

# **Finance & Audit Scrutiny Panel**

Grand Jury Room, Town Hall

30 June 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

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Occasionally meetings will need to discuss issues in private. This can only happen on a limited range of issues, which are set by law. When a committee does so, you will be asked to leave the meeting.

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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  
30 June 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 - 6**

To confirm as a correct record the minutes of the meeting held on 18 March 2008 and 15 May 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**

See report from the Scrutiny Officer

**11. 2008-09 Audit and Inspection Plan**

**7 - 32**

Mr Paul King, District Auditor and Ms Tina Meyer of the Audit Commission will attend the meeting for this item.

See report from the Audit Commission.

**12. 2007-08 Revenue Expenditure pre-audit outturn**

**33 - 46**

See report from the Head of Financial Services

**13. 2007-08 Capital pre-audit outturn**

**47 - 62**

See report from the Head of Financial Services

#### **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 AND AUDIT SCRUTINY PANEL**

### **18 MARCH 2008**

*Present:* - Councillors Barton, Dopson, Kraft, Levy, Lewis, G. Oxford, Smith, T Sutton and Willetts.

*Substitutions:* - Councillor Turrell for Councillor Scott-Boutell

#### **66. Minutes**

The minutes of the meeting held on 26 February 2008 was agreed as a correct record.

#### **67. Have Your Say**

The Chairman read out a response from Mr. Bloomfield, in reference to the Decent Homes Programme review in November 2007.

Mr. Bloomfield said "After having 'My Say' at the Finance and Audit Scrutiny meeting I would like to publicly thank the Council officers involved in correcting the situation that had occurred. I would especially like to thank Debbie Farthing for her help, kindness and advice. Also mention must be given to Matthew Young, Daniel Allen and Scott Parker for their part in resolving this. My new front door will be fitted this week. Anchor (staying put) have been a tower of strength in making it possible to stay in my home of 40 years by arranging for me to have a walk in shower. I would also like to thank Lesley, my Councillor, who, as I understand some officers know, refuses to take no for an answer when she feels something is wrong".

The Chairman requested that copies of the letter be circulated to named officers.

#### **68. Items requested by Members of the Panel and other Members**

In response to information on recyclable materials provided by the Head of Street and Leisure Services to members of the panel, including the current income per tonne for each type of recyclable material collected, Councillor Smith requested that when the review of the Waste to Resources Draft Improvement Plan comes to the panel in the new Municipal Year, that consideration be given to whether the Council are getting value for money in respect of different contractors delivering and collecting materials, and whether income can be generated from materials for which we currently do not receive income.

#### **69. Referred Items under the Call in Procedure // Office Accommodation Strategy**

To consider the decision of the Portfolio Holder for Resources of the 5 March 2008, 'Office Accommodation Strategy', called in by five councillors on 12 March 2008.

This decision was called in by Councillor Hunt, supported by four Councillors for the following reason, "To ensure that all options have been considered and that due weight has been given to all material considerations".

Councillor Hunt attended the meeting to present the case for the call-in.

Councillor Hunt gave a detailed response, his main points being that a positive result of

relocating staff away from the town centre was the relief that would be given to car congestion. Councillor Hunt asked whether it was practical and cost effective to move staff to Rowan House and the implications of additional office rent. Councillor Hunt said if Angel Court was so impractical and uneconomic to run, why would any other organisation consider it a viable option for use? Councillor Hunt expressed concern over the message this decision would give to other town centre office businesses and retailers.

Councillor Taylor, Portfolio Holder for Resources attended the meeting and addressed the panel. Councillor Taylor responded to the points raised by Councillor Hunt, saying this was a normal operational decision properly delegated to the Executive, notified to all members as part of the Constitutional process.

Councillor Taylor agreed with Councillor Hunt that the move away from the town centre would contribute towards easing High Street traffic congestion.

Councillor Taylor said the decision to relocate was based on a wide variety of issues and information including cost and risk, and was also very much linked to the Council's 2007 IT Strategy. The Executive, given the information provided by officers, now have a vision of what the future office arrangements will look like and this suggests the present level of office floor space will not be needed. The decision was based around funding the most effective way of providing the required office space.

Councillor Taylor also said that in regards to the town centre, the needs of small office based businesses and retailers was different to larger employers, and for the Council and other commercial businesses such as solicitors and estate agents, the town centre was no longer a prime sought after location. This was a trend noticeable across the whole of the country.

In response to Councillor Smith, Councillor Taylor said valuations had been obtained for Angel Court in terms of sale, lease and long lease. It was possible that other public sector organisations may wish to share the building and associated costs, and this option will shortly be considered.

Councillor Taylor said staff have, and were to be further consulted and informed at various stages within the whole process and options for the Greytown House Car Park will be considered once the overall impact on parking is known.

The extent of the materials requirements planning (MRP) impact on the sale of Angel Court has not yet been estimated, but will provide comparative data on capital disposal costs and rent outlay costs.

Ms. Ann Wain, Executive Director, addressed the panel, explaining that additional rental office space had not yet been considered, pending the outcome of the review of current office space and the impact of new flexible working arrangements. At this time it was believed that additional rental office space was not considered necessary.

In response to the questions on cost, Councillor Taylor said the revenue implications of this decision would be approximately the same, stating that the revenue savings from the running costs of Angel Court were mentioned in the report. Ms. Wain said the IT costs associated with the move were already accounted for within the IT Strategy Budget and officers were anticipating revenue savings as a result of the changes. Ms. Wain confirmed that research on costs for an appropriate town centre location is currently underway.

In response to Councillor Oxford, Ms. Wain said given the current levels of desk occupancy at Rowan House, it was anticipated that there would only need to be a further 15% reduction in desk usage to meet the future requirement, given the new flexible working arrangements. It was also anticipated that corporate scanning would provide a reduction in paper storage space. Ms. Wain confirmed that a number of staff in Enterprise and Communities had commenced a pilot scheme on home working and officers were currently looking at roles within the organisation suitable for home working.

Councillor Kraft commented that he was encouraged by the work been undertaken in respect of this project. Councillor Kraft was sympathetic to, and would support this decision.

In response to Councillor Turrell, Ms. Wain said there had been a significant change to the way front line planning enquiries were dealt with at Angel Court. Customer Services Staff are now dealing with a significantly greater proportion of planning enquiries and issues with less reliance on support from planning staff, thereby enabling the planning staff to relocate away from the town centre.

Councillor Sutton supported the comments of Councillor Kraft, adding that he would like to propose that the panel receive further progress updates at strategic intervals in the project.

Councillor Taylor confirmed to Councillor Levy that it was imperative that the Council retained a town centre presence, a distinct central location that enabled customers to visit.

In response to Councillor Willetts and Turrell, Councillor Taylor confirmed that the IT Strategy was built on firm foundations and was confident the Strategy was wholly achievable. Councillor Taylor also said he was confident that Angel Court could be disposed of, if this became an outcome. In any event Angel Court will be marketed early so that a strategic decision can be taken.

In summary, Councillor Hunt said scrutinising this decision had been a worthwhile exercise. He and panel members had gained additional information from this review and everything considered, he was assured by the comments of the Portfolio Holder and Executive Director. Councillor Hunt summarised by thanking members and officers for the opportunity to examine the decision in detail.

Councillor Taylor in summary confirmed that the panel would receive further updates as the project progressed.

*RESOLVED* that the panel:

- i) Confirmed the decision RES-032-007 'Office Accommodation Strategy'.
- ii) Requested further updates of progress at strategic intervals in the project.

**Councillor Lewis (in respect of being a Board Member of Age Concern) and Councillor Dopson (in respect of working at a school that benefited from Voluntary Welfare Grants) declared their personal interest in the following item.**

## **70. Voluntary Welfare Budget**

Councillor Kimberley, Portfolio Holder for Neighbourhoods, Ms. Bridget Tighe, Community Development Coordinator and Mr. Matt Sterling, Community Partnerships Manager all attended

the meeting for this item. The Chairman thanked Mr. Sterling for attending at short notice.

Ms. Tighe presented the report on Colchester Borough Council's Voluntary Welfare Budget, describing to the panel the three grant programmes which make up the total investment in voluntary welfare, the timing and process for voluntary welfare applications and the selection process.

Ms. Tighe and Mr. Sterling responded to questions from the panel.

In response to Councillor Smith, Mr. Sterling said that behind the Life Chances targets were always a rate or percentage rather than a gross number. In terms of the period of funding, Mr. Sterling said this was variable, with some Life Chance targets set over a long term, possibly a three year period, though in 'long term' cases, special attention was given to directing residents to body care programmes at Leisure World. In terms of childhood obesity, the work aims to tackle the disadvantaged in the Borough and focuses on schools not wards or specific geographic areas.

Ms. Tighe confirmed that the annual administrative support cost of the scheme was £1,500.00, provided by the Colchester and Tendring Community Trust.

In response to Councillor Willetts concern that some small deprived pockets of the community could be left without any project and development funding because the data was primarily decided on macro areas as apposed to micro areas, Mr. Sterling said every effort was made to use the smallest level of information before making any decision. Super Output Areas were now identified within wards enabling officers to drill down for information within smaller deprived areas and communities, e.g. in some cases, some data is provided by small primary schools. Mr. Sterling said smaller areas of measurement are regularly being identified and every effort is made to ensure the smaller deprived areas are identified.

In response to Councillor Sutton, Mr. Sterling said some targets e.g. Anti Social Behaviour, were easy to identify, measure and benchmark, others were harder. For instance, with childhood obesity, all local reception and year 6 children were weighed, with the measurement giving an indication of where to focus efforts on promotional work. The effect of the intervention is then measured by tracking individual people who participate in programmes. Councillor Dopson, whilst applauding the work to determine data on childhood obesity, said malnourishment should also be considered for targeting.

In response to Councillor Dopson, Mr. Sterling said this was the first year for project and Development funding and Life Chances targets, and that until recently, the Revenue grant was the primary source of funding, with grants linked to the Council's Strategic Plan targets. Mr. Sterling said grants were one small way of improving life chances, and was very much dependent on the support provided by the voluntary sector. Ms. Tighe said that in respect of outcomes, Revenue grants are linked to performance through a Service Level Agreement. In the case of project and development funding, officers will visit projects seeking funding, will ask how they will achieve outcomes and from this set targets. If something appears to be going wrong with a project, Ms Tighe said the close monitoring ensures the problem is identified early on. Officers will visit the project to agree a plan of corrective action, and to date, there has not been a project where officers have regretted the funding. Mr. Sterling said close monitoring was vital for project and development grants, as these were for one year only, and helped projects to avoid reaching a crises point.

*RESOLVED* that the panel thanked officers for attending the meeting and considered and

noted the decision making process in allocating Colchester Borough Council's voluntary welfare grant funding.

## **71. Annual Governance Statement**

Ms. Hayley McGrath, Audit and Risk Manager, presented the report on the Annual Governance Statement.

*RESOLVED* that the panel noted the requirement to produce an Annual Governance Statement and the role of the Accounts and Regulatory Committee in the process.

**FINANCE & AUDIT SCRUTINY PANEL**  
**14 MAY 2008**

Councillors Kevin Bentley, John Bouckley, Martin Goss,  
Dave Harris, Sue Lissimore, Jackie Maclean,  
Jon Manning, Nigel Offen, Gerard Oxford, Laura Sykes  
and Dennis Willetts

**1. Appointment of Chairman**

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

**2. Appointment of Deputy Chairman**

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

# **Audit and Inspection Plan**

**Colchester Borough Council**

**Audit 2008/09**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

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## Introduction

- 1 This plan sets out the audit and inspection work that we propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). It reflects:
  - audit and inspection work specified by the Audit Commission for 2008/09;
  - current national risks relevant to your local circumstances; and
  - your local risks and improvement priorities.
- 2 During 2008/09, the role of Relationship Manager will be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL will provide the focal point for the Commission's work in your local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities.
- 3 As we have not yet completed our audit for 2007/08, the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

## Responsibilities

- 4 We comply with the statutory requirements governing our audit and inspection work, in particular:
  - the Audit Commission Act 1998;
  - the Local Government Act 1999; and
  - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
  - the financial statements (including the annual governance statement); and
  - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and our audit work is undertaken in the context of these responsibilities.

## Fees

- 8 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2008/09. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 9 The total indicative fee for the audit and inspection work included in this audit and inspection plan for 2008/09 is for £120,890, which compares to the actual/planned fee of £118,715 for 2007/08.
- 10 A summary of this is shown in the table below. The fee is determined by audit risks identified, mandated work and basic assumptions. A detailed breakdown of the audit and inspection fee is included in Appendix 2.

**Table 1      Audit fee**

<b>Audit area</b>	<b>Planned fee 2008/09</b>	<b>Planned fee 2007/08</b>
<b>Total audit fee</b>	114,320	112,225
<b>Total inspection fee</b>	6,570	6,490
<b>Certification of claims and returns</b>	41,000 (estimate)	41,000 (estimate)

- 11 The Audit Commission scale fee for Colchester Borough Council is £136,213. The fee proposed for 2008/09 is minus 16 per cent compared to the scale fee and is within the normal level of variation specified by the Commission.
- 12 In setting the fee, we have assumed that:
  - the level of risk in relation to the audit of the financial statements is not significantly different to that identified for 2007/08;
  - internal audit undertakes appropriate work on all systems; and
  - good quality working papers and records will be provided to support the financial statements in accordance with a timetable to be agreed with officers.

Further details of the assumptions are outlined in Appendix 2.

- 13 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.

- 14 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.

### **Specific actions Colchester Borough Council could take to reduce its audit fees**

- 15 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit fees. We have worked closely with the Council to identify areas for reducing work and we now consider that the options for further reductions are minimal (given that the fee is 16 per cent below the Audit Commission scale fee).

### **Process for agreeing any changes in audit fees**

- 16 As set out in paragraph 4, we expect that the initial risk assessment may change as the year progress. Where this is the case, we will discuss this in the first instance with the Chief Executive and Head of Financial Services. We will then prepare a report outlining the reasons why the fee needs to change for discussion with the Finance and Audit Scrutiny Panel. Supplements to the plan will be issued to record any revisions to the risk and the impact on the fee.

## Auditor's report on the financial statements

- 17 The appointed auditor is required to issue an audit report giving an:
- opinion on whether the financial statements present fairly the financial position of the Council as at 31 March 2009; and
  - conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### Financial statements

- 18 We have not undertaken a risk assessment for our audit of the financial statements as many of the specific risks which may become apparent after we have completed our 2007/08 audit. A separate opinion plan for the audit of the financial statements will be issued by April 2009.
- 19 At this stage we are aware of the following risks that are likely to impact on our audit of the financial statements.
- Proposed changes to the CIPFA Statement of Recommended Practice (SoRP), in particular the need for disclosure of movements in the revaluation reserve and the risk that the financial statements will not be compliant with the 2008 SoRP.
  - There is ongoing significant investment in capital projects, especially the new Community stadium and the first site: new site development. Large capital projects present the risk that expenditure is not adequately controlled and may not be properly reflected in the financial statements. Accounting requirements for associated companies is likely to be complex in nature.
  - There is a risk of ongoing issues regarding the arrangements in place with Inspace and Colchester Borough Homes. There is a risk that transactions may not be properly reflected in the financial statements.

### VFM conclusion

- 20 In reaching our conclusion, we will review evidence that is relevant to the Council's performance management and financial management arrangements.
- 21 The key risks highlighted from the planning and details of planned work to mitigate the risks are outlined in Appendix 3.

## Use of resources 2007/08

- 22 This audit plan covers the last year of the current regime for Use of Resources assessment as part of the CPA framework. The work required to arrive at the 2007/08 Use of Resources assessment is fully aligned to that required to arrive the auditor's 2007/08 Value for Money conclusion.
- 23 Appendix 1 outlines the criteria and scoring.
- 24 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through our continuous planning process as the year progresses.



## Mandated work

25 As part of the audit, the mandated work programme comprises:

- data quality; and
- whole of government accounts.

Appendix 1 highlights the work to be undertaken.

## CPA and inspection

- 26 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework.
- 27 The Audit Commission’s CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 28 The Council’s CPA category is, therefore, a key driver in the Commission’s inspection planning process.
- 29 I have applied the principles set out in the CPA framework, ‘CPA – District Council Framework From 2006’, recognising the key strengths and areas for improvement in the Council’s performance.
- 30 Strengths in the Council’s performance include:
- implementing significant regeneration projects;
  - inclusion and provision of facilities for people with disabilities; and
  - recycling and composting.
- 31 Areas for improvement in the Council’s performance include:
- planning;
  - time taken to re-let housing;
  - levels of sickness absence.
- 32 On the basis of the planning process, I have identified where inspection activity will be focused for 2008/09 as follows.

**Table 2 Summary of inspection activity**

Inspection activity	Reason/impact
Relationship Manager (RM)/CAAL role	To act as the Commission’s primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the Annual Audit and Inspection Letter. The DoT assessment summary will be published on the Commission’s website.

## Advice and assistance

- 33 Under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 we have powers to provide 'advice and assistance' (A&A) to another public body where this is requested.
- 34 If you wish the Commission to provide additional services under these powers, please contact Dorothy Welsh, our regional lead on A&A, via [d-welsh@audit-commission.gov.uk](mailto:d-welsh@audit-commission.gov.uk).

## The audit and inspection team

- 35 The key members of the audit and inspection team for the 2008/09 audit are shown in the table below.

**Table 3 Audit and inspection team**

Name	Contact details	Responsibilities
Ilan Davidson Comprehensive Area Assessment Lead	<a href="mailto:i-davidson@audit-commission.gov.uk">i-davidson@audit-commission.gov.uk</a> 0844 798 5841	The primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Paul King District Auditor	<a href="mailto:paul-king@audit-commission.gov.uk">paul-king@audit-commission.gov.uk</a> 0844 798 5811	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and the Accounts and Regulatory Committee.
Tina Meyer Audit Manager	<a href="mailto:t-meyer@audit-commission.gov.uk">t-meyer@audit-commission.gov.uk</a> 0844 798 3059	Manages and co-ordinates the different elements of the audit work. Key point of contact for the Head of Financial Services.

## Quality of service

- 36 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Eastern Head of Operations, Susan Fenwick.
- 37 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet *‘Something to Complain About’*, which is available from the Commission’s website or on request.

## Planned outputs

- 38 Reports will be discussed and agreed with the appropriate officers before being issued to the Accounts and Regulatory Committee.

**Table 4**      **Planned outputs**

<b>Planned output</b>	<b>Indicative date</b>
Use of resources report 2007/08	October 2008
Opinion Audit Plan	December 2008
Interim audit memorandum (if required)	June 2009
Annual governance report	September 2009
Auditor's report giving an opinion on the financial statements and value for money conclusion	September 2009
Final accounts memorandum	November 2009
Annual Audit and Inspection Letter	TBC

## Appendix 1 – Elements of our work

### Financial statements

- 1 We will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 The appointed auditor is required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year.
- 3 The appointed auditor is also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Council.

### Value for money conclusion

- 4 The Code requires the auditor to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires the auditor to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at our conclusion.
- 5 In meeting this responsibility, we will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators, we will normally place reliance on their reported results to inform our work.
- 6 We will also follow up our work from previous years to assess progress in implementing agreed recommendations.

## Use of resources assessment 2007/08

- 7 The Use of Resources themes and KLOEs are outlined below.
- 8 We will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes.

Theme	Description
Financial reporting	<ul style="list-style-type: none"> <li>• Preparation of financial statements</li> <li>• External reporting</li> </ul>
Financial management	<ul style="list-style-type: none"> <li>• Medium-term financial strategy</li> <li>• Budget monitoring</li> <li>• Asset management</li> </ul>
Financial standing	<ul style="list-style-type: none"> <li>• Managing spending within available resources</li> </ul>
Internal control	<ul style="list-style-type: none"> <li>• Risk management</li> <li>• System of internal control</li> <li>• Probity and propriety</li> </ul>
Value for money	<ul style="list-style-type: none"> <li>• Achieving value for money</li> <li>• Managing and improving value for money</li> </ul>

- 9 We will report details of the scores and judgements made to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve.
- 10 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of the CPA.

## Use of resources assessment 2008/09

- 11 The Commission has now consulted on its proposals for the 2008/09 Use of Resources assessment. It proposes that the work required to arrive at the 2008/09 use of resources assessment is fully aligned with that required to arrive at the auditor's 2008/09 value for money conclusion. However, the fee for the 2008/09 use of resources assessment has not been included in this plan but will instead feature in the 2009/10 plan.

- 12 The Commission proposes that the assessment will be based upon the evidence from three themes:
- managing money;
  - managing the business; and
  - managing other resources.
- 13 The Commission proposes that Data Quality will become an element of the Use of Resources framework from 2008/09.

## **Data quality 2007/08**

- 14 This plan covers the 2007/08 data quality work. This is based on a three-stage approach covering:
- Stage 1 – management arrangements;
  - Stage 2 – analytical review; and
  - Stage 3 – risk-based data quality spot checks of a sample of 2007/08 performance indicators.
- 15 Work will be focused on the 2007/08 overall arrangements for data quality, particularly on the responsibility of the Council to manage the quality of its data including data from partners where relevant.
- 16 Our fee estimate reflects an assessment of risk in relation to the Council's data quality arrangements and performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at stage 1 and we will update our plan accordingly, including any impact on the fee.

## **Whole of government accounts**

- 17 We will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

## **National Fraud Initiative**

- 18 From 2008/09 work relating to the National Fraud Initiative will be carried out directly by the Commission under its new data matching powers under the Serious Crime Act 2007. The Commission will be consulting audited bodies on the work programme and fee scales for the National Fraud Initiative later this year.



## **Certification of grant claims and returns**

19 We will continue to certify the Council's claims and returns on the following basis.

- Claims below £100,000 will not be subject to certification.
- Claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification.
- Claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

## Appendix 2 – Basis for fee

- 1 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 2 The risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
  - our cumulative knowledge of the Council;
  - planning guidance issued by the Audit Commission;
  - the specific results of previous and ongoing audit work;
  - interviews with Council officers;
  - liaison with internal audit; and
  - the results of other review agencies' work where relevant.

## Assumptions

- 3 In setting the fee, we have assumed that:
  - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08;
  - you will inform us of significant developments impacting on our audit;
  - internal audit meets the appropriate professional standards;
  - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
  - good quality working papers and records will be provided to support the financial statements in accordance with a timetable to be agreed with officers;
  - requested information will be provided within agreed timescales; and
  - prompt responses will be provided to draft reports; and
  - additional work will not be required to address questions or objections raised by local government electors.
- 4 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.

- 5 Changes to the plan will be agreed with you. These may be required if:
- new residual audit risks emerge;
  - additional work is required by the Audit Commission or other regulators; or
  - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.
- 6 Below is a detailed breakdown of the audit and inspection fee for 2008/09.
- 7 The fee (plus VAT) will be charged in 12 equal instalments from April 2008 to March 2009.

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**Table 5 Detailed audit and inspection fee**

<b>Audit area</b>	<b>Planned fee 2008/09</b>	<b>Planned fee 2007/08</b>
<b>Audit</b>		
Financial statements	79,098	78,890
Use of Resources 2007/08	22,455	20,700
Data Quality 2007/08	9,504	9,373
Whole of government accounts	3,263	2,637
National Fraud Initiative	Invoiced separately	625
<b>Total audit fee</b>	<b>114,320</b>	<b>112,225</b>
<b>Inspection</b>		
Relationship management	3,285	3,245
Direction of Travel	3,285	3,245
Service inspection	-	-
Corporate inspection	-	-
<b>Total inspection fee</b>	<b>6,570</b>	6,490
<b>Total audit and inspection fee</b>	<b>120,890</b>	118,715
Certification of claims and returns	41,000 (estimate)	41,000 (estimate)

## Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor's responsibilities
Proposed changes to the CIPFA Statement of Recommended Practice (SoRP), in particular the need for a revaluation reserve supported by full details of asset valuation movements.	Officers have attended our Chief Accountant's workshop and are aware of the forthcoming changes to the SoRP.	Yes	Review of the fixed assets system as part of our pre-statements work. Review of the revaluation reserve as part of our post-statements work.	KLOE 1.1 - The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.
There is a risk of ongoing issues regarding the arrangements in place with Inspace and Colchester Borough Homes. There is a risk that transactions may not be properly reflected in the financial statements.	Officers are monitoring ongoing issues regarding Inspace and Colchester Borough Homes	Yes	Review of the systems relating to the ALMO as part of our pre-statements work. Review of the financial statements disclosures as part of our post-statements work.	KLOE 1.1 - The authority produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.

<b>Significant risks identified</b>	<b>Mitigating action by audited body</b>	<b>Residual audit risk</b>	<b>Action in response to residual audit risk</b>	<b>Link to auditor's responsibilities</b>
<p>There is ongoing significant investment in capital projects, especially Colchester stadium and the firstsite:newsite development. There is a risk that this expenditure is not controlled and may not be properly reflected in the financial statements and that governance and partnership arrangements may not be sufficiently robust. Accounting and monitoring arrangements for associated companies may be complex.</p>	<p>Financial management and governance arrangements at the Council have historically been strong.</p>	<p>Yes</p>	<p>Ongoing review of the projects and their impact on the financial position of the Council.</p> <p>Work will be undertaken on the governance arrangements in respect of Colchester stadium.</p>	<p>KLOEs 2.1 to 2.3 - How well does the council plan and manage its finances.</p> <p>KLOE 4.2 - The council has arrangements in place to maintain a sound system of internal control.</p>

## Appendix 4 – Independence and objectivity

- 1 We are not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 2 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 3 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 4 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 5 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
  - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
  - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 6 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Accounts and Regulatory Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 7 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

- 8 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.
- Appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
  - Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
  - The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
  - The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
  - The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

## Appendix 5 – Working together

### Meetings

- 1 The audit and inspection team will maintain knowledge of your issues to inform audit and inspection through regular liaison with key officers.
- 2 Our proposal for meetings is as follows.

**Table 6 Proposed meetings with officers/Members**

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive Executive Directors	District Auditor (DA) Audit Manager (AM)	As required	General update plus: <ul style="list-style-type: none"> <li>• April - Audit and Inspection Plan</li> <li>• June - accounts progress and VfM</li> </ul>
Directors	Comprehensive Area Assessment Lead (CAAL)	Periodically	General update
Head of Financial Services	AM and Team Leader (TL)	Quarterly	Update on audit and opinion issues
Internal Audit Manager	AM and TL	Quarterly	Update on audit progress and issues
Finance and Audit Scrutiny Panel/Accounts and Regulatory Committee	DA and AM, with TL as appropriate	As required	Formal reporting of: <ul style="list-style-type: none"> <li>• Audit and Inspection Plan;</li> <li>• Annual governance report;</li> <li>• Annual Audit and Inspection Letter; and</li> <li>• other issues as appropriate.</li> </ul>

### Sustainability

- 3 The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:
  - reducing paper flow by encouraging you to submit documentation and working papers electronically;
  - use of video and telephone conferencing for meetings as appropriate; and
  - reducing travel.





# Finance and Audit Scrutiny Panel

Item

30 June 2008

<b>Report of</b>	<b>Head of Financial Services</b>	<b>Author</b>	<b>Steve Heath</b> ☎ 282335
<b>Title</b>	<b>Pre-Audit Revenue Outturn 2007/08</b>		
<b>Wards affected</b>	Not applicable		

**The Panel is invited to review the financial performance of all  
General Fund services and the Housing Revenue Account in  
2007/08**

## 1. Action required

- 1.1 The panel is asked to note the financial performance of General Fund Services and the Housing Revenue Account (HRA) during 2007/08.

## 2. Reason for scrutiny

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

## 3. Background

- 3.1 The Panel last considered the revenue budget position on 26 February 2008. This showed a projected underspend of £601k against the General Fund. The report also detailed a projected underspend of £280k against the Housing Revenue Account.
- 3.2 Work is ongoing to complete the accounts for 2007/08 and this report has been prepared using provisional figures, which may be subject to some changes and are still subject to external audit.
- 3.3 All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.

## 4. General Fund

- 4.1 **Appendix A** summarises the Council-wide position by expenditure group. It shows a net underspend / additional income of **£1.679m** against the General Fund before carry forwards, £690k of which relates to Service Groups (excluding benefits). This represents a variance of 1.75% against net budget after carry forwards have been taken into account. **Appendix B** provides a more detailed view of the performance of individual Service Groups. Both reports include traffic light indicators. The thresholds are as follows:

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

4.2 **Appendix C** shows the major variances and provides comment on the extent to which action has been taken in the 2008/09 budget.

4.3 The table below summarises the outturn position for each Service, the effect of the approved requests for carry forward into 2008/09, and a breakdown of the outturn position against the main Non Service areas. It also shows a total net underspend for the Council of **£173k** after proposed contributions to reserves and provisions.

4.4 On the basis of these results the uncommitted General Fund balance would be £1.89m as at 31 March 2008. This compares to the estimate made when the 2008/09 budget was set of £1.722m, which was slightly higher than the minimum recommended balance of £1.7m.

<b>Service Area</b>	<b>Annual Budget £'000</b>	<b>Actual Net Exp. £'000</b>	<b>Variance £'000</b>	<b>Less C/Fwd £'000</b>	<b>Revised Variance £'000</b>
Corporate & Democratic Core	288	278	(10)		(10)
ICT	2104	1908	(196)	(34)	(162)
Executive Management Team	811	774	(37)	(11)	(26)
Corporate Services	4310	4208	(102)		(102)
Customer Service Centre	1015	1012	(3)		(3)
Enterprise, Communities & Renaissance	151	107	(44)	(14)	(30)
Financial Services (excl. Benefits)	5483	5506	23	(20)	43
Housing & Environmental Policy	2526	2421	(105)	(99)	(6)
Planning, Protection & Licensing	1553	1540	(13)	(26)	13
Street and Leisure Services	7122	6919	(203)	(48)	(155)
<b>Subtotal Services</b>	<b>25,363</b>	<b>24,673</b>	<b>(690)</b>	<b>(251)</b>	<b>(439)</b>
Benefits Payments and Subsidy	(1,226)	(1,292)	(66)		(66)
C.L.I.A.	(710)	(1,599)	(889)		(889)
LABGI	(124)	(502)	(378)		(378)
Corporate Savings Targets	(334)	0	334		334
Other Corporate	(19,155)	(19,145)	10		10
<b>Subtotal Non-service Areas</b>	<b>(21,549)</b>	<b>(22,538)</b>	<b>(989)</b>	<b>0</b>	<b>(989)</b>
Contribution to reserves & provisions					1,255
<b>Overall Position</b>			<b>(1,679)</b>	<b>(251)</b>	<b>(173)</b>

4.5 The above table shows approved carry forward requests totalling £251k. These relate to the following:

- £19k for a fixed-term project manager post within ICT, following delays in recruiting into the post.
- £15k relating to one-off funding from the PDG to the GIS team for a Gazetteer post.
- £3k to pay for WWW sessions that were originally due to take place in 2007/08.
- £8k to fund a Resident Perception Audit, which is due to be complete in July 2008.
- £9k for IT equipment for the flexible working pilot in Enterprise & Communities, which was delayed due to slippage in the timings for the VOIP telephony system.
- £5k from Safer Communities representing the Council's contribution to the SOS bus.
- £17k LHA grant funding for the seconded officer to complete and evaluate the project.
- £2.5k for IT monitors ordered from a budget that was reduced for 2008/09.
- £44k PDG funding for a nature conservation study that will be complete in December 2008.
- £51.5k relating to the recovery of income from staff car parking charges, including £32k unspent income from 2006/07.

- £3k relating to diversity project work and the assessment of Level 3 of the Equality Standard.
- £13k PDG funding due to delays in recruitment.
- £13k in relation to the Smoke Free Grant due to a change in Personnel.
- £48k relating to the Joint Museum Service. Up to £100k of budget underspend will be carried forward under the joint committee arrangements.

4.6 The 2008/09 budget was set on the assumption that £450k of the net budget favourable variance would be identified to support the prudent minimum level of reserves. In addition, the following proposed contributions to reserves and provisions totalling £805k will be considered by Cabinet on 9 July 2008:

- £250k contribution to the Repairs and Renewals reserve, towards the cost of the five-year buildings maintenance programme.
- £130k contribution to the Regeneration Reserve.
- £100k towards extended hours for the Concessionary Fares scheme.
- £100k to fund economic development initiatives and contribute towards the refit of the SOS bus.
- £100k contribution to the capital expenditure reserve for opportunity purchases.
- £70k to fund one off costs to enable services to deliver efficiencies and generate income.
- £55k to fund ongoing work and existing commitments such as Diversity work, tree replacement, Strategic Plan consultation, and sustainability projects.

## 5. Non Service Areas

5.1 In addition to Service budgets it is necessary to review the corporate and technical items in the budget. The following paragraphs detail the most significant of these in terms of budget variances.

5.2 The Central Loans and Investment Account (CLIA) comprises the Council's borrowing costs and investment income and has a net income budget of £710k. The CLIA budget is difficult to predict and can be affected by several factors. The majority of the Council's debt is on fixed rates reflecting the longer-term nature of the borrowing decisions. Investments are generally made for shorter periods and therefore returns can be more variable. This mix is generally more beneficial when interest rates are high or increasing. It is important to add that the exposure to interest rate movements is regularly monitored to minimise risks to changes in returns. During the year, additional net income of £750k was forecast. The final expected position is higher with an additional £889k shown. There are a number of reasons for this net gain:

- Increases in the bank base rates have been higher than was expected when the budget was set. In addition to this, there was a growing expectation during the year that rates would rise to even higher levels, which drove interest rates on offer higher, providing the Council with opportunities to improve investment returns. Furthermore, turmoil in the financial markets caused an increase in investment rates, particularly in the 3-6 month area. This provided further opportunities to improve returns.
- The level of cash balances was higher than was expected. This is due to a number of factors including the Council's borrowing activity, funds added to reserves at the end of 06/07, the variances against 07/08 budgets, capital spending being slower than expected, and total revenue balances being higher than last year.
- The Council's investment strategy was amended from April 2007. This involved withdrawing £18m from the external fund manager, and managing the cash 'in-house'. Some of this has been invested for longer periods to help provide greater certainty of investment returns into the next financial year. The remainder was used to take increased advantage of the economic environment explained earlier.

5.3 The Panel will receive the Annual Report on Treasury Management, including a review of investment and borrowing performance, at the next meeting.

- 5.4 The Local Authority Business Growth Incentive (LABGI) grant is provided to reward business growth, and returns to Councils a share of additional business rate revenue generated by economic growth above a certain threshold within the borough. The budget assumed that the Council would receive income of £124k. During the year the Council was awarded an additional £213k in relation to the first two years of the scheme. The 2007/08 grant was announced on 2 April 2008. The allocation for the Council totalled £289k, which included further readjustments for years 1 & 2 of the scheme. This means that the budget has been exceeded by £378k. No LABGI payment will be received in 08/09 but a replacement scheme will be implemented in 09/10.
- 5.5 The 2007/08 budget included corporate savings targets totalling £985k. The outturn position shows a shortfall against these targets of £334k. This is largely due to timing issues, and this has been reflected in the 2008/09 budget. The targets were as follows:
- **Support Services Review** – Savings of £40k were achieved in relation to the decision not to continue using an external fund manager for the Council's investments, and reduced fleet costs as a result of outsourcing the cleaning contract. The 2008/09 target is for a further £48k.
  - **Procurement Savings** – Total savings of £140k identified including telephone line rental, mobile phone tariffs, desktop support costs, new car park ticket machines and a rebate from the Procurement Hub. The action plan identifies further savings, which have been taken into account in the 2008/09 target of £227k.
  - **Salary Budgets** – £439k of salary underspends were identified by Heads of Service as being able to contribute towards this target. It can be seen by the variance remaining against Services' Employee budgets that this target has, in fact, been exceeded. The 2008/09 target is £515k.
  - **Income Generation** – Gross sales reached £71k with a total of 10 roundabouts sponsored. The set up costs (producing and erecting signs) have been higher than expected, therefore the Council's share of the sales has been less than anticipated at £22k. There is a further £10k from the Council's IT provider. There is an income target of £70k for 2008/09.

<b>Outline of Saving</b>	<b>Target £'000</b>	<b>Actual £'000</b>	<b>Variance £'000</b>
Support services review	90	40	50
Procurement savings	225	140	85
Salary budgets	500	439	61
Advertising income	170	32	138
<b>TOTAL</b>	<b>985</b>	<b>651</b>	<b>334</b>

## 6. Housing Revenue Account

- 6.1 **Appendix D** sets out the pre-audit revenue outturn for the Housing Revenue Account (HRA).
- 6.2 The outturn position is showing a net deficit of £1.259m compared to a budgeted deficit of £347k for the year, an adverse variance of £912k. The outturn variance has primarily arisen as a result of the level of expenditure on Repairs and Maintenance charged direct to the HRA, which has been reported in the periodic monitoring reports during the year. Furthermore additional revenue contributions have been made from balances to fund HRA capital expenditure. These increased uses of balances are in line with the report to Cabinet on 21 May 2008. It should be noted that a proportion of the HRA balance had already been committed to meet this expenditure and therefore the contribution from balances has been released. In addition, we received more rental income due to fewer Right to Buy sales and void properties than assumed within the budget, along with the fact that 2007/08 was a 53 rental week year but only 52 weeks were reflected in the budget.

6.3 The position as shown in **Appendix D** is as follows:

	<u>£'000</u>	<u>£'000</u>
Budgeted deficit for the year		347
Pre audit provisional outturn deficit	1,259	
Use of balances to fund capital	1,100	<u>2,359</u>
Variance (Funded by a contribution from balances)		<u>2,012</u>

6.4 The HRA balance at 31 March 2008 is £1.498m. However, £1.192m of this balance is currently committed to future years in order to fund revenue expenditure committed to during 2007/08, together with future contributions to the Housing Investment Programme (Capital). This leaves the uncommitted HRA balance at £306k. The recommended minimum level of balances is £600k and therefore it is planned to take corrective action which will restore the HRA balance to at least the recommended prudent level.

6.5 The HRA is a “ring-fenced” account which means that any underspend or overspend in a given year must be retained within the HRA. The effect of the 2007/08 outturn position will need to be reflected within the Medium Term Financial Forecast (MTFF) for the HRA to establish the level of resources for future years. This would usually be reviewed as part of the forthcoming budget process for 2009/10, but given the level of uncommitted HRA balances, a review will be undertaken sooner.

## 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 2007/08 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 2007/08 revenue budget report that was approved by Council in February 2007 detailed a number of potentially significant risk areas that had been identified during the budget process. In addition, Heads of Service identified 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

## Analysis of Major Variances 2007/08

Service / Item	(Under) / Over £'000	One-off / Recurring	Comment
<b>ICT Services</b>			
IT Costs (Key Risk Area)	(116)	One-off	£31k overspend on software licences and computer equipment. The GIS/LLPG and Street Naming and Numbering services were transferred during the year from Corporate Services. The £128k underspend on Serco and support costs are due to timing with delayed implementation leading to the costs being incurred later than planned.
Telephony Costs	(42)	One-off	£51k underspend on calls. A reduction on the cost of calls under the contract was negotiated during the year. This has been factored into next year's budget and the telephony costs are likely to increase with the deployment of Voice Over Internet Protocol telephony during 2008/9. £15k underspend on rental £24k overspend on equipment (relates to CBH)
<b>Corporate Services</b>			
Employee Expenditure	(59)	One-off	Variance mainly due to staff turnover in Legal Services, electoral registration payments to canvassers, and Functions and Hallkeepers' overtime.
Electricity at Rowan House	(60)	One-off	£60k was accrued in 06/07 for electricity costs. More recent estimates have put the annual cost as being in the region of £20k. £30k has been accrued this year relating to 07/08 and an outstanding element of 06/07.
NNDR Refunds	(35)	Recurring	A number of refunds relating to previous years were made against Council properties following a review of rateable values. This should have a small favourable impact in 08/09 as the refunds were made after the budget had been set.
Rowan House Landlord Service Charges	34	One-off	Variance occurred as a stepped increase in the service charge was not taken into account in the 07/08 budget. This should not re-occur in 08/09.
Democratic Services Printing costs (Key Risk Area)	45	One-off	This particularly relates to the printing of agendas. Measures have been taken to reduce the number of copies produced, and the pricing structure has been re-assessed. 08/09 budgets have been increased to mitigate this pressure.
Legal Fees (Key Risk Area)	32	Recurring	Relates to a reduction in the number of Section 106 agreements coming through. Possibly recurring due to a downturn in the housing market.
Land Charges Income	(44)	One-off	The delayed introduction of HIPs led to more official searches than was anticipated. This is an area that should break-even and will continue to be closely monitored, particularly in relation to the downturn in the housing market.

Service / Item	(Under) / Over £'000	One-off / Recurring	Comment
<b>Enterprise, Communities &amp; Renaissance</b>			
Initiative Funding	(41)	One-off	Underspend on Enterprise Development grant payments – adjusted for in 2008/09 budget. Also one-off underspend on IT costs
Rental Income (Key Risk Area)	66	One-off	This is comprised of the following items: <ul style="list-style-type: none"> <li>- Culver Centre rent reconciliation resulted in a year end invoice for £104k leading to an under recovery of £72k</li> <li>- 3&amp;5 The Centre had fewer costs to recharge leaving an under recovery of £27k</li> <li>- Charter Court year end rent reconciliation resulted in additional income of £34k</li> </ul>
<b>Financial Services</b>			
Financial Management IT Costs	20	One-off	Additional costs for Marketplace (Corporate purchase ordering system). Built into 08/09 budget.
Concessionary Fares (Key Risk Area)	(106)	One-off	Lower than expected payments to bus companies due to favourable appeal outcomes. Also grant received for issue of smart cards, but due to efficient production net expenditure was lower. Cost pressure built into 08/09 budget to cover the additional costs of the current scheme and the expansion to a national scheme. Grant to be received in 08/09 to help with the cost of National scheme.
Insurance premiums	88	One-off	Additional premiums not included in 07/08 budget, also higher than expected premiums. Built into 08/09 budget to be recharged as non direct cost.
Benefits (Key Risk Area)	(66)	One-off	Underspend on DHP and Local Schemes, 100% LA Error subsidy achieved not budgeted for, built into 08/09 budget. Under recovery on Housing Benefit Overpayments.
<b>Housing &amp; Environmental Policy</b>			
Bed & Breakfast (Key Risk Area)	75	Recurring	Net Bed & Breakfast costs are overspent, which is in line with the predicted outturn for the year. This was due to the number of single person households averaging 20 at any one time rather than the budgeted figure of 12 households. In 2008/09 further homelessness prevention work is being undertaken to reduce this expenditure.
Travel Plan	(51)	Recurring	Relates to unspent Travel Plan income. Carry Forward requested.
PDG	(44)	One-off	Relates to unspent Planning Delivery Grant income. Seasonal work with Carry Forward requested.
ODPM Grant	(15)	One-off	Additional Grant income received to contribute towards the cost of a Homelessness Visiting Officer.
<b>Planning, Protection &amp; Licensing</b>			
Planning Income (Key Risk Area)	(93)	Recurring	Over-recovery of income from Planning Fees. Mainly offset by increased legal and consultancy expenditure (below).

Service / Item	(Under) / Over £'000	One-off / Recurring	Comment
Planning Consultancy & Legal costs (Key Risk Area)	66	One-off	Legal over-spend is attributable to the loss of an in-house solicitor specialising in planning legal agreements. This was paid for externally (direct budget). Several appeals with solicitors' costs or large compensation payments have occurred during the year.
Head of Service	42	One-off	Consultancy & hospitality costs incurred due the PP&L Service Review
<b>Street &amp; Leisure Services</b>			
Employee costs	(361)	One-off	Employee savings across the service, used to mitigate budget pressures – in trading areas lower than anticipated expenditure tends to be accompanied by and equivalent reduction in earned income. The year-end saving is in addition to the contributions to the corporate savings target.
Energy costs	(133)	One-off	Saving predominantly gas and electricity charges at Colchester Leisure World.
NNDR charges (Key Risk Area)	(154)	One-off	The majority of the saving relates to a refund on Colchester Leisure World NNDR charges paid in previous financial years.
Vehicle hire (Key Risk Area)	142	One-off	A vehicle-procurement exercise was undertaken at the end of 2007/08 to replace vehicles hired from external firms.
Museums grants (Key Risk Area)	(61)	One-off	Income received by Museum Service, including reimbursement of project and conservation works.
Trade waste tipping charges	66	One-off	Mainly tipping charges payable to Essex County Council. Partly due to January, February and March 2007 charges being posted to 2007/2008 (amounting to £32k).
Parking enforcement (Key Risk Area)	(80)	One-off	Unbudgeted income for the provision of parking enforcement services at Forest Heath – depending of the nature of any subsequent agreements this arrangement will feature in the future as a trading where income and expenditure can be balanced
Recycling credits	(73)	One-off	Income from Essex County Council for each tonne of recycling diverted from landfill. The 2008/09 budget assumes more income from recycling credits. Budget adjusted for 2008/09
Telecare grant (Key Risk Area)	(37)	One-off	Grant income from Essex County Council for the development of the Telecare Service in Community Alarms. Part of the grant will be spent in 2008/09.
Sport & Leisure income (Key Risk Area)	221	One-off	See relationship with employee costs. Largest adverse variances are beauty therapy (£69k), bar & catering (£56k), wet side courses (£39k), pools (£35k), West End Tennis (£22k) and Local Sports Centres (£21k). Favourable variances against Charter Hall Events (£51k) and Lifestyle Passports (£42k).



Service / Item	(Under) / Over £'000	One-off / Recurring	Comment
Museum income (Key Risk Area)	93	One-off	Largest adverse variances are Castle Museum (£34k) and Colchester Retail (£33k).
Parking Income (Key Risk Area)	516	Recurring	The budget for 2008/09 has been adjusted, but some pressure remains on the targets for car parking income. The adverse variance against budgeted income relates to car park receipts (£278k), Penalty Charge Notices (£145k) and season ticket income (£93k).
Domestic Refuse income	(72)	Recurring	May be a continuing issue. Higher than budgeted sales of consumables (£125k) and lower than budgeted income from fees (£50k).
<b>Technical Items</b>			
CLIA (Key Risk Area)	(883)	One-off	This is primarily due to increases in interest rates and higher levels of cash balances, together with changes to the Council's investment strategy. The 08/09 budget has increased the target for returns by £300k following a review of the investment strategy.
LABGI (Key Risk Area)	(379)	One-off	The LABGI grant is provided to reward business growth and is based on the level of growth in rateable value within the Borough in 2007. The 07/08 LABGI grant was announced on 2 April 2008. The Council has also received additional amounts relating to a recalculation of the first two years of the scheme. No LABGI payment will be received in 08/09 but a replacement scheme will be implemented in 09/10.
Corporate Savings Targets	334	One-off	This relates to the shortfall against corporate savings targets, which is broken down as follows: <ul style="list-style-type: none"> <li>• £50k Support Service Review</li> <li>• £85k Procurement</li> <li>• £61k Salary Savings. However there was a further underspend on salaries which could have met this target.</li> <li>• £138k Income Generation</li> </ul> For 08/09 budget targets have been adjusted: income generation reduced by £100k; Procurement increased by £100k. The Support Service Review and Salary targets remain in the budget.
Regeneration Reserve	(140)	One-off	Relates to the balance of an amount released from the regeneration reserve, which will be returned to balances as agreed with the Leader and PFH Resources.

**Budget Monitoring Summary -  
Provisional Outturn 2007/08**

## Provisional Outturn Position

Account Description	Note	Annual Budget £'000	Actual Outturn £'000	Variance (fav)/adv £'000	
<b>By Subjective Group</b>					
Employees		25,515	25,000	(515)	amber
Premises Related		8,167	7,761	(406)	amber
Transport Related		1,567	1,692	125	red
Supplies & Services		11,779	11,594	(185)	amber
Third Party Payments		2,100	1,988	(112)	red
Transfer Payments		2,039	2,041	2	green
Capital Financing Costs		6	3	(3)	amber
<b>Subtotal Expenditure</b>		<b>51,173</b>	<b>50,079</b>	<b>(1,094)</b>	<b>amber</b>
Government Grant		(1,866)	(1,747)	119	red
Other Grants & Reimbursements		(3,448)	(3,845)	(397)	red
Customer & Client Receipts		(19,002)	(18,275)	727	amber
Income-Interest		(23)	(27)	(4)	amber
Inter Account Transfers		(1,471)	(1,512)	(41)	green
<b>Subtotal Income</b>		<b>(25,810)</b>	<b>(25,406)</b>	<b>404</b>	<b>amber</b>
<b>Total General Fund Services</b>	<b>A</b>	<b>25,363</b>	<b>24,673</b>	<b>(690)</b>	<b>amber</b>
<b>By Service Group</b>					
Corporate & Democratic Core		288	278	(10)	green
ICT		2,104	1,908	(196)	red
Executive Management Team		811	774	(37)	green
Corporate Services		4,310	4,208	(102)	amber
Customer Service Centre		1,015	1,012	(3)	green
Enterprise, Communities & Renaissance		151	107	(44)	amber
Financial Services (excl. Benefits)		5,483	5,506	23	green
Housing & Environmental Policy		2,526	2,421	(105)	amber
Planning, Protection & Licensing		1,553	1,540	(13)	green
Street and Leisure Services		7,122	6,919	(203)	amber
<b>Subtotal General Fund Services</b>	<b>A</b>	<b>25,363</b>	<b>24,673</b>	<b>(690)</b>	<b>amber</b>
Benefits - Payments and Subsidy	<b>B</b>	(1,226)	(1,292)	(66)	red
Corporate/Technical Items	<b>C</b>	(20,323)	(21,246)	(923)	amber
<b>TOTAL NET</b>		<b>3,814</b>	<b>2,135</b>	<b>(1,679)</b>	
<b>Housing Revenue Account</b>	<b>D</b>	347	2,359	2,012	red

**Notes**

- A** Detailed notes relating to the performance of General Fund Services are included in the notes to Appendix B.
- B** The projected outturn includes underspends relating to DHP and LA error, as well as an under recovery of overpayments.
- C** Variance includes additional investment income and LABGI grant, the balance of monies released from the regeneration reserve and a shortfall against the corporate savings targets.
- D** Variance consists of additional expenditure on repairs & maintenance, and revenue contributions to fund capital expenditure. This is partially offset by internal recharges, and higher than anticipated levels of rental income and HRA subsidy.

### Budget Monitoring Report for All Services - Provisional Outturn 2007/08

Account Description	Note	CDC £'000	ICT £'000	EMT £'000	CORP £'000	CSC £'000	EC&R £'000	FINR £'000	H & EP £'000	PP&L £'000	STLE £'000	Total £'000
<b>EXPENDITURE</b>												
<b>EMPLOYEES</b>												
Annual Budget		-	295	739	2,082	967	1,320	2,864	2,286	3,016	11,946	25,515
Actual Outturn		-	281	729	2,023	960	1,314	2,850	2,254	3,003	11,586	25,000
Variance	A	green	(14)	(10)	(59)	(7)	(6)	(14)	(32)	(13)	(360)	(515)
		green	green	green	amber	green	green	green	green	green	amber	amber
<b>PREMISES</b>												
Annual Budget		-	-	-	1,648	-	209	7	622	27	5,654	8,167
Actual Outturn		-	1	5	1,576	2	195	5	695	24	5,258	7,761
Variance	B	green	amber	amber	(72)	2	(14)	(2)	73	(3)	(396)	(406)
		green	amber	amber	amber	amber	amber	amber	red	amber	red	amber
<b>TRANSPORT</b>												
Annual Budget		-	2	7	33	1	16	10	35	109	1,354	1,567
Actual Outturn		-	2	8	23	-	15	14	30	86	1,514	1,692
Variance	C	green	green	amber	(10)	(1)	(1)	4	(5)	(23)	160	125
		green	green	amber	amber	amber	amber	amber	amber	amber	red	red
<b>SUPPLIES &amp; SERVICES</b>												
Annual Budget		288	1,888	458	1,356	105	1,075	1,519	609	523	3,958	11,779
Actual Outturn		278	1,718	451	1,403	108	1,012	1,591	496	695	3,842	11,594
Variance	D	green	(170)	(7)	47	3	(63)	72	(113)	172	(116)	(185)
		green	red	green	green	green	red	amber	red	red	amber	amber
<b>THIRD PARTY</b>												
Annual Budget		-	-	-	92	-	86	24	72	65	1,761	2,100
Actual Outturn		-	6	-	87	-	85	24	67	52	1,667	1,988
Variance	E	green	amber	green	(5)	-	(1)	-	(5)	(13)	(94)	(112)
		green	amber	green	amber	green	green	green	amber	amber	red	red
<b>TRANSFER PAYMENTS</b>												
Annual Budget		-	-	-	-	-	-	2,039	-	-	-	2,039
Actual Outturn		-	-	-	-	-	-	2,041	-	-	-	2,041
Variance		-	-	-	-	-	-	2	-	-	-	2
		green	green	green	green	green	green	green	green	green	green	green
<b>CAPITAL FINANCING</b>												
Annual Budget		-	-	-	6	-	-	-	-	-	-	6
Actual Outturn		-	-	-	3	-	-	-	-	-	-	3
Variance	F	-	-	-	(3)	-	-	-	-	-	-	(3)
		green	green	green	amber	green	green	green	green	green	green	amber
<b>TOTAL EXPENDITURE</b>												
Annual Budget		288	2,185	1,204	5,217	1,073	2,706	6,463	3,624	3,740	24,673	51,173
Actual Outturn		278	2,008	1,193	5,115	1,070	2,621	6,525	3,542	3,860	23,867	50,079
Variance		(10)	(177)	(11)	(102)	(3)	(85)	62	(82)	120	(806)	(1,094)
		green	red	green	amber	green	amber	amber	amber	amber	amber	amber

### Budget Monitoring Report for All Services - Provisional Outturn 2007/08

Account Description	Note	CDC £'000	ICT £'000	EMT £'000	CORP £'000	CSC £'000	EC&R £'000	FINR £'000	H & EP £'000	PP&L £'000	STLE £'000	Total £'000
<b>INCOME</b>												
<b>GOVERNMENT GRANT</b>												
Annual Budget		-	-	-	-	-	(256)	(477)	(143)	-	(990)	(1,866)
Actual Outturn		-	-	-	-	-	(256)	(477)	(158)	-	(856)	(1,747)
Variance	<b>G</b>	green	green	green	green	green	green	green	amber	green	red	red
<b>OTHER GRANTS</b>												
Annual Budget		-	(7)	(393)	(13)	(42)	(454)	(29)	(234)	(307)	(1,969)	(3,448)
Actual Outturn		-	(15)	(419)	(13)	(42)	(479)	(30)	(238)	(327)	(2,282)	(3,845)
Variance	<b>H</b>	green	amber	amber	green	green	amber	green	green	amber	red	red
<b>CUST &amp; CLIENT RECPTS</b>												
Annual Budget		-	(74)	-	(877)	(16)	(1,845)	(474)	(715)	(1,880)	(13,121)	(19,002)
Actual Outturn		-	(85)	-	(876)	(16)	(1,779)	(512)	(716)	(1,993)	(12,298)	(18,275)
Variance	<b>I</b>	green	amber	green	green	green	amber	amber	green	red	red	amber
<b>INCOME-INTEREST</b>												
Annual Budget		-	-	-	(17)	-	-	-	(6)	-	-	(23)
Actual Outturn		-	-	-	(18)	-	-	-	(9)	-	-	(27)
Variance	<b>J</b>	green	green	green	amber	green	green	green	amber	green	green	amber
<b>INTER ACCOUNT TRANS</b>												
Annual Budget		-	-	-	-	-	-	-	-	-	(1,471)	(1,471)
Actual Outturn		-	-	-	-	-	-	-	-	-	(1,512)	(1,512)
Variance		green	green	green	green	green	green	green	green	green	green	green
<b>TOTAL INCOME</b>												
Annual Budget		-	(81)	(393)	(907)	(58)	(2,555)	(980)	(1,098)	(2,187)	(17,551)	(25,810)
Actual Outturn		-	(100)	(419)	(907)	(58)	(2,514)	(1,019)	(1,121)	(2,320)	(16,948)	(25,406)
Variance		green	amber	amber	green	green	green	green	green	red	amber	amber
<b>TOTAL NET</b>												
Annual Budget		288	2,104	811	4,310	1,015	151	5,483	2,526	1,553	7,122	25,363
Actual Outturn		278	1,908	774	4,208	1,012	107	5,506	2,421	1,540	6,919	24,673
Variance		(10)	(196)	(37)	(102)	(3)	(44)	23	(105)	(13)	(203)	(690)
		green	red	green	amber	green	amber	green	amber	green	amber	amber

**Notes**

**Employees**

**A** The variances are mainly due to vacancies, and the corporate savings target is excluded. Corporate Services outturn relates to underspends within Legal Services, Democratic Services and Facilities. Street & Leisure main underspends in Sports & Leisure, Museums, Street Care, and Recycling, as well as an overspend in Community Operations, which is expected to be met by an additional grant.

**Premises**

**B** Smaller variances are due to repairs and maintenance costs, and portable appliance testing. Corporate Services variance relates to electricity costs for Rowan House and NNDR rebates. Housing & Environmental Policy variance relates to additional B&B costs. Street & Leisure variances mainly relate to reduced NNDR and utilities costs within Sports & Leisure, and grounds maintenance within Parks & Recreation.

**Transport**

**C** The smaller variances mainly relate to public transport and car allowances. The Corporate Services variance relates to less frequent use of the Mayoral car. The overspend in Street & Leisure relates to vehicle hire costs in fleet management resulting from delays in the procurement of new waste vehicles.

**Supplies & Services**

**D** ICT underspend relates to new applications, and telephone calls. Enterprise & Communities variance includes grant payments, marketing and IT costs. Financial Services' variance relates to insurance and IT costs. Housing & Environmental Policy showing variances against the Travel Plan and PDG expenditure. PP&L variance relates to consultancy, legal fees, IT costs, and scientific tests within environmental control. Street & Leisure main variances relate to marketing and event costs within Cultural Services, business development costs within Museums, and an overspend on workshops materials and fuel within recycling.

**Third Party Payments**

**E** ICT variance relates to unbudgeted payments to Serco. Corporate Services variance relates to Legal Services search fees. Housing & Environmental variance relates to contractor payments within Housing Needs and Planning Policy. PP&L variance against contractor payments and payments to other LA's. Street & Leisure variance relates to contractor payments within Street Care, Sport and Leisure and Parking Services.

**Capital Financing**

**F** Corporate Services variance relates to Legal Services software costs.

**Government Grant**

**G** Housing & Environmental Policy variance relates to Housing subsidy payments from DCLG. The Street & Leisure variance is as a result of a receipt in advance against Museum Hub income.

**Other Grants**

**H** ICT variance relates to HRA income. EMT variance relates to partner projects and is offset within Supplies and Services. Enterprise & Communities variance relates to grant income for the Construction Initiative Development and Community Safety Partnership. PP&L variance against S106 income. Street & Leisure variance includes an under recovery on Arts Development within cultural Services, income from Forest Heath DC for parking enforcement services, unbudgeted income for bus shelters within Engineering, and additional recycling credit income.

**Cust & Client Receipts**

**I** ICT variance relates to income from CB Homes. Enterprise and Communities under recovery relates to rental income within Estates Management. PP&L variance relates to an over recovery against planning applications. Financial Services variance relates to an under recovery of court fees within Local Taxation. Street & Leisure adverse variance mainly relates to car parking, PCNs and season tickets, as well as Sport & Leisure and Museums admissions and sales income.

**Interest**

**J** Variance relates to mortgage interest within Housing & Environmental Policy.

Provisional Outturn 2007/08					
Provisional Outturn 2007/08			Provisional Outturn 2007/08		
Account Description	Note	Annual Budget £'000	Actual Outturn £'000	Variance (fav)/adv £'000	
<b>HRA - Direct &amp; Non-Direct</b>					
<b>EXPENDITURE</b>					
Employees		727	720	(7)	green
Premises Related	A	6,234	8,022	1,788	red
Transport Related		6	2	(4)	amber
Supplies & Services	B	983	1,043	60	red
Third Party Payments		4,316	4,363	47	green
Transfer Payments	C	71	19	(52)	red
Support Services		2,461	2,353	(108)	amber
Capital Financing Costs	D	20,006	12,608	(7,398)	red
<b>TOTAL EXPENDITURE</b>		<b>34,804</b>	<b>29,130</b>	<b>(5,674)</b>	red
<b>INCOME</b>					
Government Grant	E	-	(116)	(116)	red
Other Grants & Reimbursements	F	(252)	(149)	103	red
Customer & Client Receipts	G	(21,818)	(22,524)	(706)	amber
Income-Interest		(66)	(97)	(31)	amber
Inter Account Transfers	D	(12,321)	(3,885)	8,436	red
<b>TOTAL INCOME</b>		<b>(34,457)</b>	<b>(26,771)</b>	<b>7,686</b>	red
<b>TOTAL NET - HRA</b>		<b>347</b>	<b>2,359</b>	<b>2,012</b>	red

## Notes

- A** Additional expenditure on Repairs and Maintenance charged directly to the HRA.
- B** Additional expenditure on Legal and Consultancy costs of £120k. Increased contribution to the Provision for Bad and Doubtful debts of £100k. There has been a general underspend across budget headings, including Equipment and Materials (£62k), IT (£34k), Telephones and Postages (£35k).
- C** There is an underspend on Transfer Incentive payments (£38k) and Removal and Disturbance payments (£14k).
- D** Additional revenue contributions of £1,100k from HRA balances to fund HRA capital expenditure.
- E** We have received HRA subsidy from the DCLG for the financial years 2001/02 and 2002/03 which had not been included in the budget.
- F** Reduction in costs charged to Capital relating to the administration function of the Right To Buy process, reflecting the reduced number of sales and activity (£99k).
- G** Additional rental income due to fewer Right To Buy sales and void properties than assumed within the budget, along with the fact that 2007/08 was a 53 rental week year but only 52 weeks were reflected in the budget.



## Finance and Audit Scrutiny Panel

Item  
**13**

**30 June 2008**

<b>Report of</b>	<b>Head of Financial Services</b>	<b>Author</b>	<b>Graham Coleman</b> ☎ 282741
<b>Title</b>	<b>Capital Expenditure Monitor 2007/08</b>		
<b>Wards affected</b>	N/A		

**This report details all capital expenditure during 2007/08.**

### **1. Action Required**

1.1 To note the level of capital spending during 2007/08 and forecasts for future years.

### **2. Reasons for Actions**

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 2007/08 (April 2007 to March 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 14 March 2007, 11 July 2007, 12 September 2007, 30 January 2008 and 12 March 2008.

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

### **5. 2007/08 Review**

5.1 Capital spending in the year totalled £30.4 million. This represents 50.2% 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 2007/08 and that spending is broadly in line with expectations.

5.2 In total, forecast spending for this year, as reported to the last meeting of FASP, was £29.4 million. This figure has since been amended to £29.6 million to take account of additional external funding received in the last quarter of the financial year relating to 2007/08 schemes. The remainder of the programme is planned for 2008/09 and future years. The table below sets this out by service area:-

Summary	Current Total Programme £'000	2007/08 Expenditure for year £'000	Expected Expenditure per last FASP report 2007/08 (as amended) £'000	Expected Expenditure 2008/09 and Future years £'000
Corporate Services	1,894.4	197.4	329.9	1,697.0
EMT	472.1	199.1	172.1	273.0
Financial Services	12.0	6.1	12.0	5.9
Housing & Environmental Policy	1,714.5	409.3	667.0	1,305.2
ICT	3,208.9	670.0	1,467.3	2,524.3
Planning, Protection & Licensing	185.4	13.0	12.8	172.4
Renaissance Programme	24,010.2	13,852.0	13,410.2	10,583.2
Enterprise & Communities	357.4	209.9	219.1	172.8
Street & Leisure Services	14,829.0	7,487.5	8,157.9	7,279.3
Completed Schemes	408.6	389.5	427.7	0.0
<b>Total – General Fund Services</b>	<b>47,092.5</b>	<b>23,433.8</b>	<b>24,876.0</b>	<b>24,013.1</b>
Housing Revenue Account	11,707.0	6,742.6	4,373.1	4,964.4
<b>Total Capital Programme</b>	<b>58,799.5</b>	<b>30,176.4</b>	<b>29,249.1</b>	<b>28,977.5</b>
Housing Schemes Dependent on Specific Grants	1,767.0	229.5	372.0	1,537.5
<b>Grand Total</b>	<b>60,566.5</b>	<b>30,405.9</b>	<b>29,621.1</b>	<b>30,515.0</b>

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 21 February 2007, and revised on 14 March 2007, 11 July 2007, 12 September 2007, 30 January 2008, and 12 March 2008.

5.4 The total spend in 2007-2008 was £30.4m which is £0.8m (2.6%) more than the previous forecast of £29.6m. The major factor in this variance is timing differences rather than changes in the total cost of projects. This is not unexpected with major schemes that are planned to be carried out over a longer timescale than twelve months. It is difficult to forecast spending profiles between financial years. Such variances do not create a funding problem as once resources are identified they can usually be moved between years to match the spending pattern. This variance can be analysed over schemes as set out in the table on the next page.



<b>Scheme</b>	<b>Over/(Under) in Year £'000</b>
Decent Homes/Aids & Adaptations	2,428.2
Community Stadium	940.0
ICT Schemes	(797.3)
East Colchester Regeneration	(523.6)
Firstsite	(440.3)
Housing Grants	(340.4)
All Other Schemes	(481.8)
<b>Net Overspend</b>	<b>784.8</b>

Commentary on the schemes is provided in section 5.6 below and Appendix A.

- 5.5 It should be noted that the sum of expenditure in 2007/08 and expected expenditure in future years is more than the current programme by £354.4k. This reflects currently identified projected changes in the overall costs of schemes from the previously approved capital programme. This allows for the potential additional expenditure on the Community Stadium of up to £410k, offset by smaller variations on other schemes. This is further explained in paragraphs 5.6 and 5.7 below.
- 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.

#### ICT

There was a significant under-spend on ICT projects compared to the previous forecast. This is largely a result of timing issues in relation to when expenditure is to be incurred. The larger projects are:

- E-Government – budget is committed.
- ESD (Customer Service Centre) – spend delayed due to problems with software and product availability.
- ICT Strategy Development – around £500k now allocated to projects. Data centre review and VOIP projects will start to take-off once the pilot is concluded.

#### Firstsite

Firstsite is entering the final phase of construction, although a delay is anticipated compared to the original building completion date, as the main contractor is still resolving a number of performance and programme issues with its roofing and glazing sub-contractors. This remains a concern as completion of these works is on the critical path for the project, which inevitably will have an impact on the programme and potentially the practical completion date. This is now unlikely to be before the end of 2008 and may be in early 2009. There are likely to be some 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.

#### Community Stadium

The main build contract with Barr remains on programme. 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. Given the release of £500k of funding in October 2007, additional funding required is likely to be between £260k and £410k to meet the costs of the improved public transport facilities. Consideration of the funding shortfall will be included within the capital programme report to Cabinet in July.

### 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 (CBC) and the contractor mutually agreed to end their partnership on 30<sup>th</sup> June 2008 for the delivery of responsive repairs, planned maintenance and decent homes services. As part of that agreement Colchester Borough Homes (CBH) will now assist the Council with longer-term delivery and CBC, CBH and the contractor are now working closely together to ensure there is as little disruption as possible to the repairs and maintenance service during the handover period. A review is underway to determine the timescale and cost to complete the programme. Discussions are being undertaken 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 focus 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 and summarised in the table below:

<b>Scheme</b>	<b>Over/ (Under)</b>
	<b>£'000</b>
Customer Service Centre (Offices)	(14.6)
Mersea Pontoon	(15.0)
Stadium Pre-development	15.0
Other minor over/(under)spends	(26.0)
<b>Total net Under spend</b>	<b>(40.6)</b>

The net underspend will be referred to the July Cabinet for consideration. Further information on the above schemes is shown in Appendix A.

- 5.8 Additionally, a grant of £47.2k has now been received in respect of the installation of the Mersea Pontoon. This means that an equivalent amount of CBC funds can now be reallocated within the capital programme.
- 5.9 A review of the whole capital programme, including new resources, will be submitted to Cabinet on 9 July 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 Programme	Status	Funded						Unfunded			
			Total Funded Programme	Previous Forecast 07/08	Spend Apr-Mar 2007/08	Forecast		Total Unfunded	Programmed			
						08/09	09/10		08/09	09/10	10/11	
	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>SUMMARY</b>												
Corporate	2,044.4		1,894.4	329.9	197.4	1,662.5	34.5	0.0	150.0	100.0	50.0	0.0
EMT	522.1		472.1	172.1	199.1	173.0	100.0	0.0	50.0	50.0	0.0	0.0
Housing & Environmental	2,864.5		1,714.5	667.0	409.3	793.7	511.5	0.0	1,150.0	150.0	500.0	500.0
Financial	12.0		12.0	12.0	6.1	5.9	0.0	0.0	0.0	0.0	0.0	0.0
ICT	4,457.9		3,208.9	1,467.3	670.0	2,524.3	0.0	(14.6)	1,249.0	1,249.0	0.0	0.0
Street & Leisure	15,150.0		14,829.0	8,157.9	7,487.5	7,277.2	2.1	(62.2)	321.0	225.0	76.0	20.0
Planning & Protection	385.4		185.4	12.8	13.0	172.4	0.0	0.0	200.0	100.0	100.0	0.0
Renaissance Programme	24,555.2		24,010.2	13,410.2	13,852.0	8,583.2	2,000.0	425.0	545.0	545.0	0.0	0.0
Enterprise & Communities	492.4		357.4	219.1	209.9	172.8	0.0	25.3	135.0	135.0	0.0	0.0
Completed Schemes	408.6		408.6	427.7	389.5	0.0	0.0	(19.1)	0.0	0.0	0.0	0.0
Total (all General Fund schemes)	50,892.5		47,092.5	24,876.0	23,433.8	21,365.0	2,648.1	354.4	3,800.0	2,554.0	726.0	520.0
Housing Revenue Account	11,707.0		11,707.0	4,373.1	6,742.6	2,964.4	2,000.0	0.0	0.0	0.0	0.0	0.0
Total Capital Programme	62,599.5		58,799.5	29,249.1	30,176.4	24,329.4	4,648.1	354.4	3,800.0	2,554.0	726.0	520.0
Housing Schemes Dependent on Grants	1,967.0		1,767.0	372.0	229.5	720.0	817.5	0.0	200.0	0.0	200.0	0.0
<b>Grand Total</b>	<b>64,566.5</b>		<b>60,566.5</b>	<b>29,621.1</b>	<b>30,405.9</b>	<b>25,049.4</b>	<b>5,465.6</b>	<b>354.4</b>	<b>4,000.0</b>	<b>2,554.0</b>	<b>926.0</b>	<b>520.0</b>

**Reconciliation to previous FASP report**

Programme reported to FASP 26 February 2008	£'000
Add:	51,578.4
S106 release - various	178.0
Cabinet 12 March 2008 - new releases	2,998.0
Cabinet - HIP Programme 2008-2009	4,681.0
PDG revenue contribution to E-Government	10.0
Vehicles - R&R funding	168.6
DFG grant higher than anticipated	1.4
Adjustments to external funding: East Colchester	(6.8)
External funding (S106 and grants) Mill Rd Play Area/Youth Facility	99.4
DEFRA grant for Mersea Pontoon	47.2
External contribution towards boiler replacements	38.6
Cabinet 21 May 2008 - further Decent Homes funding	543.4
Regional Housing Capital Grant 2008-09	229.3
<b>Current Funded Programme</b>	<b>60,566.5</b>

Service / Scheme	Total Programme £'000	Status	Funded			Forecast		
			Previous Forecast 07/08	Spend Apr-Mar 2007/08	08/09	09/10	10/11	
£'000	£'000		£'000	£'000	£'000	£'000	£'000	
<b>SUMMARY</b>								
Corporate	2,044.4		329.9	197.4	1,662.5	34.5	0.0	0.0
EMT	522.1		172.1	198.1	173.0	100.0	0.0	0.0
Housing & Environmental	2,864.5		667.0	408.3	793.7	511.5	0.0	0.0
Financial	12.0		12.0	6.1	5.9	0.0	0.0	0.0
ICT	4,457.9		1,467.3	676.0	2,524.3	0.0	0.0	0.0
Street & Leisure	15,150.0		8,157.9	7,487.5	7,277.2	2.1	0.0	0.0
Planning & Protection	385.4		12.9	13.0	172.4	0.0	0.0	0.0
Remainder Programme	24,359.2		13,419.2	13,325.9	8,322.6	2,000.0	0.0	0.0
Residuals	1,967.0		372.0	228.5	720.0	817.5	0.0	0.0
Completed Schemes	488.6		427.1	388.5	0.0	0.0	0.0	0.0
Total (all General Fund schemes)	50,892.5		24,876.0	23,433.8	21,365.0	6,646.1	0.0	0.0
Housing Revenue Account	11,707.0		4,373.1	6,742.6	2,964.4	2,000.0	0.0	0.0
Total Capital Programme	62,599.5		29,249.1	30,176.4	24,329.4	4,646.1	0.0	0.0
Housing Schemes Dependent on Grants	1,967.0		372.0	228.5	720.0	817.5	0.0	0.0
<b>Grand Total</b>	<b>64,566.5</b>		<b>29,621.1</b>	<b>30,405.9</b>	<b>25,049.4</b>	<b>5,463.6</b>	<b>0.0</b>	<b>0.0</b>

Reconciliation to previous FASP report

Programme reported to FASP 26 February 2008  
 Add:  
 S106 release - various 178.0  
 Cabinet 12 March 2008 - new releases 2,998.0  
 Cabinet - HIP Programme 2008-2009 4,681.0  
 PDG revenue contribution to E-Government 10.0  
 Vehicles - R&R funding 1686  
 DfC grant higher than anticipated 1.4  
 Adjustments to external funding: East Chichester (63)  
 DEFRA grant for Play Area Youth Facility 47.2  
 External contribution towards boiler replacements 386  
 Cabinet 21 May 2008 - further Decent Homes funding 543.4  
 Regional Housing Capital Grant 2008-09 229.3  
**Current Funded Programme 60,566.5**

Capital Programme 2007/08 - Appendix A (FASP 30 June 2008)

Service / Scheme	Scheme Description	Total Programme	Status	Funded			Forecast			Additional Funding Required	Comments
				Previous Forecast 07/08	Spend Apr-Mar 2007/08	08/09	09/10	10/11			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>CORPORATE</b>											
DDA Measures	Works to civic buildings to comply with requirements of the Disability Discrimination Act (incl. Town Hall lift)	1,595.5	FF	1,595.5	269.8	181.4	1,367.1	27.0	0.0	The Town Hall lift project commenced on site on 3rd April. The project start was delayed by approximately two months whilst the Council negotiated with HMCS regarding potential disruption to Colchester Magistrates Courts. This delay has led to ultimately additional out of hours working was introduced to please Colchester Magistrates and this has added £30k to the cost of the works, although the project is still expected to be delivered within the overall budget of £1.59m. HMCS has contributed £20k towards the additional out of hours works costs. DDA works to all other operational buildings were completed in 2007/08.	
Backlog Repairs	Required maintenance to civic buildings	150.0	U	0.0	0.0	0.0	0.0	0.0	0.0	The new 5yr Building Maintenance Programme is now in place and the forward plan for works to be undertaken as part of the programme is currently being developed. The forward plan is being prepared assuming that the £1,50k listed here can be added to the programme budget in year 2/3 of the 5 year programme.	
Works to the Town Hall associated with the Business Plan	Access work to the Old Library/works to the Moot Hall Kitchen	298.9	FF	288.9	60.0	16.0	275.4	7.5	0.0	Phase 1 works commenced in the Old Library on 6th Mar 2008 and are due for completion by end of July. Phase 1 works required additional £66k which was approved by Cabinet on 12th March. Cabinet also approved early release this financial year of £120k for Phase 2 works which will deliver DDA compliant access through the St Runwald Street graveyard. Phase 2 is currently being developed to tender and will follow Phase 1 in August 2008. Budget now includes balance of Town Hall Wiring project, which is linked to this scheme.	
<b>TOTAL</b>		<b>2,044.4</b>		<b>1,884.4</b>	<b>329.8</b>	<b>197.4</b>	<b>1,662.5</b>	<b>34.5</b>	<b>0.0</b>		

Fully Funded	FF
Part Funded	PF
Unfunded	U



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

Total Unfunded	Unfunded		
	£'000	08/09	09/10
		£'000	£'000
1,150.0	150.0	0.0	0.0
1,150.0	150.0	0.0	0.0

Total Funded Programme	Funded			Additional Funding Required	Comments	
	£'000	Forecast				£'000
		08/09	09/10			
472.1	172.1	173.0	100.0	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 £173.1 to be carried forward for committed projects. This added to the new £100k released in the budget results in £273k at 1 April to be spent over the coming years.	
472.1	172.1	173.0	100.0	0.0		

Total Funded Programme	Funded			Additional Funding Required	Comments	
	£'000	Forecast				£'000
		08/09	09/10			
40.9	7.0	33.7	0.0	0.0	Ticks will come forward in this financial year as part of the Waste to Resources Action Plan.	
160.0	60.0	160.0	0.0	0.0	Essex County Council scheme - funding required as buy-in to the scheme, timing uncertain. Current estimate - design work 2008, implementation 2009, also links into other schemes programming.	
1,513.6	600.0	600.0	511.5	0.0	Spend on this area of work is very much demanded. The process can be lengthy, from initial application to carrying out the works and paying for them. There was a significant delay in the 2007/08 financial year as the funding for the Disabled Facilities Grants and there were several mandatory maximum grants (mostly for the benefit of disabled children) within this total. The 2007/08 original DFG budget was fully committed by October 2007. Money was available in the Private Sector Renewals budget and the December Cabinet meeting agreed a virement of £250k for this mandatory work. All applications awaiting approval from October 2007 were approved. As indicated above there can be a delay in final payment and in the event a significant part of the 2007/08 funding was not spent and is being carried forward into 2008/09.	
1,714.5	667.0	793.7	511.5	0.0		

Service / Scheme	Scheme Description	Total Programme	Status
£'000		£'000	
EMT			
	Grants scheme to provide funding to Parishes in delivering projects in their areas	522.1	PF
<b>TOTAL</b>		<b>522.1</b>	

Service / Scheme	Scheme Description	Total Programme	Status
£'000		£'000	
<b>HOUSING &amp; ENVIRONMENTAL POLICY</b>			
	General provision for recycling initiatives including green waste trials etc	40.9	FF
	Essex County Council scheme - works for historic Core Zone	160.0	FF
	Disabled Facility Grants	2,513.6	PF
	Provision for maritime project works	150.0	U
<b>TOTAL</b>		<b>2,864.5</b>	

Service / Scheme	Scheme Description	Total Programme Status	Funded						Unfunded				
			Total Funded Programme	Previous Forecast 07/08	Spend Apr-Mar 2007/08	Forecast		Additional Funding Required	Comments	Total Unfunded	Programmed		
						08/09	09/10				08/09	09/10	10/11
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>FINANCIAL SERVICES</b>													
Financial Systems Migration Project	Upgrade of Financial Systems	12.0	12.0	6.1	6.1	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>		<b>12.0</b>	<b>12.0</b>	<b>6.1</b>	<b>6.1</b>	<b>5.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Service / Scheme	Scheme Description	Total Programme Status	Funded						Unfunded				
			Total Funded Programme	Previous Forecast 07/08	Spend Apr-Mar 2007/08	Forecast		Additional Funding Required	Comments	Total Unfunded	Programmed		
						08/09	09/10				08/09	09/10	10/11
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>ICT</b>													
E-Government	Works to comply with Government's E-Gov agenda	277.9	277.9	154.3	154.3	123.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GIS/Gazetteer	Cleansing of LLPG database	62.0	12.0	12.0	12.0	50.0	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	800.8	0.8	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electronic Service Delivery (Customer Service Centre)	Furtherance of electronic service facilities includes areas identified in business case for CSC	847.2	571.1	387.1	387.1	480.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICT Strategy Development	New capital investment	2,449.0	600.0	130.2	130.2	1,869.9	0.0	0.0	0.0	0.0	0.0	449.0	0.0
Customer Service Centre (Offices)	Works to CSC offices	21.0	5.5	6.4	6.4	0.0	0.0	0.0	(14.6)	0.0	0.0	0.0	0.0
<b>TOTAL</b>		<b>3,288.9</b>	<b>1,467.3</b>	<b>670.0</b>	<b>670.0</b>	<b>2,524.3</b>	<b>0.0</b>	<b>0.0</b>	<b>(14.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>449.0</b>	<b>0.0</b>

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded						Unfunded				
				Total Funded Programme £'000	Previous Forecast 07/08	Spend Apr- Mar 2007/08 £'000	Forecast		Additional Required £'000	Comments	Total Unfunded £'000	Programmed		
							08/09	09/10				08/09	09/10	10/11
<b>STREET &amp; LEISURE (1)</b>														
Public Conveniences	Toilet refurbishment works	777.5	PF	777.5	138.6	194.8	592.7	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 World Car Poles	369.0	FF	369.0	369.0	325.3	43.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shrub End Yard Redevelopment (Grant funded) - Depot Improvements	Improvements to depot	103.9	FF	103.9	55.0	54.3	49.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Botolphs Regeneration - Frisite	New Visual Arts Facility	10,593.4	FF	10,593.4	5,870.0	5,429.7	5,163.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Highwoods Community Facilities	Social Meeting Place	19.0	FF	19.0	0.0	0.0	19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Anne's MUGA	Provision of multi use games area	90.4	PF	90.4	0.0	0.0	90.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Old Heath MUGA Installation & Landscape Improvements	Works to recreation ground	75.0	FF	75.0	0.0	0.0	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open Spaces Land Acquisition	Fund for purchase of open space and	62.4	FF	62.4	9.4	9.4	53.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Castle Park - Playground Refurbishment	Refurbishment of Playground	110.0	FF	110.0	0.0	0.0	110.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mensea Pontoon	Safety works to quay + replacement of Pontoon	253.3	FF	253.3	206.1	177.8	13.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded						Unfunded				
				Total Funded Programme £'000	Previous Forecast 07/08	Spend Apr- Mar 2007/08 £'000	Forecast		Additional Required £'000	Comments	Total Unfunded £'000	Programmed		
							08/09	09/10				08/09	09/10	10/11
<b>STREET &amp; LEISURE (1)</b>														
Public Conveniences	Toilet refurbishment works	777.5	PF	777.5	138.6	194.8	592.7	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 World Car Poles	369.0	FF	369.0	369.0	325.3	43.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shrub End Yard Redevelopment (Grant funded) - Depot Improvements	Improvements to depot	103.9	FF	103.9	55.0	54.3	49.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Botolphs Regeneration - Frisite	New Visual Arts Facility	10,593.4	FF	10,593.4	5,870.0	5,429.7	5,163.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Highwoods Community Facilities	Social Meeting Place	19.0	FF	19.0	0.0	0.0	19.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Anne's MUGA	Provision of multi use games area	90.4	PF	90.4	0.0	0.0	90.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Old Heath MUGA Installation & Landscape Improvements	Works to recreation ground	75.0	FF	75.0	0.0	0.0	75.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Open Spaces Land Acquisition	Fund for purchase of open space and	62.4	FF	62.4	9.4	9.4	53.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Castle Park - Playground Refurbishment	Refurbishment of Playground	110.0	FF	110.0	0.0	0.0	110.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mensea Pontoon	Safety works to quay + replacement of Pontoon	253.3	FF	253.3	206.1	177.8	13.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0



Total Unfunded	Unfunded				
	£'000	08/09		10/11	
		£'000	£'000	£'000	£'000
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	0.0	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	0.0	0.0	0.0	0.0	0.0
125.0	125.0	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
96.0	0.0	0.0	76.0	20.0	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
100.0	100.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
321.0	225.0	76.0	20.0	0.0	0.0

Total Funded Programme	Funded				Additional Funding Required	Comments
	£'000	Forecast		£'000		
		08/09	09/10			
431.9	431.9	0.0	0.0	0.0	0.0	Recycling support vehicles for materials handling now in place. Programme also includes replacement of trade waste service vehicles with funding transferred from vehicle repairs and renewals account. All complete
496.6	463.6	34.3	0.0	0.0	0.0	Plant and equipment now procured and delivered. New sweeping routes now in place. Town centre sweepers now replaced early in 2008/09.
123.6	123.6	100.2	23.4	0.0	0.0	Small fleet replacement programme almost complete from vehicle R & R fund - remaining replacement vehicles due to be delivered early in 2008/09
40.2	89.1	40.2	0.0	0.0	0.0	Funded through Waste Performance Efficiency Grant to extend the fly recycling scheme. 24 blocks of flats came on stream in November which extended scheme to around 100 blocks of flats. Programme funding has provided stock of necessary bins and equipment for continuation of scheme beyond the current year. Budget now includes balance of £19.5k transferred from earlier Housing & Environmental scheme. Further improvements to material handling facility also in progress and will result in total spend of available funds - balance of budget transferred to Shrop End 'Yard' scheme.
154.1	154.1	143.3	10.8	0.0	0.0	All major works complete including fitting out of the smaller ancillary spaces with specialist storage equipment - some payments still outstanding and some very minor additional expenditure will occur in the first quarter of 08/09
62.1	41.5	12.2	47.8	2.1	0.0	Relates to two schemes - Disability Lane - contracts signed and work due for installation in March / April 2008 and Lordswood Road (Fountain Park) which is a phased commission due to be implemented during 2008 and 2009
33.6	33.6	33.6	0.0	0.0	0.0	Project completed. Remaining S106 funds transferred to maintenance.
35.0	0.0	0.0	35.0	0.0	0.0	New scheme for 2008/2009.
0.0	0.0	0.0	0.0	0.0	0.0	Approach made to MoD to confirm proposer extension land is not available for development and therefore acquisition costs should be based on that information.
353.0	16.3	0.0	353.0	0.0	0.0	Works being re-tendered - problems experienced obtaining liability for disease - work now due to be undertaken in Spring 2009
100.0	10.0	6.0	94.0	0.0	0.0	Design firm chosen and agreement currently being drawn up. Some additional public consultation work is currently being commissioned. Funding releases to design and other preliminary work only in order to submit heritage Lottery bid - full funding for implementation not yet secured.
106.0	50.0	52.2	53.8	0.0	0.0	1st phase of CCTV upgrade completed March 07 - Programme under review due to proposed move of CCTV monitoring centre
42.5	42.5	9.5	33.0	0.0	0.0	Crouch Street camera installation complete. Sheepen Road and Malton Road completion due by July 2008
109.0	6.0	4.8	104.2	0.0	0.0	Initial design proposals arising from LACM initiative are not affordable and therefore new design solution being sought
45.6	45.6	0.0	45.6	0.0	0.0	Works complete except for some snagging items - payments made 2008/09.
99.4	0.0	0.0	99.4	0.0	0.0	New scheme for 2008/2009.
52.5	0.0	0.0	52.5	0.0	0.0	New scheme for 2008/2009.
0.0	0.0	0.0	0.0	0.0	0.0	Not yet funded
90.0	0.0	0.0	90.0	0.0	0.0	Phase 2 works to be programmed for installation in 2008 following release of funding
14,829.0	8,157.9	7,277.2	2.1	(62.2)		

Service / Scheme	Scheme Description	Total Programme	Status	Total Programme	
				£'000	£'000
STREET & LEISURE (2)					
Waste Service - Vehicles	Purchase of Vehicles	431.9	FF		
Cleaner Streets - investment	Investment in plant & equipment to support street care and street cleaning operations	496.6	FF		
Vehicle Replacement	Fleet replacement programme	123.6	FF		
Flit Recycling (Grant from DEFRA)	Equipment for Flit Recycling	40.2	FF		
Museum Store	Purchase, fit-out and relocation to new store	154.1	FF		
Public Art - Section 106	Provision of public artworks funded from Section 106 contributions	62.1	FF		
Balkerne Heights Playground - Section 106	Supply and installation of playground equipment	33.6	FF		
Disability Lane Playground - Section 106	Provision of children's play equipment	35.0	FF		
Cemetery Extension (inc construction costs)	Acquisition of land and provision of infrastructure for extension of burial services	125.0	U		
St Leonard's Church Wall	Repair & rebuild boundary walls to a closed churchyard	353.0	FF		
Roman Circus - Interpretation/Visitor Centre	Visitor Centre for Roman Remains	100.0	PF		
CCTV - Transfer to Digital	Upgrade of equipment to digital format	202.0	FF		
CCTV - Section 106 Installations	Provision of CCTV facilities at sites including Sheepen Road and Malton Road	42.5	FF		
Resource Centre - Highwoods Country Park S106	Provision of Resource Centre	109.0	PF		
Groundsmen's Building Castle Park S106	Improvements and building modifications to provide accommodation for Castle Park rangers and grounds maintenance contractors	45.6	FF		
Mill Road Play Area/Youth Facility	Provision of Play Area and Youth Facilities	99.4	FF		
Highwoods Country Park Improvements - Section 106	Design and construct new car park, new landscaping and visitor information, repair main culvert	52.5	FF		
Contribution towards redevelopment of Castle Museum	Provision of match funding towards Lottery bid	100.0	U		
Town Centre Signs (Phase 2)	Extension of Town Centre signage scheme	90.0	U		
<b>TOTAL:</b>		<b>15,150.0</b>			

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded					Unfunded					
				Total Funded Programme £'000	Previous Forecast 07/08 £'000	Spend Apr- Mar 2007/08 £'000	Forecast		Additional Required £'000	Comments	Total Unfunded £'000	08/09 £'000	09/10 £'000	10/11 £'000
<b>PLANNING, PROTECTION &amp; LICENSING</b>														
Heritage Fund - (incl Roman Walls)	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	315.4	PF	115.4	12.8	13.0	102.4	0.0	0.0	0.0	200.0	100.0	100.0	0.0
Heritage Fund - Castle Park Interpretation	Heritage Fund used to enhance public spaces and historic sites, and protect key buildings	50.0	PF	50.0	0.0	0.0	50.0	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	PF	20.0	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>		<b>385.4</b>		<b>185.4</b>	<b>12.8</b>	<b>13.0</b>	<b>172.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>200.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded					Unfunded				
				Total Funded Programme £'000	Previous Forecast 07/08 £'000	Spend Apr- Mar 2007/08 £'000	Forecast		Additional Required £'000	Comments	Total Unfunded £'000	Programmed	
							08/09 £'000	09/10 £'000				08/09 £'000	09/10 £'000
<b>RENAISSANCE PROGRAMME</b>													
Park & Ride	Costs of achieving a Colchester Park & Ride	555.0	FF	555.0	0.0	0.0	555.0	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.	200.0	FF	200.0	200.0	205.0	10.0	0.0	15.0	0.0	0.0	0.0	
Community Stadium - Build	Construction of new Community Stadium	14,730.0	FF	14,730.0	9,730.0	10,670.0	4,470.0	0.0	410.0	0.0	0.0	0.0	
BIC North	Business Incubator Units in North Colchester	2,700.0	FF	2,700.0	40.0	39.8	660.2	2,000.0	0.0	0.0	0.0	0.0	
Cuckoo Farm - predevelopment costs	Predevelopment activity (such as species for sale, health and environmental issues) to facilitate the commencement of the development of Cuckoo Farm	115.4	FF	115.4	65.0	61.5	53.9	0.0	0.0	0.0	0.0	0.0	
S106 Infrastructure Cuckoo Farm	Use of S106 to facilitate the provision of infrastructure at Cuckoo Farm	815.7	FF	815.7	815.7	815.7	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-Sure	459.5	FF	459.5	459.5	182.4	277.1	0.0	0.0	0.0	0.0	0.0	
Hythe Station Refurbishment S106	Lengthen the platforms at Hythe Station.	1,000.0	FF	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	0.0	
King Edward Quay	Transformation of Quay	2,000.0	FF	2,000.0	1,700.0	1,453.5	546.5	0.0	0.0	0.0	0.0	0.0	
St Botolphs Regeneration	Fund to progress elements within the St Botolphs regeneration area	1,999.6	PF	1,454.6	400.0	424.1	1,039.5	0.0	0.0	0.0	545.0	0.0	
<b>TOTAL</b>		<b>24,552.2</b>		<b>24,010.2</b>	<b>13,410.2</b>	<b>13,852.0</b>	<b>8,993.2</b>	<b>2,000.0</b>	<b>425.0</b>	<b>0.0</b>	<b>545.0</b>	<b>0.0</b>	

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded					Unfunded				
				Total Funded Programme £'000	Previous Forecast 07/08 £'000	Spend Apr- Mar 2007/08 £'000	Forecast		Additional Required £'000	Comments	Total Unfunded £'000	Programmed	
							08/09 £'000	09/10 £'000				08/09 £'000	09/10 £'000
<b>RENAISSANCE PROGRAMME</b>													
Park & Ride	Costs of achieving a Colchester Park & Ride	555.0	FF	555.0	0.0	0.0	555.0	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.	200.0	FF	200.0	200.0	205.0	10.0	0.0	15.0	0.0	0.0	0.0	
Community Stadium - Build	Construction of new Community Stadium	14,730.0	FF	14,730.0	9,730.0	10,670.0	4,470.0	0.0	410.0	0.0	0.0	0.0	
BIC North	Business Incubator Units in North Colchester	2,700.0	FF	2,700.0	40.0	39.8	660.2	2,000.0	0.0	0.0	0.0	0.0	
Cuckoo Farm - predevelopment costs	Predevelopment activity (such as species for sale, health and environmental issues) to facilitate the commencement of the development of Cuckoo Farm	115.4	FF	115.4	65.0	61.5	53.9	0.0	0.0	0.0	0.0	0.0	
S106 Infrastructure Cuckoo Farm	Use of S106 to facilitate the provision of infrastructure at Cuckoo Farm	815.7	FF	815.7	815.7	815.7	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-Sure	459.5	FF	459.5	459.5	182.4	277.1	0.0	0.0	0.0	0.0	0.0	
Hythe Station Refurbishment S106	Lengthen the platforms at Hythe Station.	1,000.0	FF	1,000.0	0.0	0.0	1,000.0	0.0	0.0	0.0	0.0	0.0	
King Edward Quay	Transformation of Quay	2,000.0	FF	2,000.0	1,700.0	1,453.5	546.5	0.0	0.0	0.0	0.0	0.0	
St Botolphs Regeneration	Fund to progress elements within the St Botolphs regeneration area	1,999.6	PF	1,454.6	400.0	424.1	1,039.5	0.0	0.0	0.0	545.0	0.0	
<b>TOTAL</b>		<b>24,552.2</b>		<b>24,010.2</b>	<b>13,410.2</b>	<b>13,852.0</b>	<b>8,993.2</b>	<b>2,000.0</b>	<b>425.0</b>	<b>0.0</b>	<b>545.0</b>	<b>0.0</b>	

Service / Scheme	Scheme Description	Total Programme £'000	Status	Funded					Unfunded						
				Total Funded Programme £'000	Previous Forecast 07/08 £'000	Spend Apr- Mar 2007/08 £'000	Forecast 08/09 £'000		09/10 £'000	Additional Required £'000	Comments	Total Unfunded £'000	08/09 £'000	09/10 £'000	10/11 £'000
<b>ENTERPRISE &amp; COMMUNITIES</b>															
Community Development - St Annes: Contribution towards community facility	New community centre in Harwich Road	29.6	FF	29.6	29.6	0.3	25.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Improving Life Chances	A grant provision to enable the City Council to support work improving life chances such as the provision of new community facilities	86.3	PF	59.3	54.3	54.3	32.0	0.0	0.0	0.0	0.0	0.0	135.0	135.0	0.0
Youth Parliament	Projects linked to Youth Council	6.9	FF	6.9	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jamin Road - relocation / prelims.	Costs associated with sale of Jamin Road site	46.7	FF	46.7	46.7	76.9	0.0	0.0	0.0	0.0	32.2	0.0	0.0	0.0	0.0
Site Disposal Costs	Costs of securing capital receipts	100.0	FF	60.0	60.0	60.0	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miler Works Site	Costs associated with provision of three commercial shop units	50.0	FF	8.6	8.6	8.6	41.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
St Annes Community Centre - Section 106	Car Park Improvements	29.9	FF	0.0	0.0	0.0	29.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hythe Community Centre S106	Improvements incl. conversion of garage to storage, works to windows, doors and boiler replacement	8.0	FF	8.0	8.0	7.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>		<b>357.4</b>		<b>219.1</b>	<b>209.9</b>	<b>209.9</b>	<b>172.8</b>	<b>0.0</b>	<b>25.3</b>	<b>0.0</b>	<b>32.2</b>	<b>0.0</b>	<b>135.0</b>	<b>135.0</b>	<b>0.0</b>





