplies & Services	7,264	6,864	(400)	red	9,551	9,369	(182)		
Third Party Payments	968	819	(149)	red	1,260	1,222	(38)		
Transfer Payments	203	223	20	amber	284	260	(24)		
Capital Financing Costs	-	-	-	green	100	100	-		
Subtotal Expenditure	34,509	33,035	(1,474)	amber	45,392	44,667	(725)		
Government Grant	(634)	(721)	(87)	red	(771)	(771)	-		
Other Grants & Reimbursements	(2,176)	(2,386)	(210)	red	(3,323)	(3,337)	(14)		
Customer & Client Receipts	(14,831)	(14,098)	733	amber	(19,410)	(18,346)	1,064		
Income-Interest	(1)	(32)	(31)	amber	(2)	(2)	-		
Inter Account Transfers	-	-	-	green	-	-	-		
Subtotal Income	(17,642)	(17,237)	405	amber	(23,506)	(22,456)	1,050		
Total General Fund Services	16,867	15,798	(1,069)	red	21,886	22,211	325		
By Service Group									
Corporate & Democratic Core	215	140	(75)	red	321	286	(35)		
Executive Management Team	502	474	(28)	amber	881	926	45		
Corporate Management	4,982	4,805	(177)	amber	6,394	6,450	56		
Customer Service Centre	723	696	(27)	green	993	957	(36)		
Environmental & Protective Services	2,296	1,874	(422)	red	2,385	2,334	(51)		
Life Opportunities	4,060	3,385	(675)	red	5,276	4,967	(310)		
Resource Management	2,620	2,775	155	red	3,401	3,479	78		
Strategic Policy & Regeneration	(520)	(624)	(104)	red	(106)	(3)	103		
Street Services	1,989	2,273	284	red	2,341	2,816	475		
Subtotal General Fund Services	16,867	15,798	(1,069)	red	21,886	22,212	325		

Budget Monitoring Report for All Services - April to December 2012

Account Description	Democractic Core	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
EXPENDITURE										
EMPLOYEES										
Profiled Budget to Date	-	609	2,071	798	3,891	3,966	1,887	1,184	3,783	18,189
Actual to Date	-	605	2,055	780	3,768	3,750	1,893	1,155	3,895	17,901
Variance to Date	-	(4)	(16)	(18)	(123)	(216)	6	(29)	112	(288)
	green	green	green	green	amber	red	green	green	amber	amber
Annual Budget	-	827	2,734	1,069	5,205	5,284	2,505	1,579	5,012	24,215
Projected Outturn	-	827	2,737	1,044	5,140	5,020	2,479	1,547	5,113	23,907
Variance	-	-	3	(25)	(65)	(264)	(26)	(32)	101	(308)
PREMISES										
Profiled Budget to Date	-	1	1,262	-	605	3,096	-	235	1,032	6,231
Actual to Date	-	1	1,184	-	559	2,653	(1)	283	1,029	5,708
Variance to Date	-	-	(78)	-	(46)	(443)	(1)	48	(3)	(523)
	green	green	red	green	amber	red	amber	amber	green	red
Annual Budget	-	1	1,459	-	767	4,015	-	274	1,159	7,675
Projected Outturn	-	1	1,442	-	766	3,742	-	349	1,173	7,473
Variance	-	-	(17)	-	(1)	(273)	-	75	14	(202)
TRANSPORT										
Profiled Budget to Date	-	3	44	-	43	17	8	9	1,530	1,654
Actual to Date	-	3	26	-	30	15	8	7	1,431	1,520
Variance to Date	-	-	(18)	-	(13)	(2)	-	(2)	(99)	(134)
	green	green	amber	green	amber	amber	green	amber	red	red
Annual Budget	-	4	60	-	58	23	9	12	2,141	2,307
Projected Outturn	-	4	58	-	56	30	9	12	2,167	2,335
Variance	-	-	(2)	-	(2)	7	-	-	26	28

Budget Monitoring Report for All Services - April to December 2012

Account Description	Democractic Core	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
SUPPLIES & SERVICES									
Profiled Budget to Date	215	147	2,330	17	992	1,083	1,303	522	655
Actual to Date	140	98	2,232	7	958	990	1,332	478	629
Variance to Date	(75)	(49)	(98)	(10)	(34)	(93)	29	(44)	(26)
	red	amber	amber	amber	green	red	green	amber	green
Annual Budget	321	330	3,065	31	1,032	1,346	1,434	1,011	981
Projected Outturn	286	330	3,037	20	1,048	1,283	1,418	1,011	936
Variance	(35)	-	(28)	(11)	16	(63)	(16)	-	(45)
	green		amber	green	amber	amber	green	amber	red
THIRD PARTY									
Profiled Budget to Date	-	75	83	-	106	235	8	61	400
Actual to Date	-	75	68	-	92	223	8	47	306
Variance to Date	-	-	(15)	-	(14)	(12)	-	(14)	(94)
	green	green	amber	green	amber	amber	green	amber	red
Annual Budget	-	75	104	-	140	237	81	81	542
Projected Outturn	-	75	104	-	97	242	81	81	542
Variance	-	-	-	-	(43)	5	-	-	-
	green	green	green	green	green	amber	red	green	amber
TRANSFER PAYMENTS									
Profiled Budget to Date	-	-	-	-	-	108	95	-	-
Actual to Date	-	-	-	-	-	75	148	-	-
Variance to Date	-	-	-	-	-	(33)	53	-	-
	green	green	green	green	green	amber	red	green	amber
Annual Budget	-	-	-	-	-	144	140	-	-
Projected Outturn	-	-	-	-	-	100	160	-	-
Variance	-	-	-	-	-	(44)	20	-	-
	green	green	green	green	green	amber	red	green	amber

Budget Monitoring Report for All Services - April to December 2012

Account Description	Democractic Core	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									
	green	green	green	green	green	green	green	green	green
Annual Budget	-	-	-	-	-	100	-	-	100
Projected Outturn	-	-	-	-	-	100	-	-	100
Variance	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE									
Profiled Budget to Date	215	835	5,790	815	5,637	8,505	3,301	2,011	7,400
Actual to Date	140	782	5,565	787	5,407	7,706	3,388	1,970	7,290
Variance to Date	(75)	(53)	(225)	(28)	(230)	(799)	87	(41)	(110)
	red	red	amber	green	amber	red	amber	green	amber
Annual Budget	321	1,237	7,422	1,100	7,202	11,049	4,269	2,957	9,835
Projected Outturn	286	1,237	7,378	1,064	7,107	10,417	4,247	3,000	9,931
Variance	(35)	-	(44)	(36)	(95)	(633)	(22)	43	96
INCOME									
GOVERNMENT GRANT									
Profiled Budget to Date	-	(32)	-	-	(259)	(31)	(267)	-	(45)
Actual to Date	-	(32)	-	-	(311)	(65)	(269)	1	(45)
Variance to Date									
	green	green	green	green	red	amber	green	amber	green
Annual Budget	-	(32)	-	-	(335)	(31)	(328)	-	(45)
Projected Outturn	-	(32)	-	-	(335)	(31)	(328)	-	(45)
Variance	-	-	-	-	-	-	-	-	-

Budget Monitoring Report for All Services - April to December 2012

Account Description	£'000	Democractic Core	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	£'000	£'000
OTHER GRANTS												
Profiled Budget to Date	-		(291)	(60)	(74)	(461)	(312)	-	(113)	(865)	(2,176)	
Actual to Date	-		(275)	(82)	(73)	(530)	(377)	(22)	(82)	(945)	(2,386)	
Variance to Date		green	16	(22)	1	(69)	(65)	(22)	31	(80)	(210)	red
Annual Budget	-		(304)	(65)	(85)	(1,018)	(346)	-	(152)	(1,353)	(3,323)	
Projected Outturn	-		(279)	(51)	(85)	(1,018)	(363)	-	(92)	(1,449)	(3,337)	
Variance	-		25	14	-	-	(17)	-	60	(96)	(14)	red
CUST & CLIENT RECPTS												
Profiled Budget to Date	-		(10)	(748)	(18)	(2,621)	(4,102)	(414)	(2,417)	(4,501)	(14,831)	
Actual to Date	-		(1)	(678)	(18)	(2,692)	(3,879)	(322)	(2,481)	(4,027)	(14,098)	
Variance to Date	-		9	70	-	(71)	223	92	(64)	474	733	amber
Annual Budget	-	green	amber	red	green	amber	red	red	amber	red	amber	
Projected Outturn	-		(20)	(963)	(22)	(3,464)	(5,396)	(540)	(2,909)	(6,096)	(19,410)	
Variance	-		20	(877)	(22)	(3,420)	(5,056)	(440)	(2,909)	(5,622)	(18,346)	
	-		20	86	-	44	340	100	-	474	1,064	
INCOME-INTEREST												
Profiled Budget to Date	-		-	-	-	-	-	-	(1)	-	(1)	
Actual to Date	-		-	-	-	-	-	-	(32)	-	(32)	
Variance to Date	-		-	-	-	-	-	-	(31)	-	(31)	
Annual Budget	-	green	green	green	green	green	green	green	amber	green	amber	
Projected Outturn	-		-	-	-	-	-	-	(2)	-	(2)	
Variance	-		-	-	-	-	-	-	(2)	-	(2)	
	-		-	-	-	-	-	-	-	-	-	

Budget Monitoring Report for All Services - April to December 2012

Account Description	Democractic Core	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	-	-	-	-	-	-	-	-	-	-
TOTAL INCOME										
Profiled Budget to Date	-	(333)	(808)	(92)	(3,341)	(4,445)	(681)	(2,531)	(5,411)	(17,642)
Actual to Date	-	(308)	(760)	(91)	(3,533)	(4,321)	(613)	(2,594)	(5,017)	(17,237)
Variance to Date	-	25	48	1	(192)	124	68	(63)	394	405
Annual Budget	green	amber	amber	green	red	amber	red	amber	red	amber
Projected Outturn	-	(356)	(1,028)	(107)	(4,817)	(5,773)	(868)	(3,063)	(7,494)	(23,506)
Variance	-	(311)	(928)	(107)	(4,773)	(5,450)	(768)	(3,003)	(7,116)	(22,456)
Annual Budget	-	45	100	-	44	323	100	60	378	1,050
TOTAL NET										
Profiled Budget to Date	215	502	4,982	723	2,296	4,060	2,620	(520)	1,989	16,867
Actual to Date	140	474	4,805	696	1,874	3,385	2,775	(624)	2,273	15,798
Variance to Date	(75)	(28)	(177)	(27)	(422)	(675)	155	(104)	284	(1,069)
Annual Budget	red	amber	amber	green	red	red	red	red	red	red
Projected Outturn	321	881	6,394	993	2,385	5,276	3,401	(106)	2,341	21,886
Variance	286	926	6,450	957	2,334	4,967	3,479	(3)	2,815	22,211
	(35)	45	56	(36)	(51)	(309)	78	103	474	325

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Life Opportunities				
Parks & Recreation	(18)	(6)	(24)	Grounds contract % increase lower than allowed for in 12/13 budget allows for an £18k saving. Extra rental income as a result of PCT parking arrangements.
Sport & Leisure	(380)	190	(190)	On track to deliver FSR target saving (£200k) but the current trading position combined with the manager's outturn forecasts in relation to certain income streams has improved on the previous forecast, but still just below the target.
Housing & Comm's 43	(235)	139	(96)	£135k net underspend currently forecast within Housing. Primarily relates to salary savings in the PSU, a net underspend on the B&B/Initiatives budget, and an underspend in respect of Homeless Persons Units. Delays in the transfer of Abbots Activity Centre, and income generally in this area are likely to result in a £53k pressure.
Resource Management (incl. CDC)				
Financial Management	(10)	0	(10)	£10k saving forecast due to vacant posts
Revenue Holding Accounts	14	0	14	£20k extra vehicle insurance costs in 2012/13 offset by a £6k saving on the internal audit contract.
Head of Resource Management	(46)	0	(46)	Further saving on vacant Head of Service post until March 2013 £16k (£30k already taken to shared services target). Saving of £30k on a one-off sum agreed in the 12/13 budget to finance potential costs of exploring partnership opportunities not now needed.
Local Taxation	20	100	120	Expected £100k shortfall in court fees recovered as already under budget by £45k. Further pressure of £20k re NDR Discretionary Relief payments.
Corporate & Democratic Core	(35)	0	(35)	Saving on Audit fees for 2012/13 including allowance for new approach to external audit arrangements for 2013/14.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Executive Management Team				
EMT	0	20	20	£20k less income than budgeted in relation to sales of Customer Excellence packages.
WWW	0	25	25	£25k less income than budgeted due to staff commitments to the UCC FSR
Street Services				
Head of Street	68	-	68	The salary savings target will not be met due to low staff turnover.
Strategy & Business	16	83	99	Overspends on Middleborough car park service charge due to substantial increase which we are in dispute with the landlord over and St John's car park insurance. Shortfalls on income budget for Community Alarms although the number of customers has increased by 250 as a result of successful publicity campaigns in conjunction with the CSC. Car parking income is also slightly below target at this point but it is hoped that the latest tariff changes will increase usage and income before the year-end.
44				
Zones	(1)	30	29	Income budget for market included third trading day, which has not been approved by Essex County Council, therefore income projected to be under budget.
Recycling & Fleet	167	29	187	Overspend on agency staffing costs incurred due to reliability and suitability of interim fleet. New fleet has now been delivered and operational from 30 th October. Unbudgeted expenditure on previous satellite tracking devices that have now been removed from vehicles. Overspend on sacks and boxes due to increased demands following recycling promotional work by Zone teams. Unbudgeted staff and premises costs in respect of workshop at Westside, incurred in lieu of charge for property dilapidation. Overspend on fleet costs, saving on fuel costs. FSR targets (shown in income) for trade refuse and depot will not be met due to yard / trade refuse partnership not being implemented this year, partly mitigated as materials sales and recycling credits higher than budgeted. Shortfall in FSR income target for Void clearance as expected business did not materialise from Housing Associations. Trade refuse income lower than budgeted for existing client base and increase in customers not in

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				line with predictions. Work is being undertaken with support from the regional improvement and efficiency agency to agree the future direction of the trade waste service Income in respect of hire vehicles returned in 2011/2012 has helped to contain pressures.
Corporate Mgt				
Head of Service	4	0	4	Ongoing work to identify the remaining £8k of the Vacancy Factor, offset with savings on transport and Supplies and Services within this area.
Legal Services	(4)	94	90	Expenditure: £4k saving on IT costs. Income: Land Charges £80k under budget, Legal income from Braintree will not be realised as we are no longer carrying out work on their behalf amounting to £14k.
Democratic Services	(8)	2	(6)	Expenditure: £5k saving on Committee Services printing costs and £3k saving on employee costs. Income: £2k shortfall of income relating to Civic Events due to less ticket sales for the Oyster Feast.
Human Resources	2	0	2	Employee costs pressure.
Facilities	(34)	(26)	(60)	Premises costs £17k under (Underspends on PAT Testing, Angel Court Service Charge, Cleaning contract offset with some overspends on Security and other premises costs), Supplies and Services £16k under, mainly vending supplies costs and IT costs. Derv costs £1k under. Income: £30.5k unbudgeted income re: Magistrates Court, additional CBH income from Franking recharges offset with under recoveries on Vending and Functions food sales.
Communications & MFDs	(4)	0	(4)	Employee costs saving.
ICT	0	30	30	Pressure of £30k due to budgeted income from Serco that will not materialise following the new IT contract.
CSC	(36)	0	(36)	£25k under on salaries and £11k under on telephony system due to back dated credit notes from MacFarlane.
Env & Protective Servs				
Planning	20	(200)	(180)	Forecast to be £200k more than budgeted on Planning Application Income. Offset by £50k over-spend on Consultancy / Legal work and £30k under-spend on salaries due to vacancies.
Environmental	(4)	22	22	Expected to be £22k less than budgeted on Pest Control income (mainly due to unseasonal

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Services				weather affecting Wasp numbers), offset by smaller savings on transport and supplies / services.
Customer Business &	0	38	38	Expected to be £38k less income than budgeted for Bereavement Services.
VIC	(60)	67	7	£43k under-spend on agency (ticketing), relates to less income than budgeted. Savings of £7k on temporary staffing over the summer period. £10k various savings across transport / supplies.
Museums	(51)	117	66	Front of House staffing savings of £48k offset by additional redundancy costs of £42k. Saving of £45k on retail expenditure. Less income than budgeted for Castle admissions (£30k) due to lower than expected visitor numbers and lower than average retail spend (£87k).
SP&R				
Strategic Housing	(16)	0	(16)	Salary underspend
Enterprise	0	60	60	Legal agreements with broadband infrastructure provider expected to be signed prior to year-end to enable Digital Strategy implementation, but unlikely to generate any income during 12/13.
Regeneration and Estates Management	75	0	75	£75k pressure due to ongoing full year NNDR costs for vacant St James/Roman House.
Cultural Services	(7)	0	(7)	Salary underspend
Spatial Policy	(9)	-	(9)	£9k Salary underspend. Net £115k underspend on Local Plan Review/Community Infrastructure Levy is likely this year, along with a delay to associated income from ECC. This is currently not shown in the forecast outturn as the underspend will be a carry forward request into 2013/14, given the budget was originally allocated for a two year project.

Housing Revenue Account – April - December

December 2012	Current Period - December 2012			Forecast Year-End Position		
	Profiled Budget to Period 9 £'000	Actual to Period 9 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
Account Description						
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees	184	183	(1)	245	245	- Green
Premises Related	4,513	4,198	(315)	6,659	6,484	(175) Amber
Transport Related	4	2	(2)	4	4	- Green
Supplies & Services	394	360	(34)	657	657	- Green
Third Party Payments	3,057	3,064	7	3,340	3,300	(40) Green
Transfer Payments	181	203	22	260	260	- Green
Support Services	2,590	2,522	(68)	3,365	3,365	- Green
Capital Financing Costs	-	-	-	14,004	13,479	(525)* Amber
TOTAL EXPENDITURE	10,923	10,532	(391)	28,534	27,794	(740) Amber
INCOME						
Other Grants & Reimbursements	(91)	(114)	(23)	(134)	(176)	(42) Amber
Customer & Client Receipts	(21,016)	(21,244)	(228)	(27,568)	(27,775)	(207) Amber
Income-Interest	(3)	(2)	1	(24)	(24)	- Green
Inter Account Transfers	-	-	-	(260)	(260)	- Green
TOTAL INCOME	(21,110)	(21,360)	(250)	(27,986)	(28,235)	(249) Amber
TOTAL NET - HRA	(10,187)	(10,828)	(641)	548	(441)	(989) Red

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

CBC Retained/CBH Delegated		The budgets which are either retained by CBC, or delegated to be managed by CBH under the original Housing Management Agreement.				
Budget Heading	Purpose of Budget	Commentary on Position	Spend Year-to-Date £'000	Profiled Budget Year-to-Date £'000	Variance Year-to-Date £'000	
Community Initiatives	To deliver improvements within Neighbourhoods managed by CBH, such as tenant-led projects to communal spaces.	A number of projects in progress, but not all completed at this stage of the year. Funds are all committed, but may not all be fully delivered by year-end.	22	34	(12)	
External Contract	Service for tenants and leaseholders which provides internal and external re-decoration, and associated repairs to fabric of the building.	Underspend to date reflects timing of invoicing and elements of work which can be capitalised, leading to a saving in the revenue budget (as referred to in 2013/14 HRA Budget Papers).	187	380	(193)	
Gas & Oil Servicing Contract	Servicing to tenants heating systems, to comply with statutory landlord obligations.	Small overspend to date reflecting the timing of servicing work compared to the profiling of the budget.	462	449	13	
Homeless Units	General works that fall outside of the normal responsibility to repair.	Recharge for works done at year-end.	1	14	(13)	
Leasehold	Contingency for works which may not qualify as being rechargeable to the leaseholder (e.g., investigative works such as subsidence & drainage).	No such works required to date. Potential savings are earmarked to be recycled into other projects, which will straddle the year-end. A carry forward request is therefore expected from CBH at year-end.	-	11	(11)	

CBC Retained/CBH Delegated	The budgets which are either retained by CBC, or delegated to be managed by CBH under the original Housing Management Agreement.				
Budget Heading	Purpose of Budget	Commentary on Position	Spend Year-to-Date £'000	Profiled Budget Year-to-Date £'000	Variance Year-to-Date £'000
Management General	Provision for property related element of the Right To Buy process.	No variation as paid at agreed rate for the financial year.	8	8	-
Planned Repairs	Budget for minor improvements and works that fall outside of the normal responsibility to repair, such as pest control, enhanced security and lighting. Also for decorating vouchers and void welcome packs for new tenants.	Underspend due to timing of works and delays in invoicing. An accrual is made at year-end for decorating vouchers issued but not redeemed.	43	59	(16)
Responsive Repairs	General provision for repairs & maintenance relating to properties leased to third parties.	Less work required to date.	2	15	(13)
Sewage Pumping Stations	General provision for day-to-day repairs.	Underspend to date reflects focus on Capital Expenditure to enable adoption by Anglian Water.	1	28	(27)
Sheltered Accommodation	General works that fall outside of the normal responsibility to repair, specialist Health & Safety work, and service contracts for communal boiler and heating systems in sheltered schemes.	Works have been undertaken ahead of the budget profile.	60	33	27
Sub-Total			786	1,031	(245)

CBH Services		Property			The budgets managed by CBH Property Services under the addendum to the Management Agreement (known as the Deed of Variation).			
Budget Heading	Purpose of Budget	Commentary on Position	Pd 9	Outturn	Spend Year-to-Date £'000	Profiled Budget Year-to-Date £'000	Variance Year-to-Date £'000	
Responsive Repairs	To provide day-to-day responsive repairs in accordance with the Council's Repairs Policy.	Re-profiled across remainder of year as required by the Deed of Variation.			1,479	1,479	-	
Void Repairs	To undertake works to empty properties to enable them to be re-let, in line with the voids standard.	Re-profiled across remainder of year as required by the Deed of Variation.			606	606	-	
Service Contracts	To comply with statutory and/or manufacturers standards, such as fire alarms, emergency lighting.	Re-profiled across remainder of year as required by the Deed of Variation.			95	95	-	
External Works – Fencing	A planned service for tenants and leaseholders for fencing.	Re-profiled across remainder of year as required by the Deed of Variation.			59	59	-	
Photovoltaic Project	To meet the final set-up costs of the first phase of installations.	Re-profiled across remainder of year as required by the Deed of Variation.			12	12	-	
Operations Centre	A proportion of the operational costs of the CBH Customer Service centre which handles repairs & maintenance calls.	Re-profiled across remainder of year as required by the Deed of Variation.			100	100	-	
Sub-Total					2,351	2,351	-	
Total HRA Repairs & Maintenance					3,137	3,382	(245)	



Finance and Audit Scrutiny Panel

Item
14

26 February 2013

Report of	Head of Resource Management	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2012/13 – Quarter 3		
Wards affected	Not applicable		

The Panel is invited to review the progress against all capital schemes in the first nine 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 December) 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, 28 November 2012 and 23 January 2013.
- 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 position to quarter 3

- 4.1 **Appendix A** sets out details of spending on all schemes and quarterly forecasts for the current year provided by budget managers to provide an indication of progress against schemes in monetary terms. The report compares the projected position to quarter 3 as determined at the time of the previous report, with the accrued expenditure position. It should be pointed out that variances are unlikely to indicate any over or under spending against the project as a whole, but may identify divergences from planned activity that should be brought to Members' attention.
- 4.2 In the first nine months of this year capital spending totalled £7.8 million, compared to a forecast of £12.2 million. The reasons for the main variances are detailed below:
- Redevelopment of Castle Museum - (£138k). Under-spend results from works carried out but not yet invoiced.
 - Bus Station – CBC Enhancements - (£358k). The bus station is now open, and the variance relates to the timing of payments.
 - Osborne Street Bus Station - (£677k) – see above.
 - Firstsite (VAF) - (£424k). The variance relates to the timing of final contract retention sums and grant monies.

- Temporary Accommodation Review - (£400k). Payment for Ascott House delayed due to problems connecting to the national grid.
- Sport & Leisure FSR - CLW Building Works - (£567k). Variance relates to the timing of payments. The building works commenced on 17th September, and the scheme is currently on programme and budget.
- Decent Homes & Upgrades - (£1,125k). The forecast relates to the timing of the release of works to contractors. The timing of the expenditure is largely due to contractors' capacity to gain access to properties and undertake work.
- Adaptations - (£139k). Expenditure from this budget is demand led, but budget assumed an even level of spend throughout the year.

4.3 The Capital Programme has increased by £5.2m since the previous report. New funding has been added to the capital programme including £1.7m grant funding, further contributions from other external parties and Section 106 monies. £45k has been funded from a revenue budget contribution. In addition, Cabinet has approved the release of resources generated from expected capital receipts for the following schemes:

Scheme	£'000
Universal Customer Contact Fundamental Service Review	2,366
Castle Park Olympic Legacy Project	94
Total 28 November 2012	2,460
Repairs to the town walls	50
Repairs to the external walls of Colchester castle	379
Temporary Accommodation Review	200
Repairs to the walls of closed church yards	92
CBC funding for Disabled Facilities Grants in 2013/14	200
Refurbishment of the lift in the Lion Walk Activity Centre	40
Site disposal costs - A12 restaurant site	15
Total 23 January 2013	976

4.4 The Capital Programme now stands at £31.8 million, which is funded as follows:

Sources of Funding	%
Internal Funding	
• Capital Receipts	24.8
• Borrowing	14.8
• Revenue Contributions	1.3
• Other	10.2
Total Internal Funding	51.1
External Funding	
• Grants	43.4
• EU	0.4
• Section 106	3.9
• Other	1.2
Total External Funding	48.9

4.5 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.

4.6 Forecast spending for 2012/13 is £16.8 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 £'000	2012/03		2013/14 and Beyond Forecast £'000	(Surplus) / Shortfall £'000
		Spend to date £'000	Forecast for year £'000		
SUMMARY					
Corporate Management	3,786.7	655.0	814.5	2,983.8	11.6
EMT	0.0	0.0	0.0	0.0	0.0
Resource Management	48.1	17.5	30.0	18.1	0.0
Street Services	373.0	124.5	125.9	247.1	0.0
Environmental & Protective Serv.	5,308.7	215.3	1,123.2	4,185.5	0.0
Strategic Policy & Regeneration	5,138.7	708.7	2,158.6	2,980.1	0.0
Life Opportunities	5,759.1	1,056.1	3,058.0	2,701.1	0.0
Completed Schemes	823.0	815.9	823.0	0.0	0.0
Total (General Fund)	21,237.3	3,593.0	8,133.2	13,115.7	11.6
Housing Revenue Account	10,567.8	4,231.4	8,710.8	1,857.0	0.0
Total Capital Programme	31,805.1	7,824.4	16,844.0	14,972.7	11.6

- 4.6 As shown in the table above there is currently a forecast net overspend on the capital programme of £11.6k. This is detailed below:

Scheme	Over/ (Under) £'000
Town Hall DDA Sensory Project	7.6
Carbon Management Programme Phase 2	4.0
Total Net Overspend	11.6

- 4.7 It is hoped that the small projected overspends against the Town Hall DDA Sensory Project and phase 2 of the Carbon Management Programme can be mitigated. However, should this not prove to be possible, this sum will be referred to Cabinet to consider alongside an updated forecast of capital receipts. The medium term forecast currently shows an overall surplus of £461k when capital receipts are compared to proposed new capital schemes.

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

S106 - Shrub End Sports Ground	6.5
S106 - Grant to SoundChoices	12.5
Revenue contribution - E-Financials upgrade	45.0
S106 - Abberton Reservoir	37.6
S106 - Old Heath Rec. Ground Improvements	430.0
Council/Cabinet 28 Nov - Castle Park Olympic Legacy	94.0
Council/Cabinet 28 Nov - UCC FSR	2,366.0
S106 - Pondfields/Ripple Way Play Areas	73.9
S106 - West End Sports Ground Car Park	13.6
S016 - Castle Park Sensory Garden	65.0
S106 - Cook's Shipyard Playsite Wivenhoe	45.0
S106 - drainage works at Highwoods Country Park	18.6
S106 - Shared cycleway/footway alongside B1027	250.0
Additional 2012/13 Government grant for DFGs	103.3
Cabinet 23 Jan - Site disposal costs	15.0
Cabinet 23 Jan - Repairs to town walls	50.0
Cabinet 23 Jan - Repairs to castle walls	379.0
Cabinet 23 Jan - Temporary Accom. Review	200.0
Cabinet 23 Jan - Repairs to walls of closed churchyards	92.0
Cabinet 23 Jan - CBC funding for DFGs	200.0
External funding for Transcoast scheme	567.0
Council / Cabinet 23 Jan - refurbish lift in Lion Walk AC	40.0
Current Programme	31,805.1

CORPORATE MANAGEMENT

Town Hall DDA Sensory Project	183.9	109.7	184.0	(74.3)	18
Details of Scheme:					
Replacement of existing hearing loop and PA systems within the Town Hall and enhancement of audio visual equipment in Training Room. Works commenced on site 08/10/12 and are complete bar snagging. Final account as yet to be agreed based on tender returns albeit that project contingency is unlikely to be spent in full.					
Carbon Management Programme phase 2	269.7	176.8	268.7	(91.9)	22
Details of Scheme:					
Phase 2 schemes: Rowan House Lighting and filming of windows, Multi-storey car park lighting, and upgrading of Building operational buildings. All projects complete bar MSCP lighting project which has been delayed due to problems with specification overspend due to car park lighting project costs being higher than expected.					
Moot Hall Organ	18.3	7.5	18.3	(10.8)	1
Details of Scheme:					
Project funded by the Heritage Lottery Fund and Friends of the Moot Hall Organ. Restoration and repair of Moot Hall organ complete and submitted 28/11/12. Results to be announced by HLF March 2013.					
Mercury Theatre - Roof & Windows	372.0	342.0	366.5	(24.5)	36
Details of Scheme:					
Replacement of flat roof and windows to bar and circulation spaces. Small underspend anticipated, but dependent on final account.					
Universal Customer Contact Fundamental Service Review - ICT	2,700.0	0.0	0.0	0.0	
Details of Scheme:					
Funding for ICT investment to support the implementation of this review approved by Council on 6 December 2012.					
Universal Customer Contact Fundamental Service Review - Accommodation	140.5	0.0	0.0	0.0	
Details of Scheme:					
Work required following the completion of the flexible working project and sale of Angel Court, and development of information through the Universal Customer Contact Fundamental Service Review.					
ICT Strategy Phase 2	102.3	19.0	0.0	19.0	1
Details of Scheme:					
Second phase of ICT capital investment - remaining spend dependent on outcome of Universal Customer Contact Fundamental Service Review.					

TOTAL - Corporate Management	3,786.7	655.0	837.5	(182.5)	81
-------------------------------------	----------------	--------------	--------------	----------------	-----------

Street Services FSR	143.2	98.8	90.9	7.9	9
Details of Scheme: Capital costs of implementing Street Services FSR. There will no further spend this financial year as the roll out of the T and Waste has been delayed. This will now occur in the first quarter of 2013/14. The scheme will then be reviewed including the priorities from the Street Services FSR.					
Pumping Main - Distillery Lane/Haven Road	90.0	8.5	90.0	(81.5)	
Details of Scheme: To alleviate flooding in Haven Road to properties and industrial units. This project has been delayed due to staff sickness 2013-14.					
Highwoods CP Drainage S106	18.6	17.2	18.6	(1.4)	1
Details of Scheme: Works to watercourse downstream of Severalls Hospital - all works complete.					
Upgrade of CCTV Equipment	96.0	0.0	96.0	(96.0)	
Details of Scheme: Upgrade of equipment to digital format. This scheme forms part of an options appraisal that is being carried out for CCTV server and equipment provision. Any potential spend will be carried forward to 2013-14.					
CCTV Section 106 installations	14.9	0.0	14.9	(14.9)	
Details of Scheme: Cost of purchasing a video matrix system and its installation. This scheme forms part of an options appraisal that is being reviewed of the current server and equipment provision. Any potential spend will be carried forward to 2013-14.					
TOTAL - Street Services	373.0	124.5	310.4	(185.9)	12
ENVIRONMENTAL & PROTECTIVE SERVICES					
Heritage Fund - incl. Roman Walls	403.8	67.0	74.1	(7.1)	7
Details of Scheme: Heritage Fund used to enhance public spaces and historic sites, and protect key buildings. The repairs on the Middlebo Walk, specifically at St Mary's Steps commenced on 14 May 2012. This phase of repairs was completed in September. Further repairs are planned at St James's Rise (East Hill) after 1 April 2013 and a full structural survey of the walls to be undertaken shortly.					
Cemetery Extension	125.0	0.0	0.0	0.0	
Details of Scheme: Acquisition of land and provision of infrastructure to enable continuation of burial services. The capital funding identified for the land including site survey, mapping, levelling, landscaping and fencing, along with any access roads that may need to be constructed.					
Replacement of Cremators	29.5	0.0	0.0	0.0	2
Details of Scheme: Replacement of Cremators at Colchester Crematorium to deliver mercury abatement in compliance with environmental regulations. Project completed and the final invoice for the installation has been paid. The remaining capital programme has been put aside for the works and this will be spent in Quarter 4.					
Abberton & Langenhoe Village Hall	40.0	40.0	40.0	0.0	4
Details of Scheme: Payment from S106 funds for works to village hall.					
Abberton Reservoir S106	37.6	0.0	37.6	(37.6)	3
Details of Scheme: Payment from S106 funds for construction of Pond Dipping Platforms - payment made in January 2013.					
Castle Walls	493.1	4.8	3.5	1.3	
Details of Scheme: Repair works to the external walls of Colchester Castle. Current funding relates to repairs to the North wall. This was completed in 2012 but has now been deferred until the summer of 2013 to coincide with the Castle closure.					
Redevelopment of Castle Museum	4,179.7	103.5	241.4	(137.9)	93
Details of Scheme: Funding for redevelopment of Castle Museum, funded mainly from Heritage Lottery Fund plus other contributions. Colchester Castle will re-open in March 2014. Project completion is September 2014. Underspend showing due to works carried out not yet included in remaining budgets for Castle Park Interpretation and Roman Circus.					
TOTAL - Env & Prot Services	5,308.7	215.3	396.6	(181.3)	1,12

King Edward Quay	(1.9)	(7.1)	(7.1)	0.0	(1.9)
Details of Scheme: Transformation of Quay. The major works are completed but there are a number of minor snagging issues relating to structure transfer remaining monies to Transcoast account.					
St Botolphs Regeneration	502.6	66.2	74.1	(7.9)	12.0
Details of Scheme: Fund to progress elements within the St Botolphs regeneration area. Nearing completion of Vineyard Gate Development. Commence on planning application.					
St Botolphs Public Realm	1.4	1.4	0.0	1.4	
Details of Scheme: Public Realm Improvements in the St Botolphs area. Public realm works adjacent to firstsite complete, some snagging in place. Reconciliation of spend underway to be completed this quarter.					
Town Centre Improvements	155.4	0.0	1.6	(1.6)	2.0
Details of Scheme: Improvement works to Town Centre, including removal of unnecessary traffic and improved public realm (including Historic Environment Commission regarding implementation of temporary scheme).					
Town Station Square	266.3	5.5	0.0	5.5	
Details of Scheme: Development of Public Open Space between railway station and new Court Building funded from Section 106 - work on partnership Greater Anglia and Court Service.					
Bus Station - CBC Enhancements	420.0	12.5	370.0	(357.5)	25.0
Details of Scheme: Enhanced features of new bus station including new paving, public information systems and signage. Now open - minor snagging.					
Osborne Street Bus Station	1,500.0	573.4	1,250.0	(676.6)	70.0
Details of Scheme: Creation of new bus station facility with toilets, new waiting room, passenger shelters, and real time information. Now open.					
A12 Junction Facilitation	168.7	6.2	3.5	2.7	
Details of Scheme: Contribution towards A12 Junction Facilitation costs. Final spend on drainage works.					
Creative Business Hub	140.7	17.9	0.0	17.9	4.0
Details of Scheme: Contribution to Creative Business Centre to be formed in the St Botolphs Quarter (old police station). Funding bids submitted for capital. Feasibility study estimates £2.5m required. Further financing discussions currently taking place with the St Botolphs Quarter.					
Transcoast	718.5	30.2	0.0	30.2	9.0
Details of Scheme: Design, manufacture and installation work to improve public realm and access routes and integrate old port. Design and construction of pontoons. Community event and engagement programme. Further Section 106 funds expected.					
New Braiswick Park Cycle Route	25.3	25.1	25.3	(0.2)	2.0
Details of Scheme: To provide better access to the rail station for pedestrians and cyclists. Improved fence will also make fence line more secure.					
Shared footway/cycleway alongside B1027	250.0	0.0	0.0	0.0	25.0
Details of Scheme: S106 funding for the construction of a shared footway between the Wivenhoe Fire Station and Boundary Road, Wivenhoe. Payment made in January 2013.					
Firstsite (VAF)	384.6	(39.2)	384.6	(423.8)	38.0
Details of Scheme: New Visual Arts Facility. Contract retention sums will be retained for a year following Practical Completion sign off. Signage are being submitted.					
Grant to SoundChoices S106	12.5	12.5	12.5	0.0	1.0
Details of Scheme: Payment of a grant from Section 106 monies to SoundChoices to purchase capital equipment for a new training and development apprenticeships annually in the Borough in Live Events and Music through partner organisations Firstsite and 15 Queen's Quay in the Borough's Creative and Media business sector.					

Improving Life Opportunities	78.8	28.8	88.8	(10.8)	63.8
Details of Scheme:					
A general provision to enable the Council to support work in improving life chances such as the provision of new commu					
Mandatory Disabled Facilities Grants	1,423.8	450.6	487.0	(36.4)	63
Details of Scheme:					
Disabled Facility Grants. This budget funds this mandatory support for disable people to remain living independently. Ex					
demand. The amount we are unlikely to spend this year will be carried into next.					
Private Sector Renewals - Loans and Grants	728.1	88.0	110.0	(22.0)	15
Details of Scheme:					
Loans and grants to private householders					
Temporary Accommodation Review	600.0	0.0	400.0	(400.0)	40
Details of Scheme:					
Rebuilding and refurbishment of temporary accommodation. The first payment from this budget will be due when Ascott					
delayed due to difficulties connecting the site to the national grid.					
Lion Walk Activity Centre Lift	40.0	0.0	0.0	0.0	
Details of Scheme:					
Replacement of major parts and controls					
Sport & Leisure FSR - Building works to Colchester					
Leisure World	1,445.5	396.3	963.7	(567.4)	1,41
Details of Scheme:					
Extension of Activa Gym, creation of new multi-purpose room at first floor level and re-modelling and extension of main					
catering concession at LWC. Works commenced on site 17/09/12 and are currently on programme and on budget.					
Sport & Leisure FSR - IT works	166.0	80.0	96.5	(16.5)	15
Details of Scheme:					
A personal leisure card/account providing a number of benefits for the customer and customer insight and marketing inf					
service opportunities for customers both online and in the facilities.					
Old Heath Multi Use Games Area Installation & Landscape Improvements	10.5	0.0	0.0	0.0	
Details of Scheme:					
Works to recreation ground. Remaining budget to be spent on notice boards, link paths, seating and bins. Forming part					
Castle Park - Playground Refurbishment	30.7	0.0	0.0	0.0	3
Details of Scheme:					
Refurbishment of Playground					
Repairs to walls of closed churchyards	116.2	2.5	0.9	1.6	
Details of Scheme:					
Health & safety works to walls of closed churchyards. Works delayed for warmer weather.					
Resource Centre - Highwoods Country Park	183.5	15.0	3.5	11.5	6
Details of Scheme:					
S106. Provision of improved WC facilities, additional teaching and office space. Works on site, due to complete April 20					
Grove Rd Tiptree Skatepark S106	77.3	0.0	0.0	0.0	
Details of Scheme:					
Expansion of existing youth facilities at Grove Road Recreation Ground Tiptree. Project being developed by Tiptree Par					
and subject to TPC receipt of external funding					
King George V Pavilion Wivenhoe S106	12.5	0.0	0.0	0.0	1
Details of Scheme:					
Contribution to Upgrade of sports pavilion at King George V Playing Field					
Bergholt Road Play Area	15.0	0.0	0.0	0.0	
Details of Scheme:					
Improvements to Bergholt Road Play Area. Seeking match funding.					
Holly Trees WCs Castle Park	41.0	0.8	0.8	0.0	
Details of Scheme:					
Refurbishment of Holly Trees toilet block to provide improved visitor facilities and experience. Toilets maintained as part					
contract.					
Castle Park Sensory Garden S106	65.0	0.0	0.0	0.0	
Details of Scheme:					
Refurbishment including hard and soft landscaping.					

Shrub End Sports Ground Car Park

74.2

0.0

0.0

0.0

7

Details of Scheme:

S106. Improvements to car park at Shrub End Sports Ground.

TOTAL - Life Opportunities	5,759.1	1,056.1	2,137.4	(1,081.3)	3,05
-----------------------------------	----------------	----------------	----------------	------------------	-------------

HOUSING REVENUE ACCOUNT**Decent Homes & Upgrades**

7,873.4

3,932.5

5,057.3

(1,124.8)

7,87

Details of Scheme:

Scheme to maintain council housing stock at the Decent Homes standard together with other works to improve and maintain housing stock. The scheme was devised using information from the Council's 30 year asset management strategy. The profile of expenditure throughout the scheme will be completed to properties by contractors, and subsequently submitted to the Council for reimbursement.

Adaptations

580.6

244.7

383.3

(138.6)

58

Details 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

10

Details of Scheme:

Improvements made to Council's sheltered housing accommodation. The profile of expenditure reflects the planned programme of works to the House, which is reflected in the Housing Investment Programme agreed by Cabinet in January 2013.

Housing ICT Development

313.8

54.2

110.3

(56.1)

15

Details of Scheme:

Improvements to Housing IT systems – Work on the previously purchased Capita Open Contractor system continues, in line with the Business Case approved in March 2013. Further projects on IT Streamlining and developments to the Capita system have been placed on hold pending Business Case approval. Work to allow Colchester Borough Homes Staff the capacity to work in a more mobile way has been approved. Work to allow tenants and leaseholders will have access to Council systems from March 2013.

TOTAL - HRA	10,567.8	4,231.4	5,550.9	(1,319.5)	8,71
--------------------	-----------------	----------------	----------------	------------------	-------------

Refurbishment of Fitness Pool building

Support for Parish Councils and Community

Groups 3.4 3.4 3.4 0.0

Details of Scheme:

Grants scheme to provide funding to Parishes in delivering projects in their areas

Abberton Church Extension 50.0 50.0 50.0 0.0

Details of Scheme:

Payment from S106 funds for extension and alterations to St Andrews Church in Abberton.

Broad Lane Sports Ground S106 4.5 4.5 4.5 0.0

Details of Scheme:

Contribution to construction and fitting out of new toilet block. Work being arranged by Wivenhoe Town Council.

Clubhouse - Abbey Field 681.3 681.3 681.3 0.0

Details of Scheme:

Payment to Ministry of Defence for construction of new clubhouse

SOS Bus 60.0 60.0 60.0 0.0

Details of Scheme:

Contribution to new SOS Bus, funded from Jubilee Fund.

Salvation Army Centre S106 10.5 10.5 10.5 0.0

Details of Scheme:

Grant towards installation of lift at Salvation Army Centre in Butt Road Colchester

TOTAL - COMPLETED SCHEMES	823.0	815.9	812.7	3.2	82
----------------------------------	--------------	--------------	--------------	------------	-----------



Finance and Audit Scrutiny Panel

Item
15

26 February 2013

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**

1. Action required

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

2. Reason for Scrutiny

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

3. Amendments

3.1 The firstsite project – A review to encompass an overview of previous scrutiny and final closure of the project has been provisionally scheduled for 27 August 2013.

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

Annual Statement of Accounts (A&R) briefing 20 September 2012

1. Audited Annual Statement of Accounts
2. Annual Governance Report (AC)
3. Consultation on name of 'HARBOUR WARD'

4.5 16 October 2012

1. Call-in – COM-003-12 Proposed Transfer of the Abbots Building

2. Call-in – REN-001-12 Setting Local Speed Limits
3. Publication of the Audited SofA – A&R
4. Annual Audit letter – A&R

4.6 13 November 2012 (extra meeting)

1. Annual Business Continuity Year end
2. Risk Management, period April – September 2012
3. Review of Waste Collection and Recycling
4. CGR Myland CC – A&R

4.7 20 November 2012

1. 2012-13 Revenue Expenditure Monitoring Report, period April to September
2. 2012-13 Capital Expenditure Monitoring Report, period April to September
3. Treasury Management – 6-monthly update
4. Interim Annual Governance Statement review
5. 2012-13 Internal Audit Monitor, period April to September
6. Certification of Claims and Returns Annual Report

4.8 22 January 2013

1. Audit Opinion Plan – Ernst Young (EY)
2. Audit Commission Progress report (EY)
3. 2013-14 Revenue Budget
4. Treasury Management - Investment Strategy
5. Housing Revenue Account Estimates and Housing Investment Programme

4.9 26 February 2013

1. 2012-13 Revenue Expenditure Monitoring Report, period April to December
To provide b/d of R&M figures as requested by the Panel.
2. 2012-13 Capital Expenditure Monitoring Report, period April to December
3. Review of Grounds Maintenance Contract
4. The financial impact of a new Park and Ride Scheme

4.10 26 March 2013

1. Annual Governance Statement Process
2. Certificate of Claims and Returns (EY)

4.11 2013-14

To consider updated information on income and expenditure for the High Woods Country Park in June 2013.

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.

