

# Finance and Audit Scrutiny Panel

Grand Jury Room, Town Hall  
26 June 2012 at 6.00pm

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

# Information for Members of the Public

## Access to information and meetings

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## 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](http://www.colchester.gov.uk)

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## **Terms of Reference**

### **Finance and Audit Scrutiny Panel**

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

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

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

To scrutinise the Audit Commission's annual audit letter

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

**COLCHESTER BOROUGH COUNCIL  
FINANCE AND AUDIT SCRUTINY PANEL  
26 June 2012 at 6:00pm**

**Members**

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

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

**Agenda - Part A**

(open to the public including the media)

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

**Pages**

**1. Welcome and Announcements**

(a) The Chairman to welcome members of the public and Councillors and to remind all speakers of the requirement for microphones to be used at all times.

(b) At the Chairman's discretion, to announce information on:

- action in the event of an emergency;
- mobile phones switched off or to silent;
- location of toilets;
- introduction of members of the meeting.

**2. Substitutions**

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

**3. Urgent Items**

To announce any items not on the agenda which the Chairman has agreed to consider because they are urgent and to give reasons for the urgency.

**4. Declarations of Interest**

The Chairman to invite Councillors to declare individually any personal interests they may have in the items on the agenda.

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

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

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

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

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

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

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

## **5. Minutes**

**1 - 5**

a) To confirm as a correct record the minutes of the meeting held on 28 February 2012.

b) To confirm as a correct record the minutes of the meeting held on 23 May 2012.

## **6. Have Your Say!**

(a) The Chairman to invite members of the public to indicate if they wish to speak or present a petition at this meeting – either on an item on the agenda or on a general matter not on this agenda. You should indicate your wish to speak at this point if your name has not been noted by Council staff.

(b) The Chairman to invite contributions from members of the public who wish to Have Your Say! on a general matter not on this agenda.

**7. Items requested by members of the Panel and other Members**

(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. Referred items under the Call in Procedure**

To consider any decisions taken under the Call in Procedure.

**9. Decisions taken under special urgency provisions**

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

**10. Work Programme**

**6 - 8**

See report from the Scrutiny Officer.

**11. Financial Monitoring Report - End of year 2011/12**

**9 - 35**

See report from the Head of Resource Management.

**12. 2011-12 Capital Expenditure Management Report**

**36 - 49**

See report from the Head of Resource Management.

**13. Exclusion of the public**

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this

agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).





## **FINANCE AND AUDIT SCRUTINY PANEL**

### **28 FEBRUARY 2012**

*Present :-* Councillor Sue Lissimore (Chairman)  
Councillors Mark Cory, Annie Feltham, Scott Greenhill,  
Pauline Hazell, Justin Knight, Michael Lilley,  
Jon Manning, Gerard Oxford and Will Quince

*Also in Attendance :-* Councillor Mike Hardy  
Councillor Beverley Oxford  
Councillor Paul Smith

#### **44. Minutes**

The minutes of the meeting held on 23 November 2011 was confirmed as a correct record, subject to the following amendment.

The last paragraph on the item 'Treasury Management – Half yearly report 2011/12', commencing "Responding to Councillor Feltham", to read "Responding to Councillor Hazell".

The minutes of the meetings held on 6 December 2011 and 24 January 2012 were confirmed as a correct record.

#### **45. Certificate of Claims and Returns - annual report**

Mr. Gary Belcher, Senior Audit Manager, Audit Commission attended the meeting for this item and presented the report on the Certification of claims and returns, an annual report that provides assurance to the Council that claims for grants and subsidies are made properly and information in the Council's financial returns is reliable.

Mr. Belcher gave further details on the summary of certification work for 2010/11. Certification was given to seven claims and returns with a total value of £117.6 million. Two claims were issued qualification letters to the respective grant-paying body, those relating to the Housing Finance base data return and the Single Programme East of England development grant: Firstsite.

With reference to the Housing and Council Tax Benefit Claim, Mr. Belcher said the Council had reviewed 100 per cent of the affected cases in respect of the errors noted as part of the audit. The claim form was therefore able to be amended and no qualification letter issued. Mr. Belcher thanked officers for their work and co-operation in respect of this audit.

Mr. Belcher concluded by thanking finance officers and other officers involved in the Audit Commission audits for their co-operation in carrying out the audits.

In response to Councillor Manning, Mr. Belcher clarified that under the summary of recommendations, the description "Reduce instances of simple errors, in regards to differences between claim values and supporting documentation', was not about over /

under claiming, but about the administrative processes in dealing with the claims, a documentation issue.

*RESOLVED* that the Panel considered and noted the contents of the Audit Commission's report on the Certificate of Claims and Returns.

**Councillor Annie Feltham (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)**

**Councillor Will Quince (in respect of being a Director of Tymperleys Community Project Limited) declared a personal interest in the following item which is also a prejudicial interest pursuant to the provisions of Meetings General Procedure Rule 7(10) agreed to leave the meeting if the item on "Savings in Progress - Tymperleys" was discussed.**

#### **46. Financial Monitoring Report – April to December 2012**

Mr. Sean Plummer, Finance Manager, introduced the Financial Monitoring Report that provided the financial performance of all General Fund services and the Housing Revenue Account for the first nine months of 2011/12.

Mr. Plummer said whilst the projected outturn for the General Fund is currently reporting a net overspend of £242k, the current position was looking positive and this figure was expected to improve.

Mr. Plummer explained that the month on month net overspend had reduced from a figure of £262k (6-monthly report) reported in November, to a figure of £242k reported this month, with officers confident that the anticipated outturn is expected to reduce to below £200k.

Mr. Plummer said the table in paragraph 5.2 of the report provided a forecast outturn for all service areas with outturn variances and these are similar to those reported to the Panel in November.

Mr. Plummer mentioned that the 2011/12 Budget included £3.6m of savings or additional income, and to the end of period 9 over £3.13m of savings had been achieved representing 88% of the original £3.6m.

In conclusion, Mr. Plummer also mentioned that the reported current projected outturn for the Housing Revenue Account (HRA) is over budget by £163k, but like the General Fund it was anticipated that this figure would also reduce.

Councillor Lissimore said she did not like the term used within the report 'an under-recovery of income', a point agreed by Councillor Manning. In regards to the £96k under recovery of income within the HRA, Mr. Plummer confirmed to Councillor Manning that this figure was an overall figure and that the reduction in funding by Essex

County Council was a contributory factor.

In response to Councillor Feltham and what appeared to be a large difference in the HRA position at the end of period 9, an underspend of £712k compared to the Budget, and the current projected outturn of £163k over budget, Mr. Plummer said the position noted can seem misleading, but it is about comparing where we are at a point in time against the profile budget, and as we move closer to year end, so work delays and payments not made can have a big impact on the final position. Some costs are paid toward year-end and can skew the results leading up to this period.

Councillor Smith, Portfolio Holder for Resources and Heritage gave an example of this, painting and decorating houses, a revenue cost, but if the windows are replaced by UPVC windows, a good long term investment, the money to pay for this work comes from Capital receipts. At this point the accounts show an overspend on Capital and an underspend on Revenue, a position that is not adjusted until year-end.

Mr. Plummer responded to Council Quince in reference to the saving of £45,000 on the Food Waste trial, saying the original budget figure was an estimated cost and ultimately the trial cost less to complete. Mrs. Hedges, Executive Director said the savings were attributable to costs being lowered due to negotiations on contracts. Councillor Smith said the actual saving was in the cost of hiring the trial vehicle, where the company agreed to reduce their charges on the chance basis of future business.

In response to Councillor Quince, Councillor Smith said Car Parking income remains under-recovered at the end of period 9, with this in part being due to customers taking advantageous of car parks offers. Councillor Smith said the precise details change from month to month, however, people using car parks was constant, but the income lower due to the customers using the offers. Mrs. Hedges said there is a time-lag in the reporting mechanism, and the current car parking results show a marginal improvement on the reported figures. Mrs. Hedges said the budget setting for 2012/13 had been adjusted to reflect the expected income. Councillor Smith said it is a complicated economic formula used to determine a balance to encourage car parking and maximise car parking income and helping local trade. The car parking statistics remain under constant review.

Councillor Hazell felt it would be easier for members to understand the contents of the report if the language was simplified, and that would avoid the need for clarification during the scrutiny process. Councillor Cory said Group Spokespersons attend briefings the week prior to the meeting and this is the opportunity to get clarification on detail. Councillor Cory felt Mr. Plummer explained the report and responded to questions very well and he was reassured by his contribution. Councillor Lissimore was also appreciative of the work of the finance officers, but felt the simpler the reports the better, not just for members, but for members of the public.

*RESOLVED* that the Panel considered and noted the financial performance of General Fund Services and the Housing Revenue Account in the first nine months of 2011/12.

#### **47. Capital Expenditure Monitor 2011-12**

Mr. Steve Heath, Finance Manager, introduced the Capital Expenditure report that provided progress against all capital schemes in the first nine months of 2011/12.

For the first nine months of the year the capital spending totalled £9.1m, an additional £3.0m spend on the £6.0m spend figure at the end of quarter 2. The total spend to date represented 37.7% of the total programme and 58.1% of the projected spend for 2011/12. Mr. Heath said paragraph 4.4 of the report provided a summary of the projected variances against current schemes.

Mr. Heath took the opportunity to provide the Panel with a Treasury Management update, in regards to the Icelandic Bank Investments. Mr. Heath said the Council has received the first part repayment of £1.2m, equal to 31% of the total investment, and higher than the 22% that was expected. Mr. Heath said it was expected that smaller payments will be made on an annual basis, and reiterated this was not new money, but money already accounted for within the Council's accounts.

*RESOLVED* that the Panel:

- i) Considered and noted the level of capital spending during 2011/12 and forecasts for future years.
- ii) Noted the receipt of the first investment repayment of £1.2m from the Icelandic Investments.

#### **48. Work Programme**

Mr. Judd, Scrutiny Officer explained to the Panel that the item on the Financial Aspects of Park and Ride, due to be considered at the March meeting would now have to be deferred until the next municipal year. Mr. Judd explained the delay was due to protracted discussions with Essex County Council on the contracts for the extensive data study and modelling work.

*RESOLVED* that the Panel noted the 2011/12 Work Programme, and the deferment of the item on the financial aspects of Park and Ride to 2012/13.

**FINANCE AND AUDIT SCRUTINY PANEL  
23 MAY 2012**

*Present :-* Councillor Dennis Willetts (Chairman)  
Councillors Ray Gamble, Glenn Granger,  
Scott Greenhill, Marcus Harrington, Julia Havis,  
Theresa Higgins, Cyril Liddy, Jon Manning and  
Gerard Oxford

**1. Chairman**

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

**2. Deputy Chairman**

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



# Finance and Audit Scrutiny Panel

Item  
**10**

26 June 2012

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

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

## 1. Action Required

- 1.1 The Panel is asked to agree the 2012-13 work programme, that incorporates the work of the Finance and Audit Scrutiny Panel and the Accounts and Regulatory Committee, and to agree to the request to review the Highwoods Country Park charges as mentioned in paragraph 3.1.

## 2. Reason for Action

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

## 3. Changes / items for consideration

- 3.1 Councillor Gerard Oxford has requested a cost analysis report to be presented to the Panel for the Highwoods Country Park charges, to include, from April 2011, a monthly breakdown of car park usage (by time band) and the number of non paying vehicles using the car park, car park and shop income, and the overall car park operation cost.

## 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
5. Localising Council Tax Support – governance timetable

### 4.3 21 August 2012

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

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

A&R = Accounts and Regulatory Committee

AC = Audit Commission

STR = Subject to Revision

## **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.



26 June 2012

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Sean Plummer</b> ☎ 282347
<b>Title</b>	<b>Financial Monitoring Report – End of Year 2011/12</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is invited to review the financial performance of all General Fund services and the Housing Revenue Account for 2011/12**

## 1. Action required

- 1.1 The panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2011/12.

## 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

- 3.1 The Panel last considered the revenue budget position on 28 February 2012. This showed a projected net overspend of £242k against the General Fund. The report also detailed a projected net overspend of £163k against the Housing Revenue Account.
- 3.2 Work is ongoing to complete the accounts for 2011/12 and this report has been prepared using provisional figures, which may be subject to some minor changes and are still subject to external audit.
- 3.3 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.

## 4. General Fund – End of Year Position

- 4.1 The following table summarises the outturn position for each Service, the effect of the approved requests for carry forward into 2012/13, and a breakdown of the outturn position against the main non service areas. It shows a net underspend of £196k after proposed carry forward adjustments.

<i>Service Area</i>	<i>Annual Budget</i> £'000	<i>Actual Net Exp.</i> £'000	<i>Variance</i> £'000	<i>C/Fwd</i> £'000	<i>Revised Variance</i> £'000
Corporate & Democratic Core (CDC)	341	311	(30)		(30)
Executive Management Team	821	727	(94)	14	(80)
Corporate Management	6,417	6,378	(39)		(39)
Customer Service Centre	1,050	1,037	(13)		(13)
Env. & Protective Services	2,440	2,130	(310)	-96	(406)
Life Opportunities	5,239	4,686	(353)	15	(538)
Resource Management	1,203	1,238	35		35
Strategic Policy & Regeneration	2,341	2,272	(69)		(69)
Street Services	2,159	2,314	155	150	305
<b>Subtotal Services</b>	<b>22,011</b>	<b>21,093</b>	<b>(918)</b>	<b>83</b>	<b>(835)</b>
Benefits Payments and Subsidy	(1,304)	(1,359)	(55)	50	(5)
Net interest	681	987	306		306
Contribution to reserves / provisions / balances	0	335	335		335
Other Corporate / Technical Items			(5)	8	3
<b>Subtotal Non-service Areas</b>	<b>(778)</b>	<b>(197)</b>	<b>581</b>	<b>58</b>	<b>639</b>
<b>Overall Total</b>			<b>(337)</b>	<b>141</b>	<b>(196)</b>

4.2 The above table shows approved carry forward requests and other adjustments totalling £491k. These relate to the following

- £14k in respect of continued asset management work
- £96k negative carried forward in respect of a net overspend on the Joint Museum Service as a result of accounting requirement to fund certain one-off costs in 11/12 for which grant has been received in 12/13. The carry forward is permitted in line with the terms of the agreement.
- £15k in respect of balance of grant funding for older peoples activities
- £150k in respect of joint parking service to provide for potential costs in 12/13.
- £50k in respect of revenue support for temporary benefit staff to deal with high caseloads
- £8k in respect of Countywide Traveller Unit for Essex

#### *Service Budget Position*

4.3 **Appendix A** summarises the Council-wide position by expenditure group. **Appendix B** provides a more detailed view of the performance of individual Service Groups. Both reports 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

4.4 **Appendix C** shows all budget variances. The majority of these items have been reported to the Panel during the year.

4.5 The overall position on services has improved from that reported at Period 9. The largest changes include additional planning and building control income, reduced costs of parking and a number of service budget savings.

### *Non Service Areas*

- 4.6. In addition to Service budgets it is necessary to review the corporate and technical items in the budget. The following paragraphs detail the most significant of these in terms of budget variances.
- 4.7. The Central Loans and Investment Account (CLIA) comprises the Council's borrowing costs and investment income and has a net budget of £681k. The shortfall continues to be due to the historic low investment rates currently available. Steps continue to be taken to try to minimise the impact of the reduced investment income such as through deferral of new borrowing in favour of disinvestment, however, the shortfall has been due to factors outside our direct control. The position in respect of the Council's net investment earnings has been reported to the Panel throughout the year as a risk area and the 12/13 budget has been adjusted to take account of revised position.
- 4.8. The Panel will receive the Annual Report on Treasury Management, including a review of investment and borrowing performance, at the next meeting.
- 4.9. Two contributions to reserves have been made this year which had not been budgeted for. These are:-
- *£150k towards redundancy costs*  
During the year there have been a number of planned redundancy costs. Cabinet had previously agreed to allocate a sum in balances for redundancy costs. Some of these costs could have been absorbed within service budgets and therefore making this contribution will help partly reinstate the redundancy provision held within balances.
  - *£150k towards budget risks*  
There are some budget risks as a result of possible legal challenges. This allocation will assist in providing a provision within balances to mitigate these issues.
  - *£35k to the Regeneration Reserve.*  
The Council is participating in a number of projects which involve external funding. The nature of these scheme and funding methodologies means that in any year there are potentially budget surpluses or shortfalls as a result of cost profiles. Given there is a small surplus this year it is proposed to contribute this to a Reserve to meet any future similar deficits.
- 4.10 The other remaining technical adjustments include areas such as miscellaneous unallocated receipts, position against corporate budget targets and the impact of changes between the General Fund and Housing Revenue Account. Some of these items have been reported during the year whilst others relate to end of year technical accounting items which include a historic provision to repay a grant no longer required, VAT refund and adjustments to a bad debt provision.

### *Summary and impact on future years*

- 4.11. Outturn variances are discussed with relevant service managers and the overall position is considered by Senior Management Team. One important issue is to consider the extent to which any budget variance is likely to be a recurring issue and if so has the 12/13 budget been adjusted to reflect this. Appendix D sets out comments on key variances.
- 4.12. The 2011/12 budget included almost £3.6m of savings or additional income. As the outturn position shows these have either been delivered or other compensating savings or additional income has been achieved.
- 4.13. The 2012/13 budget was based on the plan that the 11/12 outturn would be over budget by up to £0.2m. The final position therefore reflects a significant improvement and the

additional surplus will therefore be added to balances and will be considered by Cabinet on 4 July 2012 as part of a report on the 2013/14 budget strategy.

## **5. Housing Revenue Account**

- 5.1. Appendix E sets out the pre-audit revenue outturn for the Housing Revenue Account (HRA).
- 5.2. The outturn position is showing a net deficit of £382k compared to a budgeted deficit of £305k for the year, an adverse variance of £77k. It should be noted that the outturn overspend has primarily arisen as a result of expenditure being incurred which is being funded from a use of HRA balances, for example the use of committed balances for works to sewage treatment plant. The outturn overspend is less than forecast at Period 9, which anticipated the outturn position to be an overspend of £163k. The outturn position has arisen as a result of variances in several areas as explained below.
- 5.3. We received £13k less income than budgeted which was a combination of additional and reduced income in a number of areas. We received less income from supporting people charges, which reflects the Portfolio Holders agreement to partially negate charges whilst the implementation of the new sheltered housing service was undertaken, following the reduction in funding from Essex County Council. We received more rental and service charge income from tenants and leaseholders than assumed within the budget, which was partially offset by a higher number of Right To Buy sales. We also received more income from court costs recovered, and provided for a proportion of the first years FIT income from the installation of solar panels on Council dwellings.
- 5.4. There was less expenditure than anticipated on supervision and management costs in a number of areas. There was an underspend of £81k on employee costs, primarily due to the provision for one-off severance costs being charged to the HRA not being utilised. There was a net underspend of £16k on premises costs, primarily reflecting lower utility costs, savings within other CBH delegated budgets although there was an overspend on grounds maintenance work. There was a general under spend across most supplies and services budgets, which was partially offset by a larger contribution to our Bad Debts provision reflecting the amount of write-off's during the year and the level of rent arrears at the year-end. There was a £102k overspend on recharges into the HRA from other services, reflecting the outturn position within those service areas as well as a part-year adjustment for accommodation costs.
- 5.5. There was £110k more interest payable reflecting the increase in the average rate of interest chargeable to the HRA for its historical debt along with 4 days interest relating to the HRA Reform settlement paid to the Government on 28<sup>th</sup> March 2012, although our increased interest costs were partly offset by a decrease of £82k in the amount of negative subsidy payable to the Government to reflect this. Furthermore, we were required to make a higher revenue contribution to fund HRA capital expenditure than included in the budget, which predominantly reflects the funding of sewage treatment works referred to previously. Finally, there is a large variance on Capital Financing costs, which reflects accounting adjustments to reflect the revaluation of housing assets for 2011/12. These revaluation adjustments do not impact on the overall net HRA position as they are credited within inter account transfers area.
- 5.6. The HRA balance at 31<sup>st</sup> March 2012 is £3,537k. However, £573k of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2011/12, together with future contributions to the Housing Investment Programme (Capital). This leaves the uncommitted HRA balance at £2,964k. Given that the recommended minimum level of balances for the HRA is £1,600k from the 1<sup>st</sup> April 2012, it can be seen that the HRA balance is above that prudent level. The level of balances at the year-end is in line with the estimate used when the 30 year HRA Business Plan was

agreed by Cabinet in January 2012 and also provides the Council with a good base to support the various HRA projects currently being undertaken.

- 5.7. The HRA is a “ring-fenced” account which means that any underspend or overspend in a given year must be retained within the HRA. The effect of the 2011/12 outturn position will need to be reflected within the Medium Term Financial Forecast (MTFF) for the HRA to establish the level of resources for future years. This will be reviewed as part of the forthcoming budget process for 2013/14.

## **6. Strategic Plan references**

- 6.1. The priorities within the Strategic Plan are reflected in the Budget and Medium Term Financial Forecast.

## **7. Financial implications**

- 7.1. As set out above.

## **8. Risk management implications**

- 8.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2011/12 revenue budget report that was approved by Council in February 2011 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.

## **9. Other Standard References**

- 9.1 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

## Major Outturn Variances

Note: Underspends and additional income variances are shown in brackets.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Life Opportunities</b>				
Head of Service & Group Support	(10)	0	(10)	A vacancy within the Children & Young People cost centre and a saving on training within Group Support produced a £10k saving within the year.
Sport and Leisure	(280)	56	(224)	A range of cost reductions have been made throughout the year within the sport and leisure service including employees (£191k) and repairs & maintenance (£80k). Gains made in some areas of income, in particular Lifestyle memberships, Aerobics, Dry Side and Aqua Springs, have not been sufficient to completely offset other income shortfalls which include Events, Bar & Catering and Beauty Therapy.
Housing and Communities	(249)	7	(242)	Underspends on salary costs of £84k reflect vacancies currently held across the service; £26k less repairs and maintenance expenditure at the Temporary Accommodation Units, £91k less expenditure on B&B/Homelessness Initiatives. There was £17k more income from B&B/Homelessness Initiatives due to improved housing benefit recovery rates and, £14k more income from lower voids at the Temporary Accommodation Units. Activity Centres recovered £25k less income although this was matched by £22k cost reductions.
Parks and Recreation	48	(125)	(77)	The overspend relates mainly to ground maintenance works, of which a large amount relates to the tighter processing of year end accruals. Within income there has been a few 'one-off gains' which include the King George V pavilion rent £20k; increased event income £20k; the NHS North East Essex car park income £12k, donations of £10k and general sales improvement £8k. A one-off £42k gain from a 10/11 s.106 funded playground scheme has also been accounted for in 2011/12 and was included in the forecast.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Resource Management (incl. CDC)</b>				
Revenue Holding Accounts ( <i>incl. Insurance, Audit &amp; Debt Management</i> )	59	(2)	57	The recent insurance tender exercise has resulted in an increase in premiums. The new prices were applied from August and therefore a part year impact is reflected in 2011/12 (£63k), half of which will be charged across to the HRA.
Collections & Control	93	(76)	17	Although savings on printing and software were previously forecast here, some of this has not been achieved and the overall cost of printing has ended up £30k over budget. Extra costs have still been going through the accounts for the remains of the Concessionary Fares scheme although these have been offset by other income and a one off income gain in respect of administration of the scheme.
Local Taxation	18	109	127	Extra costs in relation to work on Single Persons Discount and NNDR Discretionary Relief £7.2k. Court fees recovered are down for both Council Tax £103k and NNDR £7k, within which there is an increase in the level of provision for bad debts which amounts to £37k and £5k respectively.
Operations Team	(17)	4	(13)	Underspend on employees and general supplies & services within the team.
Financial Mgt & Head of Service	(5)	(8)	(13)	Various small under spends within the service helped to add to the additional Procurement Hub income for 11/12.
Benefits Payments & Subsidy	675	(729)	(54)	Payment of housing benefits is greater than budget due to the increasing caseload, in particular within the private housing market. This is broadly matched by additional benefit subsidy received. Discretionary Housing Payments were however under budget and a request to carry forward £50k is to be made to help deal with the extra pressure forecast for 2012/13. The LA Error incentive scheme produced an extra £110k income which helped to offset the drop in the level of overpayments recovered. These were £170k lower than budget which includes an increase in the provision for bad debts.
Estates	100	(240)	(140)	The main variances within Estates properties are as follows:- <ul style="list-style-type: none"> <li>• An anticipated £60k saving on the NNDR costs of Roman House and St James House was not achieved in 11/12.</li> <li>• Additional costs as a result of sewage treatment works at Cuckoo Farm £33k</li> <li>• Additional maintenance costs at Lion Walk shopping centre £12.9k.</li> <li>• Part year income secured in respect of leasing of office space in Rowan House</li> </ul>

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				£32.5k. <ul style="list-style-type: none"> <li>One-off gains on 2/3 Trinity Street £63k; Oyster Fishery £25k and housing wayleaves £70k</li> <li>Other shortfalls in income incl. Severalls &amp; Colchester Business Park.</li> </ul>
CDC - Audit Fees	(30)		(30)	The Audit Commission rebate of 8% on the audit fee for 2011/12 has resulted in a total saving for the year of £33k. This has been slightly offset by higher than budget bank charges of £8k.
<b>Executive Management Team</b>				
EMT	(31)	-	(31)	Savings made in-year to include hospitality, conference/seminar costs and Customer Excellence.
Partner Projects	(21)	-	(21)	The Regional Cities East Partnership has revaluated its way of working and reduced the contribution required by partners by £14k. An accrual raised at year-end 10/11 was unspent resulting in a £7k under-spend (LAA-PRG).
2020 Projects	(40)	4	(36)	Under-spend of £13k although a carry forward has been requested to allow some committed munity Strategy work to continue. A further £22k saving has materialised on LSP / LSP Co-ordinator work as this stream of work ceased during 11/12.
Way We Work	(6)	-	(6)	£6k under-spend on consultancy
<b>Street Services</b>				
Head of Service / FSR Savings	(48)		(48)	Mainly due to savings generated by the Fundamental Service Review.
Car Parking	(46)	472	426	Savings have been made in the cost of repairs, printing and publicity to offset overspends against NNDR, rent costs and insurance for St John's car park. As predicted, car parking income remained under budget at the year-end. Casual car parking income was £405k below budget, with reductions in season tickets income and PCN's (penalty charge notices). As part of the budget setting for 2012/13 parking income targets have been adjusted to better reflect expected income.
Community Alarms & Monitoring Centre	37	97	134	Overspend relates to contracts that were understated in the budget. Income variance relates to less income from private residential users. However, there has been an increase in the income received for the Telehealth project and a new marketing campaign has commenced to try to increase the number of customers for the service.



Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Engineering	(33)	9	(24)	Savings made mainly due to a vacancy and underspends on equipment, partly reduced by overspend on contractor payments. Income was less than budgeted in engineering and street lighting cost centres.
Professional Support Unit	(10)		(10)	Underspend on staff costs, savings on printing, postage and other office expenses
Strategy & Performance Zones	(32)		(32)	Savings on staff costs, management consultancy, printing, publicity and conferences.
	12	42	54	Overspend on staffing, equipment and materials, mitigated in part by savings elsewhere in service. A grant from ECC for Street Warden work was not received this year.
Market & Street Trading	(4)	15	11	Saving due to NDR costs being lower than budget. Under-recovery of income due to a delay in Essex County Council (ECC) issuing the traffic order for access rights for the third trading day, forcing a delay in the implementation of a Thursday market.
Domestic Refuse	32	(47)	(15)	Overspends of £22k on staff costs, £45k on fuel, insurance & legal fees. Mitigated in part by savings of £17k on materials, £22k on Navman and £15k on contractor payments (due to improved cardboard separation). Additional income due to £52k on general sales and £12k recoverable expenses, reduced slightly by £18k under-recovery in recycling credits.
Trade Waste	(41)	44	3	Reduction in income due to reduced tonnages collected, partly offset by reduced landfill costs.
Fleet & Workshop	139	(115)	24	Overspend mainly relates to vehicle hire £127k and contractor costs £14k. Income relates to estimate of income due back from SFS following return of the 13 split bodied vehicles at the end of the lease.
Voids	(3)	(37)	(40)	Unbudgeted income in relation to clearance of void properties.
Various items across group	17	(10)	7	A range of small variances across the group.
Parking partnership	(89)	(246)	(335)	The parking partnership account includes all non direct recharges as well as direct budgets. The variance is therefore for indicative purposes only. It should also be noted that a carry forward request of £150k has been made.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Corporate Management</b>				
Head of Service / Policy	(12)		(12)	Underspends on training / seminar and other general expenses.
Legal Services and Land Charges	(6)	89	83	Land charges income £80k under budget, Legal services Braintree income £9k under.
Democratic Services	(8)	(39)	(47)	Some general underspends on stationery and printing, coupled with some extra civic event income and unbudgeted election claim income.
Human Resources	25	(54)	(29)	Overspends on costs relating to Braintree and Brentwood work, but this was subsequently recovered along with additional income from these authorities.
Facilities	(38)	23	(15)	Overspends on Rowan House service charge and NDR but offset by various other underspends, largest ones being on repairs and maintenance costs. Functions and vending income under budget.
Communications	(24)	(2)	(26)	Underspends on marketing, printing/copier costs and external printing. Unbudgeted income for advertising.
ICT	7	-	7	Various under and overspends across this service.
<b>CSC</b>	(30)	17	(13)	Majority of saving made on salary costs. There is a £20k reduction this financial year in respect of income from the PCT.
<b>Env. &amp; Protective Servs</b>				
Planning	(58)	(161)	(219)	Salary saving of £15k and £38k under spend mainly on consultancy and appeal costs. Planning Fee income is £159k better than budget.
Building Control	(22)	(19)	(41)	Over-recovery of Fee income (£51k) helped to offset a £30k shortfall in income from other local authority work which did not go ahead as planned. Salary saving of £11k (vacant posts) and other general transport / supplier savings.
Environmental	(34)	11	(23)	Vacant posts saving of £28k. Reduction in income for Environmental Control Permit income £3k and Housing Enforcement fee income £7k.
Protective Servs	(87)	(20)	(107)	Under-spend on Cemetery & Crematorium premises costs of £63k, including energy savings of £31k. Income has been higher than budget in this area.
Professional Support Unit ( PSU)	(23)	(2)	(25)	General savings made including printing, IT equipment, Ordnance Survey costs. £2k unbudgeted income from Tendring DC.
Museums	38	67	105	£126k net over-spend on salaries due to the need to accrue for £140k for redundancy

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				<p>The grant to fund this cost has been received this year (2012/13).</p> <p>Other variances relate to over-spend on premises mainly due to unbudgeted spend on Ipswich Art School and maintenance at the MRC and Heckworth Close. Offset by under-spend on general supplies &amp; services £131k. Income relates to £53k lower than budgeted grants and a small shortfall in customer receipts.</p> <p>The overall position has resulted in the need to carry forward a negative balance. The Joint Committee agreement allows for the carry forward of +/- £100k.</p> <p>As the grant to fund the redundancy costs is available in 12/13 the overall position across the two years for this will therefore be broadly balanced.</p>
<b>Strategic Policy &amp; Regeneration (SP&amp;R)</b>				
Head of SP&R	11	-	11	Primarily reflects a vacancy factor target being held at Head of Service level for the group.
Strategic Housing	(24)	(7)	(31)	Salary savings from some staff reducing their hours; savings on training costs, and an extra £4k of costs recoverable from Greater Haven Gateway.
Spatial Policy	(21)	(25)	(46)	Primarily reflects savings on employee, printing, licences and subscription costs. Additional income from developers, along with income from ECC for the Lower Castle Park cycling project.
Renaissance	116	(145)	(29)	The overspend on expenditure relates to European claims going through the revenue account, which are matched by a corresponding over-recovery of income. The balance of the under spend primarily relates to savings on employee costs from maternity leave/vacant post, and salary costs reclaimable from European & Haven Gateway projects.
Enterprise	-	30	30	There is £30k less income at the Visitor Information Centre (VIC), which is offset by an underspend in VIC expenditure of £35k
Cultural Services	(1)	(3)	(4)	There is additional cost relating to the Digital Strategy of c£30k.
<b>Total</b>	<b>44</b>	<b>(1017)</b>	<b>(973)</b>	Savings on repairs & maintenance as well as £3k of income from an insurance claim reimbursement.

## Main variances (after carry forward adjustments) and impact on 12/13 budgets

## Appendix D

Service Area	£'000	Comment on 12/13 impact
Sport and leisure – mainly cost savings on employees and repairs and maintenance	(224)	Cabinet has recently agreed the Fundamental Service review for this area which shows potential savings / additional income in 12/13. None of this is in the 12/13 budget and therefore there is an expectation that there will be a net saving delivered. The 11/12 outturn supports this expectation, although, as with other income streams, it must be accepted that there is a risk that income levels will not meet targets and therefore costs savings may be required to deliver an “on budget” position.
Housing and Communities – includes staff savings	(242)	Proactive work to prevent use of B&B for homeless households makes up the largest proportion of savings but this is unpredictable and customer demand is rising so unlikely in the future. Part of this net underspend reflects in year staff vacancies and therefore might be expected to be one off for 11/12.
Local taxation – mainly court fees	127	The budget makes assumptions in respect of income from recovered court fees. This is always difficult to estimate and as such is always a budget risk. The level of income achieved will depend on the number of court cases and the success in collecting sums due. The 12/13 budget has not been altered and therefore will continue to be monitored closely.
Estates – mainly rental income	(140)	There are a number of factors that have resulted in a net gain in rental income. A number of the income gains are one-off such as electricity wayleaves and back dated rent reviews. Some smaller adjustments were made to the 12/13 budget but broadly the rental income budget will always be at some risks given the economic background.
Car Parking – mainly reduced parking income	426	The shortfall in car parking income has been reported consistently during the year. As part of the 12/13 budget the budget was reduced by £400k to better reflect a more achievable income target.
Community alarms – mainly income.	134	The income budget for 12/13 has not been reduced and this area has been identified as a particular target to improve income levels, however, based on the last year’s performance this will be a risk area.
Planning – mainly additional planning fee income	(217)	Over the last few years planning income has been both over and under budget. Income levels will vary depending on market conditions. The 12/13 income budget was not increased and therefore if volumes seen in 11/12 were to continue there would be the potential for additional income.
Protective Services – Combination of reduced costs and higher income	(107)	This includes a combination of reduced spending within the cemetery and crematorium and some additional income in the same area. No specific adjustments have been made to the 12/13 budget and therefore there is a potential for a net improvement in the current year. However, income has fluctuated in recent years and therefore there is no certainty that this

Service Area	£'000	Comment on 12/13 impact
		trend will continue.

<b>Current Period – March 2012</b>				
<b>End Of Year 2011/12</b>				
<b>Account Description</b>	<b>Budget for Year £'000</b>	<b>Actual for Year £'000</b>	<b>Variance (under) / over £'000</b>	
<b>HRA - Direct &amp; Non-Direct</b>				
<b>EXPENDITURE</b>				
Employees	353	272	(81)	Red
Premises Related	6,231	6,215	(16)	Green
Transport Related	3	2	(1)	Green
Supplies & Services	689	573	(116)	Red
Third Party Payments	81,954	81,841	(113)	Amber
Transfer Payments	41	115	74	Red
Support Services	3,000	3,102	102	Amber
Capital Financing Costs	11,406	17,483	6,077	Red
<b>TOTAL EXPENDITURE</b>	<b>103,677</b>	<b>109,603</b>	<b>5,926</b>	<b>Red</b>
<b>INCOME</b>				
Other Grants & Reimbursements	(134)	(159)	(25)	Amber
Customer & Client Receipts	(25,905)	(25,870)	35	Green
Income-Interest	(25)	(22)	3	Amber
Inter Account Transfers	(77,308)	(83,170)	(5,862)	Red
<b>TOTAL INCOME</b>	<b>(103,372)</b>	<b>(109,221)</b>	<b>(5,849)</b>	<b>Red</b>
<b>TOTAL NET - HRA</b>	<b>305</b>	<b>382</b>	<b>77</b>	<b>Red</b>

**Budget Monitoring Summary - End  
of Year 2011/12**

<u>Account Description</u>	<u>Budget £'000</u>	<u>Actual £'000</u>	<u>Variance (fav) / adv £'000</u>	
<b>By Subjective Group</b>				
Employees	27,302	26,818	(484)	amber
Premises Related	7,694	7,582	(112)	amber
Transport Related	1,632	1,800	168	red
Supplies & Services	14,812	14,644	(168)	amber
Third Party Payments	1,323	1,212	(111)	red
Transfer Payments	260	343	83	red
Capital Financing Costs	100	100	-	green
<b>Subtotal Expenditure</b>	<b>53,123</b>	<b>52,499</b>	<b>(624)</b>	amber
Government Grant	(1,959)	(1,911)	48	green
Other Grants & Reimbursements	(4,521)	(5,013)	(492)	red
Customer & Client Receipts	(24,591)	(24,441)	150	amber
Income-Interest	(41)	(41)	-	green
Inter Account Transfers	-	-	-	green
<b>Subtotal Income</b>	<b>(31,112)</b>	<b>(31,406)</b>	<b>(294)</b>	amber
<b>Total General Fund Services</b>	<b>22,011</b>	<b>21,093</b>	<b>(918)</b>	amber
<b>By Service Group</b>				
Corporate & Democratic Core	341	311	(30)	amber
Executive Management Team	821	727	(94)	red
Corporate Management	6,417	6,378	(39)	green
Customer Service Centre	1,050	1,037	(13)	green
Environmental & Protective Service:	2,440	2,130	(310)	red
Life Opportunities	5,239	4,686	(553)	red
Resource Management	1,203	1,238	35	green
Strategic Policy & Regeneration	2,341	2,272	(69)	amber
Street Services	2,159	2,314	155	red
<b>Total General Fund Services</b>	<b>22,011</b>	<b>21,093</b>	<b>(918)</b>	amber

**Budget Monitoring Report for All Services - End of Year 2011/12**

**Appendix B**

Account Description	£'000	Democractic Core	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street	£'000	£'000	£'000
<b>EXPENDITURE</b>													
<b>EMPLOYEES</b>													
Budget	-	green	780	2,762	1,111	5,609	5,257	2,956	1,522	7,305	27,302		
Actual	-		781	2,763	1,089	5,663	4,975	2,961	1,473	7,113	26,818		
Variance	-		1	1	(22)	54	(282)	5	(49)	(192)	(484)		
		green	green	green	green	amber	red	green	green	amber	amber		
<b>PREMISES</b>													
Budget	-	green	1	1,364	-	730	3,999	254	93	1,253	7,694		
Actual	-		1	1,398	-	705	3,818	346	92	1,222	7,582		
Variance	-		-	34	-	(25)	(181)	92	(1)	(31)	(112)		
		green	green	green	green	green	amber	red	green	green	amber		
<b>TRANSPORT</b>													
Budget	-	green	7	51	-	72	22	11	10	1,459	1,632		
Actual	-		6	42	-	57	22	9	13	1,651	1,800		
Variance	-		(1)	(9)	-	(15)	-	(2)	3	192	168		
		green	amber	amber	green	amber	green	amber	amber	red	red		
<b>SUPPLIES &amp; SERVICES</b>													
Budget	341	amber	204	3,202	67	1,387	1,593	1,323	5,115	1,580	14,812		
Actual	311		121	3,133	59	1,184	1,533	1,410	5,269	1,624	14,644		
Variance	(30)		(83)	(69)	(8)	(203)	(60)	87	154	44	(168)		
		amber	red	amber	amber	red	amber	red	amber	green	amber		
<b>THIRD PARTY</b>													
Budget	-	green	-	86	-	52	249	81	171	684	1,323		
Actual	-		-	72	-	55	260	81	144	600	1,212		
Variance	-		-	(14)	-	3	11	-	(27)	(84)	(111)		
		green	green	amber	green	amber	green	green	amber	red	red		



## Budget Monitoring Report for All Services - End of Year 2011/12

## Appendix B

Account Description	£'000	EMT	Corporate Mgt	CSC	Env. & Protective	Life Opps	Resource Mgt.	Strategic Policy and Regen	Street
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>TRANSFER PAYMENTS</b>									
Budget	-	-	-	-	-	100	160	-	-
Actual	-	-	-	-	-	121	222	-	-
Variance	-	-	-	-	-	21	62	-	-
	green	green	green	green	green	amber	red	green	green
<b>CAPITAL FINANCING</b>									
Budget	-	-	-	-	-	-	100	-	-
Actual	-	-	-	-	-	-	100	-	-
Variance	-	-	-	-	-	-	-	-	-
	green	green	green	green	green	green	green	green	green
<b>TOTAL EXPENDITURE</b>									
Budget	341	992	7,465	1,178	7,850	11,220	4,885	6,911	12,281
Actual	311	909	7,408	1,148	7,664	10,729	5,129	6,991	12,210
Variance	(30)	(83)	(57)	(30)	(186)	(491)	244	80	(71)
	amber	red	amber	green	amber	amber	amber	amber	amber
<b>INCOME</b>									
<b>GOVERNMENT GRANT</b>									
Budget	-	-	-	-	(1,109)	(99)	(244)	(507)	-
Actual	-	-	-	-	(1,033)	(99)	(241)	(538)	-
Variance	-	-	-	-	76	-	3	(31)	-
	green	green	green	green	red	green	green	amber	green
<b>OTHER GRANTS</b>									
Budget	-	(146)	(23)	(105)	(1,110)	(608)	(47)	(139)	(2,343)
Actual	-	(157)	(78)	(90)	(1,103)	(633)	(66)	(284)	(2,602)
Variance	-	(11)	(55)	15	7	(25)	(19)	(145)	(259)
	green	amber	red	amber	green	green	amber	red	red



## Major Outturn Variances

Note: Underspends and additional income variances are shown in brackets.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Life Opportunities</b>				
Head of Service & Group Support	(10)	0	(10)	A vacancy within the Children & Young People cost centre and a saving on training within Group Support produced a £10k saving within the year.
Sport and Leisure	(280)	56	(224)	A range of cost reductions have been made throughout the year within the sport and leisure service including employees (£191k) and repairs & maintenance (£80k). Gains made in some areas of income, in particular Lifestyle memberships, Aerobics, Dry Side and Aqua Springs, have not been sufficient to completely offset other income shortfalls which include Events, Bar & Catering and Beauty Therapy.
Housing and Communities	(249)	7	(242)	Underspends on salary costs of £84k reflect vacancies currently held across the service; £26k less repairs and maintenance expenditure at the Temporary Accommodation Units, £91k less expenditure on B&B/Homelessness Initiatives. There was £17k more income from B&B/Homelessness Initiatives due to improved housing benefit recovery rates and, £14k more income from lower voids at the Temporary Accommodation Units. Activity Centres recovered £25k less income although this was matched by £22k cost reductions.
Parks and Recreation	48	(125)	(77)	The overspend relates mainly to ground maintenance works, of which a large amount relates to the tighter processing of year end accruals. Within income there has been a few 'one-off gains' which include the King George V pavilion rent £20k; increased event income £20k; the NHS North East Essex car park income £12k, donations of £10k and general sales improvement £8k. A one-off £42k gain from a 10/11 s.106 funded playground scheme has also been accounted for in 2011/12 and was included in the forecast.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Resource Management (incl. CDC)</b>				
Revenue Holding Accounts ( <i>incl. Insurance, Audit &amp; Debt Management</i> )	59	(2)	57	The recent insurance tender exercise has resulted in an increase in premiums. The new prices were applied from August and therefore a part year impact is reflected in 2011/12 (£63k), half of which will be charged across to the HRA.
Collections & Control	93	(76)	17	Although savings on printing and software were previously forecast here, some of this has not been achieved and the overall cost of printing has ended up £30k over budget. Extra costs have still been going through the accounts for the remains of the Concessionary Fares scheme although these have been offset by other income and a one off income gain in respect of administration of the scheme.
Local Taxation	18	109	127	Extra costs in relation to work on Single Persons Discount and NNDR Discretionary Relief £7.2k. Court fees recovered are down for both Council Tax £103k and NNDR £7k, within which there is an increase in the level of provision for bad debts which amounts to £37k and £5k respectively.
Operations Team	(17)	4	(13)	Underspends on employees and general supplies & services within the team.
Financial Mgt & Head of Service	(5)	(8)	(13)	Various small under spends within the service helped to add to the additional Procurement Hub income for 11/12.
Benefits Payments & Subsidy	675	(729)	(54)	Payment of housing benefits is greater than budget due to the increasing caseload, in particular within the private housing market. This is broadly matched by additional benefit subsidy received. Discretionary Housing Payments were however under budget and a request to carry forward £50k is to be made to help deal with the extra pressure forecast for 2012/13. The LA Error incentive scheme produced an extra £110k income which helped to offset the drop in the level of overpayments recovered. These were £170k lower than budget which includes an increase in the provision for bad debts.
Estates	100	(240)	(140)	The main variances within Estates properties are as follows:- <ul style="list-style-type: none"> <li>• An anticipated £60k saving on the NNDR costs of Roman House and St James House was not achieved in 11/12.</li> <li>• Additional costs as a result of sewage treatment works at Cuckoo Farm £33k</li> <li>• Additional maintenance costs at Lion Walk shopping centre £12.9k.</li> <li>• Part year income secured in respect of leasing of office space in Rowan House</li> </ul>

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				£32.5k. <ul style="list-style-type: none"> <li>One-off gains on 2/3 Trinity Street £63k; Oyster Fishery £25k and housing wayleaves £70k</li> <li>Other shortfalls in income incl. Severalls &amp; Colchester Business Park.</li> </ul>
CDC - Audit Fees	(30)		(30)	The Audit Commission rebate of 8% on the audit fee for 2011/12 has resulted in a total saving for the year of £33k. This has been slightly offset by higher than budget bank charges of £8k.
<b>Executive Management Team</b>				
EMT	(31)	-	(31)	Savings made in-year to include hospitality, conference/seminar costs and Customer Excellence.
Partner Projects	(21)	-	(21)	The Regional Cities East Partnership has revaluated its way of working and reduced the contribution required by partners by £14k. An accrual raised at year-end 10/11 was unspent resulting in a £7k under-spend (LAA-PRG).
2020 Projects	(40)	4	(36)	Under-spend of £13k although a carry forward has been requested to allow some committed munity Strategy work to continue. A further £22k saving has materialised on LSP / LSP Co-ordinator work as this stream of work ceased during 11/12.
Way We Work	(6)	-	(6)	£6k under-spend on consultancy
<b>Street Services</b>				
Head of Service / FSR Savings	(48)		(48)	Mainly due to savings generated by the Fundamental Service Review.
Car Parking	(46)	472	426	Savings have been made in the cost of repairs, printing and publicity to offset overspends against NNDR, rent costs and insurance for St John's car park. As predicted, car parking income remained under budget at the year-end. Casual car parking income was £405k below budget, with reductions in season tickets income and PCN's (penalty charge notices). As part of the budget setting for 2012/13 parking income targets have been adjusted to better reflect expected income.
Community Alarms & Monitoring Centre	37	97	134	Overspend relates to contracts that were understated in the budget. Income variance relates to less income from private residential users. However, there has been an increase in the income received for the Telehealth project and a new marketing campaign has commenced to try to increase the number of customers for the service.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Engineering	(33)	9	(24)	Savings made mainly due to a vacancy and underspends on equipment, partly reduced by overspend on contractor payments. Income was less than budgeted in engineering and street lighting cost centres.
Professional Support Unit	(10)		(10)	Underspend on staff costs, savings on printing, postage and other office expenses
Strategy & Performance Zones	(32)		(32)	Savings on staff costs, management consultancy, printing, publicity and conferences.
	12	42	54	Overspend on staffing, equipment and materials, mitigated in part by savings elsewhere in service. A grant from ECC for Street Warden work was not received this year.
Market & Street Trading	(4)	15	11	Saving due to NDR costs being lower than budget. Under-recovery of income due to a delay in Essex County Council (ECC) issuing the traffic order for access rights for the third trading day, forcing a delay in the implementation of a Thursday market.
Domestic Refuse	32	(47)	(15)	Overspends of £22k on staff costs, £45k on fuel, insurance & legal fees. Mitigated in part by savings of £17k on materials, £22k on Navman and £15k on contractor payments (due to improved cardboard separation). Additional income due to £52k on general sales and £12k recoverable expenses, reduced slightly by £18k under-recovery in recycling credits.
Trade Waste	(41)	44	3	Reduction in income due to reduced tonnages collected, partly offset by reduced landfill costs.
Fleet & Workshop	139	(115)	24	Overspend mainly relates to vehicle hire £127k and contractor costs £14k. Income relates to estimate of income due back from SFS following return of the 13 split bodied vehicles at the end of the lease.
Voids	(3)	(37)	(40)	Unbudgeted income in relation to clearance of void properties.
Various items across group	17	(10)	7	A range of small variances across the group.
Parking partnership	(89)	(246)	(335)	The parking partnership account includes all non direct recharges as well as direct budgets. The variance is therefore for indicative purposes only. It should also be noted that a carry forward request of £150k has been made.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
<b>Corporate Management</b>				
Head of Service / Policy	(12)		(12)	Underspends on training / seminar and other general expenses.
Legal Services and Land Charges	(6)	89	83	Land charges income £80k under budget, Legal services Braintree income £9k under.
Democratic Services	(8)	(39)	(47)	Some general underspends on stationery and printing, coupled with some extra civic event income and unbudgeted election claim income.
Human Resources	25	(54)	(29)	Overspends on costs relating to Braintree and Brentwood work, but this was subsequently recovered along with additional income from these authorities.
Facilities	(38)	23	(15)	Overspends on Rowan House service charge and NDR but offset by various other underspends, largest ones being on repairs and maintenance costs. Functions and vending income under budget.
Communications	(24)	(2)	(26)	Underspends on marketing, printing/copier costs and external printing. Unbudgeted income for advertising.
ICT	7	-	7	Various under and overspends across this service.
<b>CSC</b>	(30)	17	(13)	Majority of saving made on salary costs. There is a £20k reduction this financial year in respect of income from the PCT.
<b>Env. &amp; Protective Servs</b>				
Planning	(58)	(161)	(219)	Salary saving of £15k and £38k under spend mainly on consultancy and appeal costs. Planning Fee income is £159k better than budget.
Building Control	(22)	(19)	(41)	Over-recovery of Fee income (£51k) helped to offset a £30k shortfall in income from other local authority work which did not go ahead as planned. Salary saving of £11k (vacant posts) and other general transport / supplier savings.
Environmental	(34)	11	(23)	Vacant posts saving of £28k. Reduction in income for Environmental Control Permit income £3k and Housing Enforcement fee income £7k.
Protective Servs	(87)	(20)	(107)	Under-spend on Cemetery & Crematorium premises costs of £63k, including energy savings of £31k. Income has been higher than budget in this area.
Professional Support Unit ( PSU)	(23)	(2)	(25)	General savings made including printing, IT equipment, Ordnance Survey costs. £2k unbudgeted income from Tendring DC.
Museums	38	67	105	£126k net over-spend on salaries due to the need to accrue for £140k for redundancy

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				<p>The grant to fund this cost has been received this year (2012/13).</p> <p>Other variances relate to over-spend on premises mainly due to unbudgeted spend on Ipswich Art School and maintenance at the MRC and Heckworth Close. Offset by under-spend on general supplies &amp; services £131k. Income relates to £53k lower than budgeted grants and a small shortfall in customer receipts.</p> <p>The overall position has resulted in the need to carry forward a negative balance. The Joint Committee agreement allows for the carry forward of +/- £100k.</p> <p>As the grant to fund the redundancy costs is available in 12/13 the overall position across the two years for this will therefore be broadly balanced.</p>
<b>Strategic Policy &amp; Regeneration (SP&amp;R)</b>				
Head of SP&R	11	-	11	Primarily reflects a vacancy factor target being held at Head of Service level for the group.
Strategic Housing	(24)	(7)	(31)	Salary savings from some staff reducing their hours; savings on training costs, and an extra £4k of costs recoverable from Greater Haven Gateway.
Spatial Policy	(21)	(25)	(46)	Primarily reflects savings on employee, printing, licences and subscription costs. Additional income from developers, along with income from ECC for the Lower Castle Park cycling project.
Renaissance	116	(145)	(29)	The overspend on expenditure relates to European claims going through the revenue account, which are matched by a corresponding over-recovery of income. The balance of the under spend primarily relates to savings on employee costs from maternity leave/vacant post, and salary costs reclaimable from European & Haven Gateway projects.
Enterprise	-	30	30	There is £30k less income at the Visitor Information Centre (VIC), which is offset by an underspend in VIC expenditure of £35k
Cultural Services	(1)	(3)	(4)	There is additional cost relating to the Digital Strategy of c£30k.
<b>Total</b>	<b>44</b>	<b>(1017)</b>	<b>(973)</b>	Savings on repairs & maintenance as well as £3k of income from an insurance claim reimbursement.



## Main variances (after carry forward adjustments) and impact on 12/13 budgets

## Appendix D

Service Area	£'000	Comment on 12/13 impact
Sport and leisure – mainly cost savings on employees and repairs and maintenance	(224)	Cabinet has recently agreed the Fundamental Service review for this area which shows potential savings / additional income in 12/13. None of this is in the 12/13 budget and therefore there is an expectation that there will be a net saving delivered. The 11/12 outturn supports this expectation, although, as with other income streams, it must be accepted that there is a risk that income levels will not meet targets and therefore costs savings may be required to deliver an “on budget” position.
Housing and Communities – includes staff savings	(242)	Proactive work to prevent use of B&B for homeless households makes up the largest proportion of savings but this is unpredictable and customer demand is rising so unlikely in the future. Part of this net underspend reflects in year staff vacancies and therefore might be expected to be one off for 11/12.
Local taxation – mainly court fees	127	The budget makes assumptions in respect of income from recovered court fees. This is always difficult to estimate and as such is always a budget risk. The level of income achieved will depend on the number of court cases and the success in collecting sums due. The 12/13 budget has not been altered and therefore will continue to be monitored closely.
Estates – mainly rental income	(140)	There are a number of factors that have resulted in a net gain in rental income. A number of the income gains are one-off such as electricity wayleaves and back dated rent reviews. Some smaller adjustments were made to the 12/13 budget but broadly the rental income budget will always be at some risks given the economic background.
Car Parking – mainly reduced parking income	426	The shortfall in car parking income has been reported consistently during the year. As part of the 12/13 budget the budget was reduced by £400k to better reflect a more achievable income target.
Community alarms – mainly income.	134	The income budget for 12/13 has not been reduced and this area has been identified as a particular target to improve income levels, however, based on the last year’s performance this will be a risk area.
Planning – mainly additional planning fee income	(217)	Over the last few years planning income has been both over and under budget. Income levels will vary depending on market conditions. The 12/13 income budget was not increased and therefore if volumes seen in 11/12 were to continue there would be the potential for additional income.
Protective Services – Combination of reduced costs and higher income	(107)	This includes a combination of reduced spending within the cemetery and crematorium and some additional income in the same area. No specific adjustments have been made to the 12/13 budget and therefore there is a potential for a net improvement in the current year. However, income has fluctuated in recent years and therefore there is no certainty that this

Service Area	£'000	Comment on 12/13 impact
		trend will continue.

<b>Current Period – March 2012</b>				
<b>End Of Year 2011/12</b>				
<b>Account Description</b>	<b>Budget for Year £'000</b>	<b>Actual for Year £'000</b>	<b>Variance (under) / over £'000</b>	
<b>HRA - Direct &amp; Non-Direct</b>				
<b>EXPENDITURE</b>				
Employees	353	272	(81)	Red
Premises Related	6,231	6,215	(16)	Green
Transport Related	3	2	(1)	Green
Supplies & Services	689	573	(116)	Red
Third Party Payments	81,954	81,841	(113)	Amber
Transfer Payments	41	115	74	Red
Support Services	3,000	3,102	102	Amber
Capital Financing Costs	11,406	17,483	6,077	Red
<b>TOTAL EXPENDITURE</b>	<b>103,677</b>	<b>109,603</b>	<b>5,926</b>	<b>Red</b>
<b>INCOME</b>				
Other Grants & Reimbursements	(134)	(159)	(25)	Amber
Customer & Client Receipts	(25,905)	(25,870)	35	Green
Income-Interest	(25)	(22)	3	Amber
Inter Account Transfers	(77,308)	(83,170)	(5,862)	Red
<b>TOTAL INCOME</b>	<b>(103,372)</b>	<b>(109,221)</b>	<b>(5,849)</b>	<b>Red</b>
<b>TOTAL NET - HRA</b>	<b>305</b>	<b>382</b>	<b>77</b>	<b>Red</b>



# Finance and Audit Scrutiny Panel

Item  
**12**

26 June 2012

<b>Report of</b>	<b>Head of Resource Management</b>	<b>Author</b>	<b>Graham Coleman</b> ☎ 282741
<b>Title</b>	<b>Capital Expenditure Monitor 2011/12</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is invited to review the progress against all capital schemes in 2011/12**

## 1. Action Required

- 1.1 To note the level of capital spending during 2011/12 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 2011/12 (April 2011 to March 2012) 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 13 July 2011, 7 September 2011 and 14 March 2012, and by Council on 20 July 2011 and 22 February 2012.
- 3.3 The report includes capital expenditure in respect of the Housing Investment Programme, including expenditure on the Council's housing stock.

## 4. 2011/12 review

- 4.1 Since the last capital monitoring report, the Council has made a payment to the Secretary of State of £73.694 million as part of the national reform of Council Housing Finance. This is now included in the capital programme, but as it significantly distorts the other figures is shown separately.
- 4.2 Capital spending in the year totalled £87.9 million. This represents 78.1% of the total programme (36.6% excluding the HRA reform payment), and 91.0% of the projected spend for 2011/12 excluding the HRA reform payment. New funding, other than the HRA reform payment, has been added to the capital programme including £3.765 million released by Cabinet and Council in respect of new and existing schemes (these are itemised in **Appendix A**), £128.7k released from Section 106 balances and £136.9k in respect of finance leases. £9.1 million in respect of the 2012-13 Housing Investment Programme has been included. There are also further contributions from other external

parties, including £1.5 million for the new bus station facility. 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 the 2011/12 outturn and expectations for 2012/13 and beyond.

- 4.3 Forecast spending for 2011/12 was £15.6 million (excluding HRA reform), with the remainder of the programme planned for 2012/13 and 2013/14 and beyond. The table below shows this by service area:

Summary	Current Total Programme £'000	2011/12 Expenditure for year £'000	Expected Expenditure as per Q3 report 2011/12 £'000	Expected Expenditure 2012/13 & 2013/14 & beyond £'000
Corporate Management	1,553.5	132.8	251.8	1,420.7
EMT	79.2	28.0	79.2	3.4
Resource Management	84.6	33.2	43.2	51.4
Street Services	368.2	13.8	74.9	354.4
Environmental & Protective Services	4,971.4	253.3	316.4	4,718.1
Strategic Policy & Regeneration	9,854.5	5,694.0	6,664.6	4,222.8
Life Opportunities	4,767.7	1,157.6	1,324.8	3,610.1
Completed Schemes – current	313.9	300.6	358.8	13.3
Completed Schemes – not reported	15.2	15.2	36.2	0.0
Finance Leases	218.3	218.3	81.4	0.0
<b>Total – General Fund Services</b>	<b>22,226.5</b>	<b>7,846.8</b>	<b>9,231.3</b>	<b>14,394.2</b>
Housing Revenue Account	16,586.3	6,345.8	6,364.1	10,240.5
<b>Total excl. HRA Reform</b>	<b>38,812.8</b>	<b>14,192.6</b>	<b>15,595.4</b>	<b>24,634.7</b>
HRA Reform	73,694.0	73,694.0	0.0	0.0
<b>Total Capital Programme</b>	<b>112,506.8</b>	<b>87,886.6</b>	<b>15,595.4</b>	<b>24,634.7</b>

- 4.4 **Appendix A** sets out details of spending and forecasts on all schemes. Comments are provided on the schemes' progress and future forecasts. The schedule includes budgets for all 'live' schemes. All previously unreleased sums have now been released by Cabinet. The appendix reflects the Capital Programme approved by Council on 16 February 2011, and revised by Cabinet on 13 July 2011, 7 September 2011 and 14 March 2012, and by Council on 20 July 2011 and 22 February 2012.

- 4.5 The table below summarises projected variances against current schemes. The Parish Council and Community Groups grants programme is now closed and remaining funds of £47.8k are being returned to capital balances. The Town Station Square scheme is forecast to be overspent by £62.3k, but the shortfall is being sought from further Section 106 monies. The St Botolphs Public Realm scheme requires the use of contingency funds from the St Botolphs Regeneration account of £227.2k, but this transfer is subject to Cabinet approval.

Scheme	Over/ (Under) £'000
Support for Parish Councils and Community Groups	(47.8)
Town Station Square	62.3
St Botolphs Public Realm	227.2
St Botolphs Regeneration	(227.2)
<b>Total Net Over/(Under)spend</b>	<b>14.5</b>

- 4.6 This sum will be referred to Cabinet in July. Cabinet will also consider an up to date forecast of capital receipts.

**5. Strategic Plan references**

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

**6. Financial implications**

6.1 As set out above.

**7. Risk management implications**

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

**8. Other Standard References**

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

**Background Papers**

None

## **Reconciliation to previous FASP report**

Programme reported to FASP 28 February 2012

*Add:*

Cabinet 14 March 2012 - funding of overspend

Cabinet 14 March 2012 - temporary accommodation project

Cabinet 14 March 2012 - disabled facilities grants (for information as £51.7k already included in earlier capital monitoring report)

Cabinet 14 March 2012 - release of balance of part funded scheme - Improving Life Opportunities

Cabinet 14 March 2012 - release of balance of part funded scheme - Upgrade of CCTV equipment

Cabinet 14 March 2012 - release of balance of part funded scheme - Town Walls

Cabinet 14 March 2012 - release of balance of part funded scheme - Castle Museum Redevelopment

Council 22 February 2012 & Cabinet 14 March 2012 - Sport & Leisure FSR

Council 22 February 2012 - funding for other FSRs

Cabinet 14 March 2012 - Mercury Theatre Roof & Windows

Cabinet 14 March 2012 - funding for Bus Station

S106 release - Holly Trees WCs Castle Park

S106 release - pumping main Distillery Lane/Haven Road

ICT Strategy Phase 2 - external grant for route optimisation works

Additional 2011/ 12 DFG funding from Government announced March 2012

Finance leases - PN6 Helpline equipment

Finance leases - Parking Vehicles

HRA Reform - payment

ICT Strategy - phase 1 & 2 - items funded from revenue

Housing Investment Programme 2012/13

Unused S106 funding - Castle Park

External funding for Osborne Street Bus Station

External funding for Creative Business Hub

## **Current Programme**

Restoration and repair of Moot Hall organ. Project funded by HLF and Friends of the Moot Hall Organ.

*Comments:*

Stage 1 funding bid successful. Awaiting confirmation of funding and mechanism for drawing down funds. Stage 2 funding applied.

**Mercury Theatre - Roof & Windows**

0.0 0.0 372.0 372.0 0.0

*Description of Scheme:*

Replacement of flat roof and windows to bar and circulation spaces.

*Comments:*

Works commence on site 06/06/12. Project to be completed by September 2012.

**Provision for future FSRs**

0.0 379.0 0.0 379.0 0.0

*Description of Scheme:*

Funding for future FSRs

*Comments:*

Funding allocation agreed by Council on 22 February 2012.

**Customer Service Centre Redesign**

95.5 0.0 0.0 95.5 0.0

*Description of Scheme:*

Work required following the completion of the flexible working project and sale of Angel Court, and development of infopoint@co

*Comments:*

Discussions with partners continue to help shape the future delivery of customer contact services; we need to retain flexibility above and beyond concluded negotiations. This will move forward through the UCC FSR. Some immediate expenditure may be required to respond to the area in Angel Court.

**ICT Strategy Phase 2**

150.0 (20.2) 27.0 156.8 54.5

*Description of Scheme:*

Second phase of ICT capital investment

*Comments:*

Spend remains minimal, and awaiting outcome of the UCC FSR business case. Remaining budget held against projects outlined in the UCC FSR.

**TOTAL - CORPORATE MANAGEMENT**

**792.2 343.6 417.7 1,553.5 132.8**

**EMT**

**Support for Parish Councils and Community Groups**

79.2 0.0 0.0 79.2 28.0

*Description of Scheme:*

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

*Comments:*

No further commitments are being made against this scheme, and the unspent funds of £47.8k will be returned to the Capital Projects Fund.

**TOTAL - EMT**

**79.2 0.0 0.0 79.2 28.0**



Development of this site is delayed pending a redesign and planning approval. Revised scheme will include 6 shop units for trading from 2012/13 or later.

<b>TOTAL - RESOURCE MANAGEMENT</b>	<b>28.6</b>	<b>56.0</b>	<b>0.0</b>	<b>84.6</b>	<b>33.2</b>
<b>STREET SERVICES</b>					
<b>Flat Recycling Extension</b>	10.3	0.0	0.0	10.3	0.0
<i>Description of Scheme:</i>					
New phase delivering recycling facilities for residents living in flats					
<i>Comments:</i>					
This was being used to support the expansion of recycling services to residents living in flats in financial year 09/10 and continuing to provide recycling sacks, bins, frames and the fitting costs at the various sites. New build flats will also benefit from the scheme and stockpiling. The remaining funding of £26.5k under the Waste Diversion/Green Waste scheme has now been added to this scheme, and therefore £4,200 is being spent on the purchase of 90 360ltr flat recycling bins. This purchase has been withheld due to the possible extension of the scheme. £10k is still required for 12/13 to assist with the extended service. The Plastic extension to flats is one of our priorities for 12/13 and will be funded by the council.					
<b>Street Services FSR</b>	0.0	157.0	0.0	157.0	13.8
<i>Description of Scheme:</i>					
Capital costs of implementing Street Services FSR					
<i>Comments:</i>					
The contract for the Scheduling software and hardware has been signed and the first stage payment has been made. The rest of the contract will be completed by the end of 2012/13. The hardware to be used by Officers has been purchased and the payment for this will be shown in the first quarter of 2013/14.					
<b>Pumping Main - Distillery Lane/Haven Road</b>	0.0	0.0	90.0	90.0	0.0
<i>Description of Scheme:</i>					
To alleviate flooding in Haven Road to properties and industrial units.					
<i>Comments:</i>					
To construct an adoptable pumping main to deal with surface water in the Hythe Quay area, the pumping main will be adopted by the council.					
<b>Upgrade of CCTV Equipment</b>	3.5	92.5	0.0	96.0	0.0
<i>Description of Scheme:</i>					
Upgrade of equipment to digital format					
<i>Comments:</i>					
A review of the state of the server capacity is currently underway with the maintenance contractor to plan a replacement program for 2013/14.					
<b>CCTV Section 106 installations</b>	14.9	0.0	0.0	14.9	0.0
<i>Description of Scheme:</i>					
Cost of purchasing a video matrix system and its installation					
<i>Comments:</i>					
Section 106 funding released for above works to expand the CCTV infrastructure and a new programme of works is being put together with the contractor					
<b>TOTAL- STREET SERVICES</b>	<b>28.7</b>	<b>249.5</b>	<b>90.0</b>	<b>368.2</b>	<b>13.8</b>

Acquisition of land and provision of infrastructure to enable continuation of burial services

*Comments:*

Estates have negotiated with MOD to secure an area of land adjacent to the current cemetery as part of a land swap. Both parties have agreed terms and conditions for the swap and the necessary legal documents for finalisation. The capital funding identified here will be required to undertake works to the land including site survey and site preparation along with any access roads that may need to be built.

**Replacement of Cremators**

29.5                      0.0                      0.0                      29.5                      0.0

*Description of Scheme:*

Replacement of Cremators at Colchester Crematorium to deliver mercury abatement in compliance with environmental legislation

*Comments:*

The decision was made at Council on 14 October 2009 to proceed with the replacement of the two cremators at the Crematorium. The equipment represented the best value for money, but recommended that the Council should only borrow for one cremator and the other be replaced by a new cremator in 2010/11. The Council has agreed to the VAT exemption position. Discussions with HMRC resolved the potential breach of the partial exemption limit in 2010/11 for the purchase of both units. The installation programme has concluded and the final invoice for the installation has been paid. The Council has set aside to cover resultant redecoration as a result of the works.

**Roman Circus**

76.0                      0.0                      0.0                      76.0                      6.8

*Description of Scheme:*

Interpretation/Visitor Centre for Roman Remains

*Comments:*

This is now firmly linked to the larger Castle redevelopment project which will include interpretation of the Roman Circus. In advance of the main project, work is planned to be on site in 2012/13 and this work is already in preparation. Confirmation of time scale is awaited from Taylor Wimpey.

**Castle Walls**

0.0                      200.0                      0.0                      200.0                      85.9

*Description of Scheme:*

Repair works to the external walls of Colchester Castle

*Comments:*

The planning for the repairs to the north wall is now at an advanced stage. It is anticipated that this second phase of repairs will be completed in 2013/14.

**Redevelopment of Castle Museum**

711.7                      100.0                      3,394.5                      4,206.2                      119.0

*Description of Scheme:*

Provision of match funding towards Lottery bid

*Comments:*

The Heritage Lottery Fund awarded £3,267,400 towards the project which represents 77% of the total cost of £4,229,500. The development is completed in 2011. Colchester Castle will close in January 2013 and re-open in March 2014. Project completion is September 2014. Cash flow statement document.

**TOTAL - ENV & PROT SERVICES**

**1,190.9                      386.0                      3,394.5                      4,971.4                      253.3**

Comments:

Main build completed and retention paid, however payment less than full sum accrued. All remaining funding now allocated for c

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<b>North Colchester Development Land</b>	50.0	200.0	0.0	250.0	140.0
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*Description of Scheme:*

Predevelopment activity (such as specialist input on legal, highway and environmental issues) to facilitate the commencement of

*Comments:*

Masterplan for Council owned site now completed in draft format and final version awaited from consultants. Work now underwa

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<b>North Colchester Business Incubation Unit</b>	71.5	0.0	0.0	71.5	0.0
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*Description of Scheme:*

Business Incubator Units in North Colchester

*Comments:*

The project was completed on time and on budget. Final snagging to be carried out in January 2012. Remaining spend is for ret warranties.

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<b>King Edward Quay</b>	3.5	0.0	0.0	3.5	0.0
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*Description of Scheme:*

Transformation of Quay

*Comments:*

The major works are completed but there are a number of minor snagging issues relating to street furniture to be dealt with. No s that the remaining funds will cover the costs.

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<b>St Botolphs Regeneration</b>	858.7	(50.0)	0.0	808.7	77.5
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*Description of Scheme:*

Fund to progress elements within the St Botolphs regeneration area.

*Comments:*

Nearing completion of Vineyard Gate Development Agreement which will enable work to commence on planning application. Ho user but work ongoing to resolve these issues.

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<b>St Botolphs Public Realm</b>	551.5	50.0	220.0	821.5	1,048.7
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*Description of Scheme:*

Public Realm Improvements in the St Botolphs area

*Comments:*

Public realm works adjacent to firstsite complete, some snagging issues being dealt with and final reconciliation of spend underw requires virement of funds from St Botolphs Regeneration enabling fund.

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<b>Town Centre Improvements</b>	525.2	0.0	0.0	525.2	369.8
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*Description of Scheme:*

Improvement works to Town Centre, including removal of unnecessary traffic and improved public realm (including Historic Core

*Comments:*

TRO's published in April and ECC assessing responses. This scheme which is largely funded from Growth Point monies feeds in programme which seeks to deliver significant social and economic benefits. Bus Station now separate item.

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<b>Town Station Square</b>	211.0	0.0	30.8	241.8	35.6
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*Description of Scheme:*

Development of Public Open Space between railway station and new Court Building funded from Section 106

*Comments:*

Creation of new public square with art feature funded through S106 monies. Planning consent granted January 2012. Progress h withdrawing from the project which has also created a funding shortfall as other contractors quoted higher prices. Section 106 m Liaison with Court Service and Greater Anglia railways is ongoing to ensure the construction period is compatible with the operat opening is planned for late summer 2012.

*Comments:*

Works to facilitate new filling station are on-going including drainage facility which will serve BP and new restaurant site.

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<b>Creative Business Hub</b>	36.6	0.0	127.2	163.8	23.1
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*Description of Scheme:*

Contribution to Creative Business Centre

*Comments:*

Haven Gateway Growth Point and European funding is a contribution to the Creative Business Centre to be formed in the St Botolph development of the whole site (Old Police Station) is required for the operation of the Centre to be sustainable. Architects have completed drawings, a business model has been developed. Conversations are underway with the St Botolphs Quarter Investor Group.

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<b>Transcoast</b>	0.0	42.6	105.0	147.6	1.5
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*Description of Scheme:*

Design, manufacture and installation work to improve public realm and access routes to redevelop and integrate old port. Enabling works to be completed.

*Comments:*

Final design concept for the pontoons agreed with stakeholders. Drawings and specification now being completed along with an access and interpretation scheme under development.

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<b>Firstsite (VAF)</b>	4,275.1	0.0	0.0	4,275.1	3,890.5
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*Description of Scheme:*

New Visual Arts Facility

*Comments:*

Firstsite main construction programme finished at the end of July 2011 with the opening of Firstsite at the end of September. Following Practical Completion sign off. Significant spend is complete and final claims are being submitted.

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<b>Assistance to Registered Housing Providers</b>	196.9	0.0	0.0	196.9	0.0
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*Description of Scheme:*

Support to affordable housing schemes

*Comments:*

This funding is used to take advantage of affordable housing opportunities which arise and (i) could not be funded by other means, (ii) delivery or, (iii) use of our funding would enhance the number of affordable homes being delivered. The redevelopment work on the site in 2013/2014 is to secure a 2 bedroom wheelchair standard bungalow which will be provided by one of our RP partners in the area.

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<b>TOTAL - STRAT POLICY &amp; REGEN</b>	<b>6,903.9</b>	<b>967.6</b>	<b>1,983.0</b>	<b>9,854.5</b>	<b>5,694.0</b>
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adaptations work is complete. As at 1 June 2012 unpaid commitments total £217,000.

<b>Private Sector Renewals - Loans and Grants</b>	913.1	0.0	0.0	913.1	185.0
<i>Description of Scheme:</i>					
Loans and grants to private householders					
<i>Comments:</i>					
In recent months we have seen an increase in applications for Home Repair Loans, and unpaid commitments at 1 June 2012 tot					
<b>Temporary Accommodation Review</b>	0.0	400.0	0.0	400.0	0.0
<i>Description of Scheme:</i>					
Rebuilding and refurbishment of temporary accommodation					
<i>Comments:</i>					
This funding will be used to meet the first of three instalments for CBC's contribution to rebuilding and refurbishing three of our ur people. The second and third instalment (totalling £200k) will be due in 2013-14.					
<b>Sport &amp; Leisure FSR - Building works to Colchester</b>	0.0	1,455.0	0.0	1,455.0	0.0
<i>Description of Scheme:</i>					
Extension of Activa Gym, creation of new multi-purpose room at first floor level and re-modelling and extension of main reception					
<i>Comments:</i>					
Project currently being developed to RIBA stage G (Tender). Tenders due to go out 22/06/12 for return 20/07/12. Cabinet appro Resources and Community and Diversity for tender approval so that an order can be placed with the successful contractor outside due to start on site 03/09/12 with final completion due March 2013.					
<b>Sport &amp; Leisure FSR - IT works</b>	0.0	166.0	0.0	166.0	9.5
<i>Description of Scheme:</i>					
A personal leisure card/account providing a number of benefits for the customer and customer insight and marketing information opportunities for customers both online and in the facilities themselves enabling faster access, high customer satisfaction and eff					
<i>Comments:</i>					
Tender award process due to be completed by end of June and order placed in early July. New system and hardware expected t					
<b>Old Heath MUGA Installation &amp; Landscape Improvements</b>	10.5	0.0	0.0	10.5	0.0
<i>Description of Scheme:</i>					
Works to recreation ground					
<i>Comments:</i>					
Work has been completed and site is open for use. Works include installation, soil testing, path works and white lining. Remaining paths, seating and bins.					
<b>Castle Park - Playground Refurbishment</b>	174.9	0.0	79.5	254.4	223.7
<i>Description of Scheme:</i>					
Refurbishment of Playground					
<i>Comments:</i>					
Play equipment installed. Associated ancillary works including nursery area reduction being completed.					
<b>Repairs to walls of closed churchyards</b>	68.4	0.0	0.0	68.4	44.2
<i>Description of Scheme:</i>					
Health & safety works to walls of closed churchyards.					
<i>Comments:</i>					
The St Peter's, St James, St Martins and St Botolphs priority wall repairs have now all been completed. A further survey will be c priorities will be identified.					
<b>Resource Centre - Highwoods Country Park</b>	153.1	0.0	0.0	153.1	0.8
<i>Description of Scheme:</i>					
S106. Provision of Resource Centre.					
<i>Comments:</i>					
Tenders were returned December 2009. However, despite undertaking an extensive value engineering exercise it was not possi budget. Alternative scheme being prepared by NPS for planning application and autumn 2012 construction.					



This funding was for improvements to the station forecourt and road immediately outside the station. The work is complete and secured. Rail and National Express East Anglia. Virement request actioned to transfer surplus funds to Transcoast project to act as part of secured.

<b>Garrison MRS Roof S106</b>	45.9	0.0	0.0	45.9	45.9
<i>Description of Scheme:</i> Replacement of stolen lead gutters and flashings.					
<i>Comments:</i> Works complete.					
<b>Westlands Country Park Play Equipment</b>	24.0	0.0	0.9	24.9	24.9
<i>Description of Scheme:</i> Provision of zip wire and group swing as final element of play area phasing.					
<i>Comments:</i> Work completed. Contractor has been paid and grant payments have been received via Friends of Westlands Country Park					
<b>Play Equipment - Highwoods Country Park</b>	10.0	0.0	0.0	10.0	10.0
<i>Description of Scheme:</i> Provision of children's interactive play elements within the Country Park. Funded externally by Playbuilder project and Section 106					
<i>Comments:</i> Work started on site January 2011 and is now complete.					
<b>Woden Ave Playground S106</b>	45.2	0.0	(45.2)	0.0	0.0
<i>Description of Scheme:</i> Play area installation funded by contribution from Persimmons Homes.					
<i>Comments:</i> Work completed, but included in revenue account in 2010-11 so funding removed from capital programme.					
<b>St John's Church Community Hall S106</b>	10.0	0.0	0.0	10.0	10.0
<i>Description of Scheme:</i> Contribution to cost of new community hall					
<i>Comments:</i> Section 106 contribution to be used as part payment for construction. Payment has been made.					
<b>Messing Village Hall Refurbishment S106</b>	28.2	0.0	6.0	34.2	34.2
<i>Description of Scheme:</i> Parish Council proposes to refurbish village hall from section 106 agreement from local development.					
<i>Comments:</i> S106 released to Messing Parish Council on receipt of invoices associated with the refurbishment work.					
<b>Boada Skatebowl</b>	21.8	0.0	0.0	21.8	17.4
<i>Description of Scheme:</i> Provision of new activity area targeted at young people					
<i>Comments:</i> The skate park has been constructed and now open. 2nd phase of improvements are being funded by £8,265 from Big Lottery CORY grant. Work at total cost of £24,700 to install CCTV and lighting including new power supply installed by EDF. Work complete					
<b>Hickory Ave/Titania Close Play Equipment S106</b>	0.0	0.0	22.0	22.0	22.0
<i>Description of Scheme:</i> Provision of new play equipment					
<i>Comments:</i> Completed.					
<b>Gladiator Way - Play Equipment S106</b>	0.0	0.0	30.0	30.0	29.6
<i>Description of Scheme:</i> Provision of new play equipment					
<i>Comments:</i> Completed.					
<b>Barbour Gardens - Play Equipment S106</b>	0.0	0.0	12.0	12.0	11.9
<i>Description of Scheme:</i> Provision of new play equipment					
<i>Comments:</i> Completed.					

*Description of Scheme:*

Acquisition of MFDs (Multi Functional Devices)

*Comments:*

Accounting rules now require that where a lease is classified as a finance lease, the substance of the transaction is considered an asset and financed it through a loan. The new MFDs acquired during 2011/12 fall into this category and so are reported here as recognised in the Council's Asset Register.

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**PN6 Helpline equipment**

0.0

0.0

72.5

72.5

72.5

*Description of Scheme:*

Acquisition of Helpline equipment

*Comments:*

Accounting rules now require that where a lease is classified as a finance lease, the substance of the transaction is considered an asset and financed it through a loan. The new Helpline equipment acquired during 2011/12 falls into this category and so are reported as expenditure and will be recognised in the Council's Asset Register.

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**Parking Vehicles**

0.0

0.0

64.4

64.4

64.4

*Description of Scheme:*

Acquisition of parking vehicles

*Comments:*

Accounting rules now require that where a lease is classified as a finance lease, the substance of the transaction is considered an asset and financed it through a loan. The new parking vehicles acquired during 2011/12 fall into this category and so are reported as expenditure and will be recognised in the Council's Asset Register.

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**TOTAL - FINANCE LEASES**

**0.0**

**0.0**

**218.3**

**218.3**

**218.3**

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Improvements made to Council's sheltered housing accommodation.

*Comments:*

New budget provided. Project team currently looking at plans for first scheme.

<b>Housing ICT Development</b>	302.2	140.0	0.0	442.2	128.4
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*Description of Scheme:*

Improvements to Housing IT systems

*Comments:*

Estimated expenditure for 12/13 includes £120k for improvements for CBH as part of their FSR. This will be used to change work efficient and effective. This will include work to self serve, automation of some processes, mobile working and training. Work on estimated to cost around £60k during the financial year. An upgrade to the Capita repairs system has already been purchased at the financial year.

<b>TOTAL - HRA</b>	<b>7,410.9</b>	<b>9,175.4</b>	<b>0.0</b>	<b>16,586.3</b>	<b>6,345.8</b>
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<b>HRA REFORM</b>	0.0	0.0	73,694.0	73,694.0	73,694.0
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*Description of Scheme:*

Payment required to Secretary of State as part of the national reform of Council Housing Finance.

*Comments:*

Payment made 28 March 2012.

<b>TOTAL - HRA REFORM</b>	0.0	0.0	73,694.0	73,694.0	73,694.0
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**Note: The schemes above are funded from HRA resources only and therefore do not form part of the General Fund Cap**

