

Finance & Audit Scrutiny Panel

Grand Jury Room, Town Hall

19 August 2008 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, and the operational performance of the Council. The panel scrutinises the Council's audit arrangements, including the annual audit letter and audit plans, and Portfolio Holder 'Service' decisions reviewed under the Call in procedure.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda, which is usually published 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.colchester.gov.uk or from Democratic Services.

Have Your Say!

The Council values contributions from members of the public. Under the Council's Have Your Say! policy you can ask questions or express a view to meetings, with the exception of Standards Committee meetings. If you wish to speak at a meeting or wish to find out more, please pick up the leaflet called "Have Your Say" at Council offices and at 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 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 operational and financial performance of the Council, and to make recommendations to the Cabinet in relation to operational performance, financial outturns, revenue and capital expenditure monitors
- To scrutinise the Audit Commission's annual audit letter
- To scrutinise progress made on best value action plans
- 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

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

**COLCHESTER BOROUGH COUNCIL
FINANCE & AUDIT SCRUTINY PANEL
19 August 2008 at 6:00pm**

Members

Chairman : Councillor Lissimore.
Deputy Chairman : Councillor Willetts.
Councillors Bentley, Bouckley, Goss, Harris, Maclean,
Manning, Offen, Oxford and Sykes.

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 to off or to silent;
- location of toilets;
- introduction of members of the meeting.

2. Substitutions

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

3. Urgent Items

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

the urgency.

4. Declarations of Interest

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

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

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

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

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

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

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

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

5. Minutes

1 - 4

To confirm as a correct record the minutes of the meeting held on 29 July 2008.

6. Have Your Say!

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

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

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

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

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

8. Referred items under the Call in Procedure

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

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

9. Decisions taken under special urgency provisions

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

10. Work Programme 2008-09

See report from the Scrutiny Officer

11. Financial Monitor - Period April - June 2008

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See report from the Head of Resource Management

12. Capital Expenditure Monitor 2008-09

17 - 29

See report from the Head of Resource Management

13. Ethical Investments

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See report from the Head of Resource Management

14. Exclusion of the public

In accordance with Section 100A(4) of the Local Government Act 1972 and in accordance with The Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

FINANCE & AUDIT SCRUTINY PANEL

29 JULY 2008

Present :- Councillor Sue Lissimore (Chairman)
Councillors Kevin Bentley, John Bouckley, Martin Goss,
Jackie Maclean, Jon Manning, Nigel Offen,
Gerard Oxford, Laura Sykes and Dennis Willetts

Substitute Member :- Councillor Dave Ford for Councillor Dave Harris

10. Minutes

The minutes of the meetings held on 30 June 2008 was confirmed as a correct record, subject to the following amendments. The resolution to minute 9. Early Cessation of Decent Homes and Housing Repairs Contract to read as follows;

RESOLVED that the panel agreed to request the Head of Strategic Policy and Regeneration to present to an agreed forthcoming meeting of the Finance and Audit Scrutiny Panel or a non public meeting in private session, the meeting and meeting date to be agreed by the panel, a report to review the Decent Homes and Housing Repairs Contract, including an investigation into how it went wrong and why there were limited financial controls in place, and the outstanding works, with an invitation to attend going to the Chairman of Colchester Borough Homes and current and previous Chief Executive's of Colchester Borough Homes.

11. Have Your Say!

Mrs Paula Whitney attended the meeting and addressed the panel.

Mindful of a Review of Recycling options appraisal to be undertaken by the Policy Review and Development Panel on 20 August 2008, Mrs Whitney asked that the panel seek financial clarification on the prices paid to the Council for recycle. Mrs Whitney said a recent recyclable cost analysis provided at the beginning of this year indicated that the prices being paid to the Council were poor.

Mrs Whitney confirmed to the panel that the Essex Waste Strategy was approved, on a named voted, by Essex County Council on 15 July 2008, a strategy that supported a Mechanical Biological Treatment Plant (MBT), and would, over a period of 25-28 years cost Essex Council Tax payers £8,000 . Mrs Whitney said she hoped the current administration would continue to oppose this option, and strive to find innovative new ways of improving local recycling rates, such as more intensive kerbside collections.

Councillor Willetts requested that the panel received a value for money cost appraisal on the sale of recycle (waste stream revenue).

Mr. Judd, Scrutiny Officer confirmed that Councillor Willetts request would be passed to the officers to feed into the report on the Review of Recycling, to be scrutinised by

this panel following the review by the Policy Review and Development Panel.

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

Councillor Maclean, in light of the recent decision by the Portfolio Holder for Resources and Business, on the Council's new Insurance arrangements, asked the Portfolio Holder to respond on whether he believed this would give the Council the best deal and value for money.

RESOLVED that the panel agreed to invite the Portfolio Holder for Resources and Business to respond to this request.

Councillor Sue Lissimore (in respect of being a former 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)

13. Work Programme 2008-09

Councillor Lissimore, whilst accepting that the 2nd, 3rd and 4th items listed as Outstanding items for future scrutiny (reference to Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account) would come to the panel at a date beyond the meeting date of 19 August 2008, but a date to be agreed by the panel, requested that the first item, on the Interim Letter of Intent and the Addendum to the Management Agreement should be heard at the meeting of the 19 August 2008, with an invitation going to the Chairman and Chief Executive of Colchester Borough Homes.

Councillor Bentley, whilst supporting Councillor Lissimore's request to review the Interim Letter of Intent and the Addendum to the Management Agreement at the meeting of the 19 August 2008, said that the other items on the Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account should come to the Panel before the September meeting. Councillor Bentley said that the Councillors have a duty to Colchester Borough Homes tenants to ensure this review is undertaken as soon as possible, and whilst accepting Councillor Oxford's point that the 16 September date seemed reasonable given the recent restructure and holiday period, requested that an extra meeting is arranged between the 19 August and 16 September to carry out this review.

Councillor Offen said that given the current state of the site for the new Visual Arts Facility, Firstsite Newsite, could the Panel review the financial arrangements, to include the changes to the contract, of Firstsite Newsite as a separate item at the meeting on 21 October 2008.

RESOLVED that the panel agreed:

- i) To an extra meeting in late August / early September, at a date to be confirmed, to review the outstanding items on the Decent Homes Contract, Housing Repairs Contract and Housing Revenue Account, plus the arrangements for continuing the existing Decent Homes Programme, and to request that the Chairman and Chief Executive of Colchester Borough Homes and Colchester Borough Council officers attend to present the evidence.
- ii) That a separate item on the Financial Arrangements for Firsite Newsite and including the changes to the contract is reviewed at the meeting on 21 October 2008.

14. 2007-08 Risk Management Summary

Ms. Hayley McGrath, Audit and Risk Manager presented the report on the 2007-08 Risk Management Summary, explaining that under the recently agreed reporting arrangements, the annual review of the Risk Management Strategy and the year end review of Risk Management would be reported to Cabinet and the Finance and Audit Scrutiny Panel.

Ms. McGrath confirmed that the risk process was thoroughly assessed during the year and concluded that the basic process for managing risk was sound there was a need to further develop the process and to fully implement the actions outlined in the strategy. Ms. McGrath confirmed that further development was now being addressed, that included the items listed in the Work Plan for 2008-09.

In response to Councillor Ford, Ms. McGrath said that member training and development required in reference to developing a risk register specifically for members would provide for daytime and evening slots.

Councillor Bentley voiced concern that the Chief Executive, whilst endorsing the Strategy, was not listed within the Ownership process. Councillor Offen endorsed Councillor Bentley's concern, saying he believed the strategy would not work without the Chief Executive championing ownership.

Councillor Goss asked whether, at each meeting, the panel could receive an update on the current five top risks, in addition to the quarterly Strategic Risk Register update. Councillor Goss said if risks are mitigated, they shouldn't necessarily appear monthly and this would thereby avoid diluting their importance.

Councillor Bentley concurred with Councillor Goss, suggesting a noted monthly item, early in the agenda, with the Portfolio Holder for Resources and Business in attendance to respond. In response Ms. McGrath agreed to provide a draft version of the top five risks to the October meeting.

In response to Councillor Willetts, Ms. McGrath said the level and detail of reporting risk is to some extent governed by budget provision and the type of affordable system used. Colchester's reports are simplified, but new reports will in table form identify the impact of risk and whether it is a high, medium or low risk.

RESOLVED that the panel:

- i) Noted the proposed risk management strategy for 2008-09, the risk management work undertaken in 2007-08 and the work plan for 2008-09.
- ii) Agreed that the Head of Resource Management would provide to a noted monthly item giving an update on the current five top risks, with the Portfolio Holder for Resources and Business invited to attend to respond, the first draft to be presented to the October meeting.

15. Annual Report on Treasury Management

Mr. Sean Plummer, Finance Manager, presented the Treasury Management – Annual Report 2007-08. He explained that in respect of the Council's 2007-08 debt and borrowing arrangements £3,500,000 of loans against an original borrowing requirement of £10,230,000 were raised and that a further £4,000,000 was arranged at the end of the financial year but was not received until after the year under review. In respect of the Council's internal investments an average rate of return of 5.89% had been achieved which was 0.31% higher than the comparative index. In conclusion, Mr. Plummer said that the Council's treasury management arrangements were supported by the provision of external treasury advice.

In response to Councillor Bentley, Mr. Plummer said the Council only make investments to banks, building society's and financial institutions, not in stocks and shares and therefore it was not realistically possible to know how specifically Council funds are used and therefore whether they are used for inappropriate ethical streams. Mr. Plummer confirmed the Council does have a policy on what or with whom they do and do not invest money, but this does not cover ethical considerations.

In response to Councillor Bouckley, Mr. Plummer said the Council's short term balances are retained within a lower rate holding account, and invested in what is referred to as High Interest for Short Term Investments, usually for overnight investments

Members congratulated officers on the report and excellent performance on treasury management.

RESOLVED that the Panel:

- i) Noted the activities and performance relating to Treasury Management in 2007-08.
- ii) Noted the performance of the Council's treasury management advisors
- iii) Requested that the Finance Manager prepare a note to the Panel on ethical investments, to include what other local authorities do and whether the Council should consider the formulation of a policy.

30 June 2008

Report of	Head of Resource Management	Author	Steve Heath ☎ 282335
Title	Financial Monitoring Report – April to June 2008		
Wards affected	Not applicable		

The Panel is invited to review the financial performance of all General Fund services and the Housing Revenue Account for the first three months of 2008/09

1. Action required

- 1.1 The panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) in the first quarter of 2008/09.

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 This report reviews the Council's overall position based on profiled income and expenditure for the three months to 30 June 2008, and also shows an early projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.
- 3.2 The projected outturn for the General Fund is currently a net underspend of £123k (2.7%). The position against profiled budgets to Period 3 shows a net underspend of £399k. The Housing Revenue Account is currently showing a projected net underspend of £207k, and an underspend of £378k against profile.
- 3.3 Explanation of the main variances is given below. The position to date is largely due to expenditure or income falling into different periods from the budget, accruals and other technical adjustments. The projected outturn for the year is mainly as a result of additional income and does not reflect reduced expenditure on Services.
- 3.4 Both Appendices A & B to the report include traffic light indicators. The thresholds are as follows:

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

4. General Fund – Position to 30 June 2008

4.1 **Appendix A** summarises the Council-wide position by expenditure group and by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding benefits) of £853k (favourable). This comprises total expenditure being £589k (4.1%) lower than expected, and additional income totalling £264k (4.33%). **Appendix B** provides a more detailed view, breaking this information down by individual Service Groups.

4.2 A number of factors have led to the above position against profiled budgets. The main variances are as follows (F=favourable; A=adverse):

Expenditure

- **Employees.** £58k (F), due to vacancies. However, the budget also includes a savings target of £515k relating to staff turnover.
- **Premises.** £244k (F), mainly relating to repairs & maintenance, and utilities costs.
- **Supplies & Services.** £107k (F), includes budget relating to grant income that may not be received, as well as a number of smaller variances.
- **Third Party Payments.** £88k (F), relating to the timing of grant payments.
- **Transfer Payments.** £108k (F), relating to concessionary fares bus tickets.

Income

- **Government Grant.** £203k (F), relating to Museums Hub grant income.
- **Other Grants & Reimbursements.** £99k (F), includes income for the SOS bus and additional grant income, which are offset by outstanding debtor accruals for grant claims.
- **Customer & Client Receipts.** £40k (A), Includes under recoveries against land charges, licensing, car parking and PCN income, which are reduced by over recoveries against Sport & Leisure, Court Fees and Land Rental.

4.3 Benefits payments are shown 'below the line' in **Appendix A** to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid.

4.4 The adverse variance to date against Technical Items relates to the corporate savings targets totalling £860k that were built into the 2008/09 budget. Progress against these savings targets will be reported to the panel during the year. The 08/09 targets are as follows:

- *Support Services Review* – £48k. The majority of this target should be delivered through the full-year effect of process savings resulting from the E-Procurement project.
- *Procurement Savings* – £227k. This area is regularly reviewed and a number of further items have been identified. A £13k contribution has been made so far this financial year.
- *Salary Budgets* – £515k. This will be reviewed regularly by Heads of Service following the recent re-structure. A contribution of £11k has been made so far this financial year.
- *Income Generation* – £70k. This mainly relates to income from roundabout sponsorship.

5. Outturn Forecast / Risk Areas

5.1 It is difficult at this stage of the financial year to give an accurate outturn forecast based on actual expenditure and income as compared with profiled budgets. Detailed work is ongoing regarding salaries forecasting, as well as projecting the outturn position for all other significant budget areas. The following Service Groups are currently projecting variances at year-end:

- Environmental and Protective Services project an under recovery of income of £75k within Development Control. The main factor behind this variance is the downturn in the economy and in particular the construction industry.
- Life Opportunities is projected to be overspent by a net £75k at year-end. This relates to Bed and Breakfast costs and is due to the number of single person households running at an average of 20 compared to 12 assumed within the budget. Prevention work is being undertaken to provide alternative options to prevent single people having to go into B&B accommodation.
- Resource Management project an under recovery of £85k within Estates Management. This is because the lease of Plot 700 at the Business Park has fallen through, and the projected receipt will not now be received.
- Street Services is currently projected to be overspent by £42k at the year-end as a result of an unbudgeted rental charge for Butt Road car park.

5.2 The Central Loans and Investment Account (CLIA) comprises the Council's borrowing costs and investment income. The current forecast is that the net interest position will be circa £400k better than the budget. This forecast is primarily as a result of improved investment returns, partly caused by the on-going credit crunch factors, and also through securing low rate new borrowing. Forecasting net interest involves making a number of assumptions in respect of cashflow and interest rate projections and as such the overall forecast must be treated with caution at this stage in the year.

5.3 The 2008/09 Revenue Budget report that was approved by Council in February 2008 detailed potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service have identified a number of both positive and negative risk areas. These take into account the actual expenditure and income position to 30 June 2008, known variances and forecast changes to 31 March 2009. The current position for the most significant areas is detailed in **Appendix C**. These are all being closely monitored.

5.4 Future monitoring statements to the Panel will provide more certainty as the year progresses. The next monitoring statement will be for the six months to 30 September 2008, and will be reported to the Panel on 18 November.

6. Housing Revenue Account

6.1 The Housing Revenue Account (HRA) is a complex account which is ring-fenced and affected by a number of variable factors. **Appendix D** shows that at the end of June 2008, the HRA is underspent by £378k compared to the budget for the same period. This is primarily due to lower expenditure on Repairs and Maintenance for the year to date and higher rental income than anticipated. However, it should be noted that it is anticipated the year to date underspend will reduce as the financial year progresses. The main factors contributing to the variance to date are detailed in the following paragraphs.

6.2 A significant amount of Repairs and Maintenance expenditure is responsive, therefore variations can occur throughout the year dependant on activity. Furthermore, a large part of the budget is for works to void properties. It should be noted that not all of the costs have been received relating to the service for the period April to June 2008. It is anticipated that these will continue to come through during Quarter 2, which will impact upon the reported under-spend to date.

6.3 Rental income from dwellings is the major source of income to the HRA. During the budget setting process, assumptions are made on the number of reductions in the Housing stock through Right to Buy sales and the loss of rental income resulting from empty properties. These assumptions are prudent as any shortfall in income receivable during the year would have to be met from the HRA balance. There has been a reduction in the number of properties being sold over the last few years, which is a reflection of increasing house prices and affordability for tenants.

6.4 Any expenditure on the Housing Capital Programme (HIP) that exceeds the total resources available from the Major Repairs Allowance (MRA) for the year has to be met from the HRA in the form of a revenue contribution to capital (RCCO). As the actual financing requirement of the outturn capital programme is not known until the end of year position is established, it can have an impact on the HRA outturn that is difficult to forecast at this stage of the year.

7. Strategic Plan references

7.1 The priorities within the Strategic Plan are reflected in the Medium Term Financial Forecast. This makes assumptions regarding government grant and Council Tax income, and identifies where necessary savings will be found in order to achieve a balanced budget. The 2008/09 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

8. Financial implications

8.1 As set out above.

9. Risk management implications

9.1 Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2008/09 revenue budget report that was approved by Council in February 2008 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identify a number of both positive and negative risk areas during the year.

10. Other Standard References

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

Background Papers

None

Key Risk Areas

Service / Item	Current Position / Comment
Corporate Management	
Facilities	There is a risk that the income for functions will be under recovered at the end of the year due to the lift project restricting access to some function areas.
IT software licences	Ordnance Survey licences have been identified as a likely area of overspend this year. However, this has not yet been quantified.
Environmental & Protective Services	
Planning income	Extra income expected from Discharge of Conditions and Planning Fees are already well below the estimated budget. This also relies on buoyancy of housing market to sustain income levels.
Building Control income	Relies on housing market to sustain income levels.
Life Opportunities	
Bed and Breakfast	Given the constant pressure facing the use of B&B accommodation, this is an area that will need to be managed and monitored carefully to ensure that the year-end outturn is contained within the budget.
Grounds Maintenance	Calculation of contract variation index (GM87) identifies increase in contract value of £88k in excess of anticipated figure. It is hoped that this will be managed within the service through discussion with contractor and lowering of the contract standard.
Sport & Leisure	Risk of energy bills increasing in the second part of the financial year. This depends on the rate achieved when the energy contract is renewed.
Strategic Policy & Regeneration	
Coastal Initiatives	Debtor for £27k remains outstanding from 2005/06. The parties involved are currently coming to an agreement about the repayment of this loan.
Street Services	
Car Parking Income	The revised fees and charges for Parking Services were implemented with effect from 1 June 2008. The effect of this change and the impact of the renaissance programme will continue to be monitored closely.
PCN Income	Risk that the revised charges for Penalty Charge Notices introduced by the Traffic Management Act may mean that income budgets will not be achieved as the face value of PCN's has been changed. The effect of the legislative change is being closely monitored.
Parking Services	It is likely that the Council will receive a rental charge for Butt Road car park. This charge was not budgeted because the car park is to be transferred to the Council as part of a Section 106 agreement. However, the trigger point for the release of the land is not likely to be reached in the current financial year. Discussions are ongoing to establish the likely liability but at present the projected outturn shows an estimated pressure for the year of £42k. There is also a risk that the charges could be applied retrospectively (from 1 June 2006) at an additional cost of approximately £78k.
Waste review	Income of £100k from Essex County Council (ECC) to support recycling trials, and additional income from recycling credits of £172k was built into the 08/09 budget. There is a risk that the income from ECC may no longer be forthcoming. Expenditure totalling £192k was built into the budget as a result, which has now been frozen. This leaves a figure of £80,000 which will need to be covered by an increase in recycling credits. However, initial figures for the first quarter indicate that we are achieving the requisite increase in recycling to match the extra income figure set.

Budget Monitoring Summary - Period 3 2008/09		Current Period - June 2008			Full Year Position			
		Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (fav) / adv £'000	Annual Budget £'000	Projected Outturn £'000	Variance (fav) / adv £'000	Variance %
Account Description	Note							
By Subjective Group								
Employees		6,648	6,590	(58)	27,623	27,623	-	-
Premises Related		3,120	2,876	(244)	8,646	8,783	137	1.58%
Transport Related		745	760	15	1,564	1,564	-	-
Supplies & Services		2,651	2,544	(107)	9,942	9,942	-	-
Third Party Payments		641	553	(88)	2,066	2,066	-	-
Transfer Payments		665	557	(108)	2,760	2,760	-	-
Capital Financing Costs		5	6	1	146	146	-	-
Subtotal Expenditure		14,475	13,886	(589)	52,747	52,884	137	0.26%
Government Grant		(227)	(430)	(203)	(1,620)	(1,620)	-	-
Other Grants & Reimbursements		(774)	(873)	(99)	(3,525)	(3,525)	-	-
Customer & Client Receipts		(5,052)	(5,012)	40	(19,351)	(19,211)	140	(0.72%)
Income-Interest		(1)	(4)	(3)	(23)	(23)	-	-
Inter Account Transfers		(46)	(45)	1	(1,069)	(1,069)	-	-
Subtotal Income		(6,100)	(6,364)	(264)	(25,588)	(25,448)	140	(0.55%)
Total General Fund Services	A	8,375	7,522	(853)	27,159	27,436	277	1.02%
By Service Group								
Corporate & Democratic Core		85	62	(23)	323	323	-	-
Executive Management Team		(98)	(119)	(21)	959	959	-	-
Corporate Management		2,031	1,987	(44)	6,550	6,550	-	-
Customer Service Centre		283	265	(18)	1,048	1,048	-	-
Environmental & Protective Services		953	905	(48)	2,539	2,614	75	2.95%
Life Opportunities		1,649	949	(700)	5,307	5,382	75	1.41%
Resource Management		936	595	(341)	4,532	4,617	85	1.88%
Strategic Policy & Regeneration		871	1,086	215	3,409	3,409	-	-
Street Services		1,665	1,792	127	2,492	2,534	42	1.69%
Subtotal General Fund Services	A	8,375	7,522	(853)	27,159	27,436	277	1.02%
Benefits - Payments and Subsidy	B	(291)	12	303	(1,278)	(1,278)	-	-
Corporate/Technical Items	C	(6,873)	(6,722)	151	(21,244)	(21,644)	(400)	1.88%
TOTAL NET		1,211	812	(399)	4,637	4,514	(123)	
Housing Revenue Account	D	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!

Notes

- A** Detailed notes relating to the performance of General Fund Services are included in the notes to Appendix B.
B Variance relates to increasing caseload. This will be met by the half-year DWP subsidy.
C Includes corporate savings targets and CLIA.
D Variance to date includes an underspend on repairs and maintenance, and higher levels of rental income, which are reduced by additional legal and consultancy costs. Detailed notes are included in Appendix D.

Budget Monitoring Report for All Services - Period 3 2008/09

Account Description	Note	ACDC £'000	AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000	Total £'000
EXPENDITURE											
EMPLOYEES											
Profiled Budget to Date		-	208	678	245	1,375	1,264	774	543	1,561	6,648
Actual to Date		-	209	657	237	1,348	1,248	756	536	1,599	6,590
Variance to Date	A	green	1	(21)	(8)	(27)	(16)	(18)	(7)	38	(58)
Annual Budget		-	855	2,646	1,011	5,939	5,189	3,304	2,252	6,427	27,623
Projected Outturn		-	855	2,646	1,011	5,939	5,189	3,304	2,252	6,427	27,623
Variance		-	-	-	-	-	-	-	-	-	-
PREMISES											
Profiled Budget to Date		-	-	768	-	194	1,063	163	21	911	3,120
Actual to Date		-	-	746	-	167	944	145	11	863	2,876
Variance to Date	B	green	-	(22)	-	(27)	(119)	(18)	(10)	(48)	(244)
Annual Budget		-	-	1,519	1	702	4,221	484	109	1,610	8,646
Projected Outturn		-	-	1,519	1	702	4,316	484	109	1,652	8,783
Variance		-	-	-	-	-	95	-	-	42	137
TRANSPORT											
Profiled Budget to Date		-	2	8	-	28	9	5	22	671	745
Actual to Date		-	2	9	-	25	7	6	8	703	760
Variance to Date		green	-	1	-	(3)	(2)	1	(14)	32	15
Annual Budget		-	6	33	-	107	33	18	89	1,278	1,564
Projected Outturn		-	6	33	-	107	33	18	89	1,278	1,564
Variance		-	-	-	-	-	-	-	-	-	-
SUPPLIES & SERVICES											
Profiled Budget to Date		85	80	787	57	321	427	297	114	483	2,651
Actual to Date		62	58	761	47	323	427	281	135	450	2,544
Variance to Date	C	amber	(23)	(26)	(10)	2	-	(16)	21	(33)	(107)
Annual Budget		323	601	3,202	95	1,260	1,596	928	733	1,204	9,942
Projected Outturn		323	601	3,202	95	1,260	1,596	928	733	1,204	9,942
Variance		-	-	-	-	-	-	-	-	-	-

Budget Monitoring Report for All Services - Period 3 2008/09

Account Description	Note	ACDC £'000	AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000	Total £'000
THIRD PARTY											
Profiled Budget to Date		-	-	16	-	33	199	-	293	100	641
Actual to Date		-	-	(1)	-	30	168	-	271	85	553
Variance to Date	D	-	-	(17)	-	(3)	(31)	-	(22)	(15)	(88)
		green	green	amber	green	amber	amber	green	amber	amber	red
Annual Budget		-	-	94	-	84	263	71	818	736	2,066
Projected Outturn		-	-	94	-	84	263	71	818	736	2,066
Variance		-	-	-	-	-	-	-	-	-	-
TRANSFER PAYMENTS											
Profiled Budget to Date		-	-	-	-	-	-	665	-	-	665
Actual to Date		-	-	-	-	-	-	557	-	-	557
Variance to Date	E	-	-	-	-	-	-	(108)	-	-	(108)
		green	green	green	green	green	green	red	green	green	red
Annual Budget		-	-	-	-	-	-	2,760	-	-	2,760
Projected Outturn		-	-	-	-	-	-	2,760	-	-	2,760
Variance		-	-	-	-	-	-	-	-	-	-
CAPITAL FINANCING											
Profiled Budget to Date		-	-	5	-	-	-	-	-	-	5
Actual to Date		-	-	6	-	-	-	-	-	-	6
Variance to Date		-	-	1	-	-	-	-	-	-	1
		green	green	amber	green	green	green	green	green	green	amber
Annual Budget		-	-	5	-	-	-	141	-	-	146
Projected Outturn		-	-	5	-	-	-	141	-	-	146
Variance		-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE											
Profiled Budget to Date		85	290	2,262	302	1,951	2,962	1,904	993	3,726	14,475
Actual to Date		62	269	2,178	284	1,893	2,794	1,745	961	3,700	13,886
Variance to Date		(23)	(21)	(84)	(18)	(58)	(168)	(159)	(32)	(26)	(589)
		amber	amber	amber	amber	amber	red	red	green	green	amber
Annual Budget		323	1,462	7,499	1,107	8,092	11,302	7,706	4,001	11,255	52,747
Projected Outturn		323	1,462	7,499	1,107	8,092	11,397	7,706	4,001	11,297	52,884
Variance		-	-	-	-	-	95	-	-	42	137

Budget Monitoring Report for All Services - Period 3 2008/09

Account Description	Note	ACDC £'000	AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000	Total £'000
INCOME											
GOVERNMENT GRANT											
Profiled Budget to Date		-	-	-	-	-	(33)	(194)	-	-	(227)
Actual to Date		-	-	-	-	(197)	(38)	(195)	-	-	(430)
Variance to Date	F	green	green	green	green	red	amber	green	green	green	red
Annual Budget		-	-	-	-	(703)	(145)	(772)	-	-	(1,620)
Projected Outturn		-	-	-	-	(703)	(145)	(772)	-	-	(1,620)
Variance		-	-	-	-	-	-	-	-	-	-
OTHER GRANTS											
Profiled Budget to Date		-	(388)	-	(11)	(8)	(125)	(24)	(66)	(152)	(774)
Actual to Date		-	(388)	-	(11)	(29)	(420)	(24)	171	(172)	(873)
Variance to Date	G	green	green	green	green	amber	red	green	red	amber	red
Annual Budget		-	(501)	(8)	(43)	(1,017)	(322)	(43)	(248)	(1,343)	(3,525)
Projected Outturn		-	(501)	(8)	(43)	(1,017)	(322)	(43)	(248)	(1,343)	(3,525)
Variance		-	-	-	-	-	-	-	-	-	-
CUST & CLIENT RECPTS											
Profiled Budget to Date		-	-	(231)	(8)	(990)	(1,155)	(750)	(55)	(1,863)	(5,052)
Actual to Date		-	-	(188)	(8)	(762)	(1,387)	(931)	(45)	(1,691)	(5,012)
Variance to Date	H	green	green	amber	green	red	red	red	amber	red	green
Annual Budget		-	(2)	(922)	(16)	(3,833)	(4,721)	(2,359)	(340)	(7,158)	(19,351)
Projected Outturn		-	(2)	(922)	(16)	(3,758)	(4,741)	(2,274)	(340)	(7,158)	(19,211)
Variance		-	-	-	-	75	(20)	85	-	-	140
INCOME-INTEREST											
Profiled Budget to Date		-	-	-	-	-	-	-	(1)	-	(1)
Actual to Date		-	-	(3)	-	-	-	-	(1)	-	(4)
Variance to Date		-	-	(3)	-	-	-	-	-	-	(3)
Annual Budget		-	-	(19)	-	-	-	-	(4)	-	(23)
Projected Outturn		-	-	(19)	-	-	-	-	(4)	-	(23)
Variance		-	-	-	-	-	-	-	-	-	-

Budget Monitoring Report for All Services - Period 3 2008/09

Account Description	Note	ACDC £'000	AMGT £'000	CORM £'000	CUST £'000	ENPR £'000	LIFE £'000	RSMN £'000	SPRE £'000	STSE £'000	Total £'000
INTER ACCOUNT TRANS											
Profiled Budget to Date		-	-	-	-	-	-	-	-	(46)	(46)
Actual to Date		-	-	-	-	-	-	-	-	(45)	(45)
Variance to Date		-	-	-	-	-	-	-	-	1	1
		green	green	green	green	green	green	green	green	green	green
Annual Budget		-	-	-	-	-	(807)	-	-	(262)	(1,069)
Projected Outturn		-	-	-	-	-	(807)	-	-	(262)	(1,069)
Variance		-	-	-	-	-	-	-	-	-	-
TOTAL INCOME											
Profiled Budget to Date		-	(388)	(231)	(19)	(998)	(1,313)	(968)	(122)	(2,061)	(6,100)
Actual to Date		-	(388)	(191)	(19)	(988)	(1,845)	(1,150)	125	(1,908)	(6,364)
Variance to Date		-	-	40	-	10	(532)	(182)	247	153	(264)
		green	green	amber	green	green	red	red	red	red	amber
Annual Budget		-	(503)	(949)	(59)	(5,553)	(5,995)	(3,174)	(592)	(8,763)	(25,588)
Projected Outturn		-	(503)	(949)	(59)	(5,478)	(6,015)	(3,089)	(592)	(8,763)	(25,448)
Variance		-	-	-	-	75	(20)	85	-	-	140
TOTAL NET											
Profiled Budget to Date		85	(98)	2,031	283	953	1,649	936	871	1,665	8,375
Actual to Date		62	(119)	1,987	265	905	949	595	1,086	1,792	7,522
Variance to Date		(23)	(21)	(44)	(18)	(48)	(700)	(341)	215	127	(853)
		amber	amber	green	amber	amber	red	red	red	red	red
Annual Budget		323	959	6,550	1,048	2,539	5,307	4,532	3,409	2,492	27,159
Projected Outturn		323	959	6,550	1,048	2,614	5,382	4,617	3,409	2,534	27,436
Variance		-	-	-	-	75	75	85	-	42	277

Notes

Employees

A The variances are mainly due to vacancies, and the corporate savings target is excluded from the full year budget. Limited savings have been contributed in the year to date.

Premises

B The Life Opportunities variance is mainly on Sport & Leisure and relates underspends against R&M buildings & grounds, and energy and water costs. The Street Services variance is mainly due to underspends against premises running costs in Engineering & Street Care.

The projected overspend in Life Opportunities relates to bed and breakfast costs in Housing Needs & Options. The projected overspend in Street Services relates to rental charges likely to be incurred for Butt Road car park as a result of the land not having yet been transferred to CBC ownership.

Supplies & Services

C The Street Services variance relates to a current underspend against other general services in Street Cleansing (note: this partly relates to the budget funded by the Essex County Council pledge income that may not be forthcoming).

Third Party Payments

D The Life Opportunities variance mainly relates to the timing of expenditure for grants to voluntary organisations in Housing Needs and Options. The Strategic Policy & Regeneration variance mainly relates to the timing of expenditure relating to a grant to the Town Centre Management Company in Enterprise & Social Inclusion.

Transfer Payments

E The Resource Management variance relates to lower than budgeted expenditure to date on Concessionary Fares bus tickets.

Government Grant

F The Environmental & Protective Services variance relates to Museums Hub Grant income rolled forward from 2007/2008 and additional grant income received in 2008/2009. The current year budget for income and expenditure has yet to be increased accordingly.

Other Grants & Reimbursements

G The Life Opportunities variance relates to unbudgeted income relating to the SOS bus project in Community Support and grant income from Colchester PCT rolled forward from 2007/2008 in Sport & Leisure. Virements are needed to reflect the increased income and expenditure. The variance in Strategic Policy & Regeneration is due to accrual write-backs for grant claims made for Sail, North Sea Faring and B-Sure where income has not yet been received.

Customer & Client Receipts

H The Corporate Management variance mainly relates to an under recovery of Land Charges income. The Environmental & Protective Services variance is mainly attributable to an under recovery of income in Planning and Environmental Health (in respect of Development Control and Licensing income). The Life Opportunities variance is due to an over recovery of income in Sport & Leisure. The Resource Management variance relates to an over recovery of Council Tax court fees in Local Taxation and an over recovery in rental income for commercial premises and land rents in Estates. The Street Services variance relates to an under recovery of car parking and PCN income in Parking Services and an under recovery of income in trade waste.

Environmental & Protective Services project an under recovery of income of £75k at year end. The main factor behind this variance is the downturn in the economy and in particular the construction industry. The projected over recovery in Life Opportunities relates to Homelessness Initiatives income. The projected under recovery in Resource Management relates to lease income which will no longer be forthcoming.

Budget Monitoring Report for HRA - Period 3 2008/09

June 2008	Current Period - June 2008			Full Year Position			
	Account Description	Profiled Budget to Period 3 £'000	Actual to Period 3 £'000	Variance (under) / over £'000	Annual Budget £'000	Projected Outturn £'000	Variance (under) / over £'000
HRA - Direct & Non-Direct							
EXPENDITURE							
Employees	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Premises Related	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Transport Related	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Supplies & Services	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Third Party Payments	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Transfer Payments	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Support Services	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Capital Financing Costs	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
TOTAL EXPENDITURE	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
INCOME							
Government Grant	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Other Grants & Reimbursements	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Customer & Client Receipts	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Income-Interest	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Inter Account Transfers	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
TOTAL INCOME	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
TOTAL NET - HRA	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!

Notes

- A** There is an under-spend on Repairs and Maintenance. It should be noted that not all of the costs have been received relating to the service for the period April to June 2008. It is anticipated that these will continue to come through during Quarter 2, which will impact upon the reported under-spend to date.
- B** The overspend has been caused by Legal and Consultancy costs relating to the mediation process and the set-up of the interim repairs and maintenance arrangement.
- C** Year to date, there is increased income resulting from a lower level of Right To Buy sales and a lower level of income lost from empty properties than assumed within the budget. The budget assumes the same %age of rent lost through empty properties that the Government assume within the HRA Subsidy formula.



Finance and Audit Scrutiny Panel

Item

19 August 2008

Report of	Head of Resource Management	Author	Graham Coleman ☎ 282741
Title	Capital Expenditure Monitor 2008/09		
Wards affected	N/A		

This report details all capital expenditure during 2008/09 to June 2008

1. Decisions Required

1.1 To note the level of capital spending during 2008/09 and forecasts for future years.

2. Reasons for Decisions

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. Alternative Options

3.1 None are suggested.

4. Background

4.1 This report sets out details of spending for the financial year 2008/09 (April 2008 to June 2008) and revised forecasts for future years.

4.2 This report includes new capital funding and changes to the capital programme as revised by Cabinet on 12 March 2008, 21 May 2008 and 9 July 2008.

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

5. 2008/09 Review

5.1 In the first 3 months of this year capital spending totalled £5.71 million. This represents 18.7% of the total programme. The programme includes a number of major schemes where spending is planned across more than one year. It should be noted that the total programme was not expected to be fully spent in 2008/09 and that spending is broadly in line with expectations.

- 5.2 In total, forecast spending for this year is £23.0 million. The remainder of the programme is planned for 2009/10 and future years. The table below sets this out by service area:-

Summary	Current Total Programme	2008/09 Expenditure for year	Expected Expenditure 2008/09	Expected Expenditure 2009/10 and Future years
	£'000	£'000	£'000	£'000
Corporate Management	2,807.2	143.1	2,639.7	167.5
EMT	273.0	12.4	173.0	100.0
Resource Management	1,501.4	186.6	1,474.4	27.0
Street Services	854.2	244.9	852.3	0.0
Environmental & Protective Services	323.2	0.9	293.2	30.0
Strategic Policy & Regeneration	15,648.1	4,163.6	12,545.8	3,102.3
Life Opportunities	2,613.2	256.6	1,616.7	996.5
Completed Schemes	15.0	16.9	16.9	0.0
Total – General Fund Services	24,035.3	5,025.0	19,612.0	4,423.3
Housing Revenue Account	4,964.4	627.0	2,673.4	2,291.0
Total Capital Programme	28,999.7	5,652.0	22,285.4	6,714.3
Housing Schemes Dependent on Specific Grants	1,537.5	54.8	720.0	817.5
Grand Total	30,537.2	5,706.8	23,005.4	7,531.8

- 5.3 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 approved and funded schemes and some existing projects that, whilst approved, are not yet available to spend until resources are secured to enable funding to be released. These amounts are shown in the unfunded columns and reflect the Capital Programme approved by Council on 20 February 2008, and revised on 12 March 2008, 21 May 2008, and 9 July 2008.
- 5.4 Since the last FASP meeting capital schemes have been reorganised within Appendix A to reflect the new council service structure.
- 5.5 Appendix A does not include the most recently awarded Growth Point monies as funding agreements have yet to be signed. The Haven Gateway Partnership has attracted £16.3m of CLG funding over 3 years for capital schemes. Colchester Borough Council has been provisionally awarded circa £4.5m of this funding over three years. £1.5m has been confirmed for the first financial year 2008/09 with years 2 and 3 only provisional. Funding agreements are due imminently. Once these have been approved, up to £1.5m can be added to the Capital programme and will consist of the following:

Project	Confirmed, awaiting funding agreements	Provisional		Total
	2008/09	2009/10	2010/11	
	£'000	£'000	£'000	£'000
Colchester and Tendring Land Use Model	400			400
Town Centre Improvements (construction)	100	700		800
St Botolph's Public Realm (Phases)	400	300	300	1,000
Hythe Station Improvements	600			600
University BIC			1,000	1,000
Hythe Scrapyards remediation		500	200	700
Total	£1,500	£1,500	£1,500	£4,500

- 5.6 The following paragraphs provide comments on some of the major projects included in the capital programme. Further details on the progress of the schemes are provided in Appendix A.

Firstsite

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

Community Stadium

Practical completion has taken place in respect of the Community Stadium building which was achieved on programme and the Football Club is now in occupation. Generally costs have been contained within 1% of the original tender but the Council has chosen to increase its investment by the addition of sustainability measures and improved public transport facilities. Overall costs have therefore increased. Cabinet approved the additional funding up to £410k in July 2008.

Decent Homes and Upgrades

This report and appendices reflect the current approved funding levels made available for the Housing Investment Programme (HIP), a major part of which relates to Decent Homes. In September 2003 the Council committed to achieving the Decent Homes standard in its homes by the end of December 2007. It is now accepted that this date will not be met, but the aim is to complete the programme before the 2010 deadline. The Council has directed CBH to review and determine the timescale and cost to complete the programme, and this is underway. Discussions have been held with the Portfolio Holders for Resources and Neighbourhoods to agree how the expenditure for 2008/09 can be used but acknowledging the fact that most of this programme is likely to fall into 2009/10 and part of 2010/11. Work this year will be limited and the focus will be on establishing the scope of the programme and identifying and appointing new contractors.

- 5.7 A number of schemes have been completed, and small under/overspends have been identified. These are detailed in Appendix A, but there is no net impact on the overall funding of the capital programme.
- 5.8 A review of the whole capital programme, including new resources, will be submitted to Cabinet on 10 September 2008.

6. Other Standard References

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

Background Papers

None

Service / Scheme	Total Funded Programme b/fwd as at 1 April 2008		New monies		Total Programme	Funded					Unfunded								
	£'000	£'000	CBC	External Funding		£'000	Total Funded Programme	Spend Apr-Jun 2008/09	08/09	09/10	10/11	Additional Funding Required	Programmed						
													£'000	£'000	£'000	£'000	£'000	£'000	£'000
SUMMARY																			
Corporate Management	2,807.2	0.0	0.0	0.0	4,955.2	2,807.2	143.1	2,639.7	167.5	0.0	0.0	1,249.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EMT	273.0	0.0	0.0	0.0	323.0	273.0	12.4	173.0	100.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Resource Management	1,501.4	0.0	0.0	0.0	1,851.4	1,501.4	186.6	1,474.4	27.0	0.0	0.0	100.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0
Street Services	854.2	0.0	0.0	0.0	950.2	854.2	244.9	852.3	0.0	0.0	(1.9)	96.0	0.0	76.0	20.0	0.0	0.0	0.0	0.0
Environmental & Protective Services	277.2	0.0	0.0	46.0	748.2	323.2	0.9	293.2	30.0	0.0	0.0	425.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Strategic Policy & Regeneration	15,531.8	15.0	101.3	101.3	16,343.1	15,648.1	4,163.6	12,545.8	3,102.3	0.0	0.0	695.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Life Opportunities	2,405.5	107.8	99.9	99.9	3,748.2	2,613.2	256.6	1,616.7	996.5	0.0	0.0	1,135.0	500.0	500.0	0.0	0.0	0.0	0.0	0.0
Completed Schemes	8.4	(8.4)	15.0	15.0	15.0	15.0	16.9	16.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (all General Fund schemes)	23,658.7	114.4	262.2	262.2	27,835.3	24,035.3	5,025.0	19,612.0	4,423.3	0.0	0.0	3,800.0	2,554.0	726.0	520.0	0.0	0.0	0.0	0.0
Housing Revenue Account	4,964.4	0.0	0.0	0.0	4,964.4	4,964.4	627.0	2,673.4	2,291.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Programme	28,623.1	114.4	262.2	262.2	32,795.7	28,999.7	5,652.0	22,285.4	6,714.3	0.0	0.0	3,800.0	2,554.0	726.0	520.0	0.0	0.0	0.0	0.0
Housing Schemes Dependent on Grants	1,537.5	0.0	0.0	0.0	1,737.5	1,537.5	54.8	720.0	817.5	0.0	0.0	200.0	0.0	200.0	0.0	0.0	0.0	0.0	0.0
Grand Total	30,160.6	114.4	262.2	262.2	34,537.2	30,537.2	5,706.8	23,005.4	7,531.8	0.0	0.0	4,000.0	2,554.0	926.0	520.0	0.0	0.0	0.0	0.0

	£'000
Reconciliation to previous FASP report	
Programme reported to FASP 30 June 2008	60,566.5
Less:	
Capital Expenditure in 2007-2008	(30,405.9)
Add:	
S106 release - Mylands Halls Modernisation Project	15.0
Cabinet - July 2008	(55.6)
Adj to external funding King Edward Quay	46.3
S106 release July 2008 - East Bay Playground	41.3
S106 release July 2008 - Castle Park Improvements	2.3
Cabinet release 9 July 2008 - Life Chances	70.0
S106 funding for Tipree Env Improvements	15.0
Developer contribution Vineyard Gate	55.0
Transfer from revenue for Opportunity Purchases	100.0
S106 release July 2008 - East Bay Open Space	41.3
English Heritage Grant Roman Walls	46.0
Current Funded Programme	30,537.2

Service / Scheme	Scheme Description	New monies			Funded				Unfunded									
		Total Funded Programme b/w/ds at 1 April 2008		External Funding	Total Programme	Status	Spend Apr-Jun 2008/09	Forecast			Additional Funding Required	Total Unfunded	Programmed					
		£'000	£'000					£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000	
CORPORATE MANAGEMENT																		
Works to the Town Hall associated with the Business Plan	Access work to the Old Library/works to the Moor Hall Kitchen	282.9	0.0	0.0	282.9	FF	37.7	276.4	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E-Government	Works to comply with Government's E-Gov agenda	123.6	0.0	0.0	123.6	FF	30.2	123.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GIS/Gazetteer	Cleaning of LLPG database	50.0	0.0	0.0	50.0	FF	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personal Computer Upgrade (including Councilors Computers)	To keep personal computer stock updated	0.8	0.0	0.0	0.8	PF	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electronic Service Delivery (Customer Service Centre)	Furthurance of electronic service facilities includes areas identified in business case for CSC	480.1	0.0	0.0	480.1	FF	39.4	320.1	160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICT Strategy Development	New capital investment	1,869.8	0.0	0.0	1,869.8	PF	35.8	1,869.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL		2,807.2	0.0	0.0	2,807.2		143.1	2,639.7	167.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Comments	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Phase 1 works to be handed over 31st July 2008. Phase 2 works which will deliver DDA compliant access through the St Runwald Street gateway will be tendered in August 2008. Budget now includes balance of Town Hall Wiring project which is linked to this scheme.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budget committed - waiting on supplier to invoice.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project was delayed, but now progressing. Remaining spend expected in 2008-09.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AD2005 Project is now complete. Server migration also completed. Unfunded scheme of £500k for future desktop refresh. Awaiting capital release before progressing - subject to review of capital programme.	800.0	800.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Programme continuing, major development work now completed between the CRM and the Academy projects. Integration of the two systems is well advanced. Integration to Academy Housing to be reviewed when module available from software vendor and integration to GIS and LLPG work to be carried out. Budget has also been allocated to an upgrade and virtualisation of the main servers which are four years old and nearing end of life.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New capital investment agreed by Cabinet. Of this, £500k was released straight away in order that works could be started immediately. The remaining £500k will be released in 2009-10. The works are to be completed by the end of the financial year. Pilot contracts for Mobile Electronic Services to be established. Projects for Marketplace integration with Cedar and self-serve HR underway. Under-spend in 2007-2008 was due to timing issues. Funds are committed and expenditure will be incurred in 2008-2009.	449.0	449.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,249.0	1,249.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Key to Status column:

Fully Funded	FF
Partly Funded	PF
Unfunded	U

Service/ Scheme	Scheme Description	Total Funded Programmes b/divided as at 1 April 2008	New monies		Total Programme	Status	Funded					Comments	
			CBC	External Funding			Total Funded Programme	Forecast			Additional Funding Required		
								Spent Apr-Jun 2008/09	08/09	09/10			10/11
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
EMT													
Support for Parish Councils	Grants scheme to provide funding to Parishes in delivering projects in their areas	273.0	0.0	0.0	323.0	PF	273.0	12.4	173.0	100.0	0.0	0.0	£100k has been allocated this year for Parish schemes and a meeting will be held in November 2008 to allocate this year's funds. All other funds already committed to previous year projects. However, spending depends on Parishes completing schemes then claiming funds, so most expenditure will inevitably slip into the following year. 2007/08 actual spend was slightly above forecast leaving £173 available for the new £100k released in the budget results in £273k at 1 April to be spent over the coming years.
TOTAL		273.0	0.0	0.0	323.0		273.0	12.4	173.0	100.0	0.0	0.0	

Total Unfunded	Unfunded			
	08/09	09/10	10/11	11/12
£'000	£'000	£'000	£'000	£'000
50.0	50.0	0.0	0.0	0.0
50.0	50.0	0.0	0.0	0.0

Service/ Scheme	Scheme Description	Total Funded Programmes b/divided as at 1 April 2008	New monies		Total Programme	Status	Funded					Comments	
			CBC	External Funding			Total Funded Programme	Forecast			Additional Funding Required		
								Spent Apr-Jun 2008/09	08/09	09/10			10/11
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
RESOURCE MANAGEMENT													
Financial Systems Migration Project	Upgrade of Financial Systems	5.9	0.0	0.0	5.9	FF	5.9	2.7	5.9	0.0	0.0	0.0	The new debars system is now live and the transition between systems in the process of completion. Recurring billing went live in April. Works to integrate Leisure World and CBH debars to be undertaken.
DDA Measures	Works to civic buildings to comply with requirements of the Disability Discrimination Act (incl. Town Hall lift)	1,414.1	0.0	0.0	1,414.1	FF	1,414.1	175.3	1,397.1	27.0	0.0	0.0	The Town Hall lift project commenced on site on 3rd April 2008. Thus far, the project is on programme and is expected to be delivered within the overall budget of £1.4m. HMCS has contributed £20k towards the additional out of hours works costs. DDA works to all other operational buildings were completed in 2007/08.
Building Repairs	Required maintenance to civic buildings	0.0	0.0	0.0	150.0	U	0.0	0.0	0.0	0.0	0.0	0.0	This budget provision is currently being reviewed alongside the new 5 year Building Maintenance Programme.
Site Disposal Costs	Costs of securing capital receipts	40.0	0.0	0.0	40.0	FF	40.0	8.6	40.0	0.0	0.0	0.0	A provision approved by Cabinet on 14 March 2007 to provide for costs associated with sales of sites. Layer Road disposal is likely to require an extra £50k for security costs.
Motor Works Site	Costs associated with provision of three commercial shop units	41.4	0.0	0.0	41.4	FF	41.4	0.0	41.4	0.0	0.0	0.0	Capital receipt now received of which £50k was earmarked for costs associated with the provision of three shop units which will provide the Council with a future revenue income stream. Report to Portfolio Holder for Resources and Regeneration in November 2006 refers. Filing-out expenditure etc. likely to be late in 2008/09.
TOTAL		1,501.4	0.0	0.0	1,651.4		1,501.4	186.6	1,474.4	27.0	0.0	0.0	

Total Unfunded	Unfunded			
	08/09	09/10	10/11	11/12
£'000	£'000	£'000	£'000	£'000
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
150.0	100.0	50.0	0.0	0.0
150.0	100.0	50.0	0.0	0.0

Service / Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008	New monies		Total Programme	Status	Funded						Unfunded					
			Total Funded Programme b/w/d as at 1 April 2008	CBC			External Funding	Forecast			Additional Funding Required	Total Unfunded	Programmed					
								£'000	£'000	£'000			08/09	09/10	10/11	£'000	£'000	£'000
STREET SERVICES																		
Public Conveniences	Toilet refurbishment works	592.7	0.0	0.0	592.7	PF	592.7	187.3	592.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Car Park Ticket Machines	Supply & installation of new pay on foot machines at St. Mary's, St. John's and Leisure World Car Parks	43.7	0.0	0.0	43.7	FF	43.7	0.2	43.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Street End Year Redevelopment (Grant from DEFRA) + Depot Improvements + Flat Recycling Scheme	Improvements to depot	49.6	0.0	0.0	49.6	FF	49.6	0.1	49.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Waste Diversion / Green Waste	General provision for recycling initiatives including green waste trials etc	33.7	0.0	0.0	33.7	FF	33.7	0.0	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cleaner Streets - investment	Investment in plant & equipment to support street care and street cleaning operations	34.3	0.0	0.0	34.3	FF	34.3	32.5	32.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vehicle Replacement	Fleet replacement programme	23.4	0.0	0.0	23.4	FF	23.4	23.3	23.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCTV - Transfer to Digital	Upgrade of equipment to digital format	53.8	0.0	0.0	149.8	FF	53.8	1.5	53.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CCTV - Section 106 installations	Provision of CCTV facilities at sites including Crouch Street, Sheepen Road and Habbon Road	33.0	0.0	0.0	33.0	FF	33.0	0.0	33.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL		854.2	0.0	0.0	950.2		854.2	244.9	852.3	0.0	0.0	0.0	(1.9)	0.0	0.0	0.0	0.0	0.0

Service/ Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008	New monies		Total Programme	Status	Funded						Unfunded					
			External Funding				Spend Ayr- Jun 2008/09	Forecast			Additional Funding Required	Comments	Programmed					
			CBC	£'000				£'000	08/09	09/10			10/11	08/09	09/10	10/11	Total Unfunded	£'000
ENVIRONMENTAL & PROTECTIVE SERVICES																		
Heritage Fund- incl. Roman Walls	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	102.4	0.0	48.0	348.4	PF	149.4	0.6	118.4	30.0	0.0	0.0	0.0	200.0	100.0	100.0	0.0	0.0
Heritage Fund- Castle Park Interpretation	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	50.0	0.0	0.0	50.0	PF	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Heritage Fund - St Nicholas Square	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	20.0	0.0	0.0	20.0	PF	20.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Museum Store	Purchase, fit-out and relocation to new store	10.8	0.0	0.0	10.8	FF	10.8	0.3	10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cemetery Extension (inc construction costs)	Acquisition of land and provision of infrastructure to enable continuation of burial services	0.0	0.0	0.0	125.0	U	0.0	0.0	0.0	0.0	0.0	0.0	0.0	125.0	125.0	0.0	0.0	0.0
Roman Clinic- Interpretation/Visitor Centre	Visitor Centre for Roman Remains	94.0	0.0	0.0	94.0	PF	94.0	0.0	94.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution towards redevelopment of Castle Museum	Provision of match funding towards Lottery bid	0.0	0.0	0.0	100.0	U	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0
TOTAL		277.2	0.0	46.0	748.2		323.2	0.9	293.2	30.0	0.0	0.0	0.0	425.0	325.0	100.0	0.0	0.0

Service/ Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008	New monies		Total Programme	Status	Funded						Unfunded							
			External Funding				Spend Apr- Jun 2008/09	Forecast			Additional Funding Required	Comments	Programmed							
			CBC	£'000				£'000	08/09	09/10			10/11	08/09	09/10	10/11	Total Unfunded	08/09	09/10	11/12
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
STRATEGIC POLICY & REGENERATION																				
Park & Ride	Costs of achieving a Colchester Park & Ride	555.0	(410.0)	0.0	125.0	FF	125.0	0.0	125.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Community Stadium Pre-development	Preliminary work on construction details, costs and business planning to progress the project.	(5.0)	15.0	0.0	10.0	FF	10.0	6.5	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Community Stadium - Build	Construction of new Community Stadium	4,060.0	410.0	0.0	4,470.0	FF	4,470.0	3,614.4	4,030.0	440.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Bl C North	Business Incubator Units in North Colchester	2,660.2	0.0	0.0	2,660.2	FF	2,660.2	0.0	2,660.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cuckoo Farm - pre-development costs	Pre-development activity (such as specialist input on legal, highway and environmental issues) to facilitate the commencement of the development of Cuckoo Farm	53.9	0.0	0.0	53.9	FF	53.9	3.1	53.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
East Colchester, Hythe Regeneration	A general provision for the cost of progressing elements of the regeneration of the area from master planning to matching individual projects such as B-Site	277.1	0.0	0.0	277.1	FF	277.1	0.0	277.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Hythe Station Refurbishment S106	Lengthen the platforms at Hythe Station.	1,000.0	0.0	0.0	1,000.0	FF	1,000.0	0.0	1,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
King Edward Quay	Transformation of Quay	546.5	0.0	46.3	592.8	FF	592.8	48.3	592.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
St Botolphs Regeneration	Fund to progress elements within the St Botolphs regeneration area	1,065.5	0.0	55.0	1,120.5	PF	1,065.5	70.1	1,085.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Historic Town Centre Improvements	Works to Historic Core Zone	160.0	0.0	0.0	160.0	FF	160.0	0.0	160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Maritime Projects	Provision for maritime project works	0.0	0.0	0.0	150.0	U	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
St Botolphs Regeneration - Firstsite	New Visual Arts Facility	5,163.7	0.0	0.0	5,163.7	FF	5,163.7	412.7	5,163.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Public Art - Section 106	Provision of public artworks funded from Section 106 contributions	49.9	0.0	0.0	49.9	FF	49.9	8.5	47.9	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL		15,531.8	15.0	101.3	16,343.1		15,648.1	4,163.6	12,545.8	3,102.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Service/ Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008	New monies		Total Programme	Status
			CBC	External Funding		
LIFE OPPORTUNITIES (1)						
Community Development - St Annes: Contribution towards community facility	New community centre in Haworth Road	29.3	0.0	0.0	29.3	FF
Improving Life Chances	A general provision to enable the Council to support work in improving life chances such as the provision of facilities	32.0	70.0	15.0	292.0	PF
St Annes Community Centre - Section 106	Car Park Improvements	29.9	0.0	0.0	29.9	FF
Hythe Community Centre S106	Improvements incl. conversion of garage to storage, works to windows and doors and boiler replacement	0.2	0.0	0.0	0.2	FF
Mandatory Disabled Facilities Grants	Disabled Facility Grants	1,111.5	0.0	0.0	2,111.5	PF
Highwoods Community Facilities	Social Meeting Place	19.0	0.0	0.0	19.0	FF
St Annes MUGA	Provision of multi use games area	90.4	0.0	0.0	90.4	PF
Old Heath MUGA Installation & Landscape Improvements	Works to recreation ground	75.0	0.0	0.0	75.0	FF

Total Funded Programme	Spent April-June 2008/09	Forecast			Additional Funding Required	Comments
		08/09	09/10	10/11		
£'000	£'000	£'000	£'000	£'000	£'000	
29.3	0.0	29.3	0.0	0.0	0.0	This building is now completed. The remaining money in this budget will be used for the final payments on the decking panels to cover. An inspection at the end of the decking period has taken place and the contractors are currently agreeing the final bill. We anticipate the final payment will be made in 2008-09.
117.0	15.0	97.0	20.0	0.0	0.0	Figure at 1 April. £22k is made up of £11k underspend which was not used for Old Heath CC partition (this will not now be spent this year) & £21k contribution is for works needed by the Monkwick Neighbourhood Action Panel. (These works have not been started yet but the Monkwick NAGP who are the lead contractor for the works has agreed to provide the works for the 2008-09 term = £70k requested for the following projects: £20k for the SAS bus re-fit (this will be spent in the Autumn), £10k for CAB moving expenses (spent by September), £10k for Women's Refuge contribution towards buying new building (spent by Sept), £8k contribution to the Monkwick Youth Shelter (spent by end July), £20k to enable the Hythe Community Centre Association to revise their arrangements for the building (this spend will be longer term), £8k as contribution towards loop systems for the building (this spend will be longer term), £10k for the Hythe Community Centre External funding of £18k is section 106 monies which has already been spent on Myland Parish Halls Modernisation Project.
29.9	0.0	29.9	0.0	0.0	0.0	The work to improve the car park at the St Annes's Community Centre has taken place and the payment made in July.
0.2	0.0	0.2	0.0	0.0	0.0	S106 funds released in 1st phase = £3,960.39, S106 funds released in 2nd phase = £2,026.97. A third release of £1,821.25 was made in January 2008. Remaining unallocated S106 funds total £13,852.56.
1,111.5	148.5	550.0	561.5	0.0	0.0	Spend on this area of work is very much demand led. The process can be lengthy and can often straddle two financial years because by law it must be available to the applicant for up to 12 months. We are allowed 6 months to determine any valid application from the date it is submitted. All applications waiting at end of December 2007 were approved. However, a significant proportion of applications are still waiting for funding and are currently waiting for funding to be released. DFGs allocated for 2008/9 are currently 60% completed. The largest amount has been released by £8k in May 2008. The Government changed the eligibility criteria to increase the mandatory minimum grant to £30,000. Also, there was a change to the means testing requirement - more types of benefit passport applicants through the means testing scheme. Demand for DFG is still vastly exceeding supply. It is anticipated that by early September 2008, we will need to employ a waiting list for approvals again and/or provide extra funding. Without additional funding, we will again be exceeding the statutory approval timescale. We are currently looking into other funding options.
19.0	0.0	19.0	0.0	0.0	0.0	This scheme is linked to a United Solutions initiative to create a social meeting place on the Highwoods estate - site now identified following consultation with young people and interested parties which caused considerable delay and is still not sufficiently resolved to allow installation works to take place.
90.4	27.7	90.4	0.0	0.0	0.0	External funding secured from Football Foundation (£55,000) and LIEFA, Jubilee Funding (£10,000). £10,000 contribution also agreed from Life Chances programme. Planning consent in place. Work commenced in June 2008 and is on course for completion by the end of July, as planned. The project is also currently on budget.
75.0	0.0	75.0	0.0	0.0	0.0	Designs and layout being discussed with local resident representatives. Funding and provision of additional complementary facilities being explored by resident group. Work scheduled to take place in 2008/09.

Total Unfunded	Unfunded			
	08/09	09/10	10/11	11/12
£'000	£'000	£'000	£'000	£'000
0.0	0.0	0.0	0.0	0.0
135.0	135.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
1,000.0	0.0	500.0	500.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0

Service / Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008		New monies		Total Programme	Status	Funded			Unfunded				
		£'000	£'000	CBC	External Funding			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
LIFE OPPORTUNITIES (2)															
Open Space Land Acquisition/Opportunity Purchases	Fund for purchase of open space land and other opportunity purchases	53.0	100.0	0.0	0.0	153.0	FF	0.0	153.0	0.0	0.0	0.0	0.0	0.0	
Castle Park - Playground Refurbishment	Refurbishment of Playground	110.0	0.0	0.0	0.0	110.0	FF	0.0	110.0	0.0	0.0	0.0	0.0	0.0	
Mensiee Pontoon	Safety works to quay + replacement of Pontoon	75.5	(62.2)	0.0	0.0	13.3	FF	5.7	13.3	0.0	0.0	0.0	0.0	0.0	
Dunlany Lane Playground - Section 106	Provision of children's play equipment	35.0	0.0	0.0	0.0	35.0	FF	0.0	35.0	0.0	0.0	0.0	0.0	0.0	
East Bay Playground - Section 106	Installation of (new) equipped play area in East Bay Recreation Ground	0.0	0.0	41.3	0.0	41.3	FF	0.0	41.3	0.0	0.0	0.0	0.0	0.0	
St Leonard's Church Wall	Repairs & rebuild boundary walls to a closed churchyard	353.0	0.0	0.0	0.0	353.0	FF	18.3	33.0	320.0	0.0	0.0	0.0	0.0	
Resource Centre - Highwoods County Park S106	Provision of Resource Centre	104.2	0.0	0.0	0.0	104.2	PF	0.0	9.2	95.0	0.0	0.0	0.0	0.0	
Groundsmen's Building Castle Park S106	Improvements and building modifications to provide accommodation for Castle Park rangers and grounds maintenance contractors	45.6	0.0	0.0	0.0	45.6	FF	41.4	45.6	0.0	0.0	0.0	0.0	0.0	
Mill Road Play Area/Youth Facility	Provision of Play Area and Youth Facilities	99.4	0.0	0.0	0.0	99.4	FF	0.0	98.4	0.0	0.0	0.0	0.0	0.0	
Highwoods County Park Improvements - Section 106	Design and construct new car park; new landscaping and visitor information; repair main culvert	52.5	0.0	0.0	0.0	52.5	FF	0.0	52.5	0.0	0.0	0.0	0.0	0.0	
East Bay Open Space Section 106	Works to improve site access and interpretation of the river and adjacent mill	0.0	0.0	41.3	0.0	41.3	FF	0.0	41.3	0.0	0.0	0.0	0.0	0.0	
Castle Park Improvements Section 106	Design work to create plans showing overall improvements to the park in a coordinated approach	0.0	0.0	2.3	0.0	2.3	PF	0.0	2.3	0.0	0.0	0.0	0.0	0.0	
Town Centre Signs (Phase 2)	Extension of Town Centre signage scheme	90.0	0.0	0.0	0.0	90.0	U	0.0	90.0	0.0	0.0	0.0	0.0	0.0	
TOTAL		2,405.5	107.8	99.9	0.0	3,746.2		265.6	1,616.7	995.5	0.0	0.0	1,155.0	500.0	

Service/ Scheme	Scheme Description	Total Funded Programme b/w/d as at 1 April 2008		New monies		Total Programme	Status	Funded						Unfunded				
		£'000	£'000	CBC	£'000			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COMPLETED SCHEMES (OR WHERE RETENTION ONLY OUTSTANDING)																		
Angel Court/Atrium Roof	Replacement of Atrium Roof	(0.3)	0.3	0.0	0.0	0.0	FF	0.0	(0.8)	0.0	0.0	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0
Angel Court Air Conditioning	Upgrades to Air Conditioning System	3.4	(3.4)	0.0	0.0	(0.0)	FF	(0.0)	2.7	2.7	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.0
S106 Env Improvements, Church Rd, Tipree	Environmental works funded from Section 106 contribution	0.0	0.0	15.0	15.0	15.0	FF	15.0	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Johns & St Mary's Car Parks - Anti-corrosion Deck Coatings	Works to car parks	4.0	(4.0)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Footway - New Rd, Tipree	Footway works funded from Section 278 agreement	5.0	(5.0)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Information Centre - Refurbishment	VIC Refurbishment	3.0	(3.0)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shrub End Sports Ground Project	Installation of all weather pitch & improvements to Pavilion	(0.6)	0.6	0.0	0.0	(0.0)	FF	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bus Shelter Hythe Hill	Installation of new bus shelter to serve Hythe Hill/Mudlyn Way (funded by S106 agreement)	0.1	(0.1)	0.0	0.0	(0.0)	FF	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Heritage Econ Regent Scheme - Town Centre Queen St, East Bay & East St (HERS)	English Heritage Grant scheme	4.5	(4.5)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Customer Service Centre (Offices)	Works to CSC offices	14.6	(14.6)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jarmin Road - relocation / prelims.	Costs associated with sale of Jarmin Road site	(32.2)	32.2	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Youth Parliament	Projects linked to Youth Council	6.9	(6.9)	0.0	0.0	0.0	FF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL		6.4	(6.4)	15.0	15.0	15.0		15.0	16.9	16.9	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0

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

Housing Schemes Dependent on Specific Grants	Scheme Description	Total Funded Programme b/Avds as at 1 April 2008		New monies		Total Programme	Status
		£'000	£'000	External Funding			
				CBC	£'000		
Assistance to Registered Social Landlords	Support to affordable housing schemes	916.2	0.0	0.0	1,024.5	PF	
Private Sector Renewals - Loans and Grants	Loans and grants to private householders	615.3	0.0	0.0	713.0	PF	
TOTAL		1,531.5	0.0	0.0	1,727.5		

Comments	Funded				Variance
	Total Funded Programme	Spend Apr-Jun 2008/09	Forecast		
			08/09	09/10	
The expenditure forecast for 2009/10 includes the major part of the £297k monies released in March 2007 and £228k notified in Apr 2008 from the Regional Housing Pot for work to improve decency in private rented accommodation. The 2009/10 forecast includes the expenditure for the 2009/10 to fund a pilot scheme which aims to increase the number of properties we are able to provide through our RSL partners for people with disabilities. With Regular Market Engagement (RME) funding rounds through the Housing Corporation on a quarterly basis we are seeking to augment their funding where opportunities arise in order to increase design and quality standards and/or the number of units provided. This could result in money in this budget being committed for the next financial year. The 2009/10 forecast includes the expenditure for the 2009/10 that is being withdrawn from a commitment and reallocated at the next RME round.	916.2	0.0	420.0	496.2	0.0
Spend on this area of work is demand led. The process can be lengthy and can often straddle two financial years. This is due to the fact that an approval notice is a legal contract and the money must be kept available to the applicant for between 6 and 12 months depending on the type of grant or loan approved. When aiming to spend this budget and improve housing quality in the private sector, a forecast of expenditure will be incurred broadly evenly over each year, this year and next financial year. Most of the spend in Quarter 1 relates to commitments from 2007/08.	615.3	54.8	300.0	319.3	0.0
TOTAL	1,531.5	54.8	720.0	817.5	0.0

Total Unfunded	Unfunded				
	£'000	Programmed			
		08/09	09/10	10/11	11/12
166.3	0.0	166.3	0.0	0.0	0.0
93.7	0.0	93.7	0.0	0.0	0.0
260.0	0.0	260.0	0.0	0.0	0.0

Service / Scheme	Scheme Description	Total Funded Programme b/Avds as at 1 April 2008		New monies		Total Programme	Status
		£'000	£'000	External Funding			
				CBC	£'000		
HOUSING REVENUE ACCOUNT							
Decent Homes & Upgrades	Scheme to bring council housing stock up to Decent Homes standard together with other upgrade works	3,791.0	0.0	0.0	3,791.0	FF	
Aids & Adaptations	Improvements made to Council housing stock to meet specific tenants needs	801.8	0.0	0.0	801.8	FF	
Housing ICT	Improvements to Housing IT Systems	371.6	0.0	0.0	371.6	FF	
TOTAL		4,964.4	0.0	0.0	4,964.4		

Comments	Funded				Additional Funding Required
	Total Funded Programme	Spend Apr-Jun 2008/09	Forecast		
			08/09	09/10	
In September 2003 the Council committed to achieving the Decent Homes standard by the end of December 2007. It is now accepted that this date will not be met, but the aim is to complete the programme before the 2010 deadline. The Council has directed CBH to review and determine the timescale and cost to complete the programme, and this is underway. The expenditure forecast for 2008/09 represents the programme of works which we are able to undertake, given the funds set out by the letter to CLG on the 3 June 2008 and the specific functions which will be delegated to CBH. New monies may be required to complete the programme. The programme of works may require additional resources from 2008/09 will be carried forward to deliver a programme of works in future years.	3,791.0	573.4	1,500.0	2,291.0	0.0
The balance of the 2007/08 funding has been carried forward to cover the committed spend which will be required in 2008/09 for the 2008/09 programme. The 2008/09 forecast for the programme will be 801.8. Forecast for new works for Aids and Adaptations for 2008/09 is 371.6. 12-18 month lead in time until funds are available. There is currently no expenditure in Quarter 1 of 2008/09. Inspace have yet to request payment for works in 2008/09.	801.8	0.0	801.8	0.0	0.0
Main items of projected spend in 2008-09 are: remaining costs of Academy Contractor, Anti Social Behaviour capia module, Regional Choice Based Lettings software, IT link to Gabecks Road office, purchase of medicare reader, printer scanner, mobile feasibility study, implementation of NROSH, and implementation of Ingres.	371.6	53.6	371.6	0.0	0.0
TOTAL	4,964.4	627.0	2,673.4	2,291.0	0.0

Total Unfunded	Unfunded				
	£'000	Programmed			
		08/09	09/10	10/11	11/12
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0

Note: The schemes above are funded from HRA resources only and therefore do not form part of the General Fund Capital Programme

**COLCHESTER BOROUGH COUNCIL
FINANCE AND AUDIT SCRUTINY PANEL
19 August 2008 at 6pm**

Members

Chairman: Councillor Sue Lissimore
Deputy Chairman: Councillor Dennis Willetts
Councillors Bentley, Bouckley, Goss, Harris, Maclean,
Manning, G. Oxford, Offen and Sykes

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

SUPPLEMENTARY AGENDA - Part A
(open to the public including the media)

13. Treasury Management – Ethical Investments

See report from the Head of Resource Management (page).



Finance & Audit Scrutiny Panel

Item
13

19 August 2008

Report of	Head of Resource Management	Author	Sean Plummer
Title	Treasury Management – Ethical Investments		
Wards affected	Not applicable		

This report concerns whether the Council should consider ethical issues as part of treasury management policies and procedures.

1. Decision Required

- 1.1 To consider whether in light of the information presented in this report that the Council should continue to not have an ethical policy for investment of surplus cash.
- 1.2 To recommend that this Panel reviews the Council's "lending list" prior to consideration of the approval of the Annual Treasury Management and Investment Strategy.

2. Reasons for Decision

- 2.1 At the last meeting of this Panel a review of the Council's treasury management activities was reported. The Panel asked that a note be prepared for the Panel on ethical investments, to include what other local authorities do and whether the Council should consider the formulation of a policy.
- 2.2 This note sets out a response to these questions and the issue of ethical investments and concludes that for the reasons stated within this report it would not be appropriate to have or apply an ethical policy in respect of our investments of surplus cash.
- 2.3 It is though proposed that as part of the process of agreeing the Council's Annual Treasury Management and Investment Strategy this Panel receives details of the Council's lending list to review and consider whether any organisations should be removed and this can in turn be considered by Cabinet and Full Council.

3. Alternative Options

- 3.1 This note sets out reasons why introducing a prescriptive ethical policy is not possible.

4. Supporting Information

- 4.1. We have consulted with our advisors on treasury management, Sector, and a copy of their and officers comments is attached at Appendix A. The key points to note from this are:-
 - We are not aware of other authorities who have a prescriptive ethical policy for the placing of surplus cash.

- Determining and being clear about what constitutes a prescriptive ethical investment can be subjective and as such could vary between authorities.
 - Whilst it *may* be theoretically possible to identify a limited number of organisations that have an ethical policy that might match our ethical values there is the issue of lending between banks.
 - If we were to use ethical factors in determining our investment policy it would be likely to mean a significantly reduced list of organisations that we were able to invest with. This could impact on our approach to managing risk through diversification of investments and use of credit ratings.
 - An ethical policy would be likely to impact on our ability to achieve best value from our investments.
- 4.2. The Portfolio Holder for Resources has considered the Panel’s question and the view by Sector and has endorsed our current approach. However, it is proposed that members of the Panel should have an opportunity to review the organisations who meet our policy criteria for investment, known as our “Lending List”. This review would be based on any ethical issues the Panel may wish to raise.
- 4.3. Cabinet and Council agree the Annual Treasury Management Strategy and Annual Investment Strategy as part of the annual revenue budget proposals. This Panel already scrutinise the budget proposal at a meeting in January and it is proposed that a copy of the Council’s lending list is provided to the Panel to consider and recommend to Cabinet whether there are organisations that should be removed from the list.

5. Proposals

- 5.1 Based on the issues raised within this report it is proposed that the Council continues to not have a prescriptive ethical policy in respect of investment of surplus cash.
- 5.2 This Panel should annually review the Council’s lending list as part of the approval process for the Treasury Management Strategy and Investment strategy.

6. Financial implications

- 6.1 This report sets out that if an ethical policy was able to be introduced it would probably result in a reduced number of potential counterparties who the Council could invest with and as such we would expect that this would reduce investment returns and increase risk through reduced diversification.

7. Risk Management Implications

- 7.1. Risk Management is essential to effective treasury management. The Council’s Treasury Management Statement contains a section on treasury Risk Management (TMP1).
- 7.2. TMP1 covers the following areas of risk all of which are considered as part of our treasury management activities:
- Liquidity.
 - Interest rates.
 - Exchange rates.
 - Inflation.

- Credit and counterparty.
- Refinancing.
- Legal and regulatory.
- Fraud, error and corruption, and contingency management.
- Markets.

7.3. As this report sets out introducing an ethical policy would mean having to review our approach to these risks.

8. Other Standard References

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

Many local authorities with responsibilities for pension funds have considered the extent to which ethical investment criteria should influence the placement or withdrawal of investments and some authorities have adopted such investment criteria.

It is also becoming increasingly common for local authorities to question whether ethical criteria could be employed with reference to investing surplus cash balances of the authority itself. However, there are major difficulties with this and, as far as we, and our consultants are aware, no local authority has adopted an ethical investment policy for the placing of surplus cash. The main obstacles are the obligations on every local authority to: -

- a) Implement the CIPFA Code of Practice on Treasury Management
- b) Investment Guidance 2004 by the DCLG
- c) Achieve best value.

Ethical investment has potentially as many different definitions as the people who are concerned to ask the question. In other words, the first step in progressing an ethical investment policy is for an authority to provide a CLEAR definition of precisely what it is aiming at and the criteria by which the policy will be put into effect.

What Are Ethical Investments?

Ethical investment means placing funds and selecting investments in a manner that reflects an Authority’s ethical values. Generally, two sets of criteria are drawn up – negative and positive values whereby investments are to be avoided or encouraged. Examples could therefore be:

Positive	Negative
Positive Environmental Policy	Pollution Convictions
Community Involvement	Poor Human Rights Record
Equal Opportunities	Nuclear Power

This is a contentious and subjective area as negative criteria for one authority may be positive for another. For example in an area where jobs and investment are dependant upon a military presence, or the existence of a nuclear power plant, it could be argued that these should be supported by the authority.

Ethical investments for local authority cash surpluses

The topic of ethical investment is very common in the field of pension funds where the fund manager has a very wide range of permitted investments e.g. domestic and international equities, bonds, corporate paper and property, derivatives, unlisted securities, currencies, unit trusts.

Since the advent of new government guidance on investing in 2004, local authorities have had scope to consider as wide a range of potential investments as they consider appropriate with the proper management of risk so as to ensure that council taxpayers do not suffer from adverse performance or actual losses of cash. The most commonly used form of investing is the placing of cash deposits with authorised institutions,

Practical problems to adopting an ethical investment policy for cash surpluses

1. Inter bank lending

It is theoretically possible for an authority to select approved counterparties to place cash deposits with which have a specific policy on ethical investments, assuming of course that both parties have similar views on what is ethically sound. However, it is common practice for banks with cash surpluses to lend to other banks with a cash requirement. Therefore although the authority has placed their funds with an institution that meets its requirements, it is perfectly possible that their funds are being used by another institution for activities that are not approved. Some banks do have policies that prohibit the direct lending of funds to companies and governments of dubious ethical nature yet inter-bank lending does occur and so funds may be utilised indirectly.

2. Diversification

There are very few banks which have a strong ethical stance, the Cooperative Bank being the main one. Would the Council consider it to be reasonable to have 100% of its risk exposure in the banking sector placed with just one counterparty? If it was, how would it reconcile this with observing the recommendations of the C.I.P.F.A. Code of Practice on Treasury Management (1996) to avoid over concentration of investments (page 38, para 4.5.1) and the general requirement of the Code to ensure proper management of risk by adopting suitable credit criteria to select counterparties with high creditworthiness? The DCLG's investment guidance 2004 also requires all specified investments to have high credit ratings and if an authority chooses to adopt investment opportunities which do not have high credit ratings, then these have to be classified as being non specified and their use justified in the annual treasury management strategy report.

3. Use of credit ratings

If the authority found that there are banks which were acceptable to its ethical investment policy, but had credit ratings which clearly warned that investments would not be financially secure if placed with them, which policy would take precedence?

4. Explaining losses on ethical investments to the public

If an ethical policy were to take precedence over the use of credit ratings to choose counterparties with the highest credit worthiness, and an ethical bank were to get into financial trouble which placed the investment at risk, how would the members explain their decision to adopt an ethical investment policy to council tax payers?

5. Best value

Councils are required to achieve best value and this is subject to inspection and CPA performance assessment. How would members justify a policy which took cash away from being placed with institutions offering higher rates of return than those available from 'ethical' counterparties?

6. Council tax

Would a majority of council tax payers support paying a higher council tax charge due to a poorer return on ethical investments, or a lower level of service if council tax cannot be raised above a set ceiling?

7. Legal Issues Concerned With Placing Ethical Investments

Every decision taken by a Council should comply with the Wednesbury Principles i.e. when making decisions, local authorities should do the following: -

- a) Have regard to all relevant matters which the authority is bound to consider.
- b) Exclude from its considerations matters which are irrelevant.

- c) Not come to a decision that is “so unreasonable that no reasonable Authority could have ever come to it.”

The Council therefore owes a duty to the taxpayer to deploy the financial resources available to it to the best advantage – a point made by Lord Diplock in the case of *Bromley LBC v Greater London Council* (1982). This clearly indicates an obligation to obtain the best possible financial return from investments which may be available, but offers the Council discretion to choose how those investments can be made. The authority clearly must not reach an investment decision so unreasonable that no reasonable authority could have made.

