

Cabinet	<b>CAB / 015 / 11</b>
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## 2010/11 PROVISIONAL OUTTURN REPORT

Report by Deputy Leader and Cabinet Member with responsibility for Finance & Transformation

### Enquiries to:

Margaret Lee Executive Director for Finance Extn: 21010 Tel. No: 01245 431010

### Purpose and recommendations

The purpose of this report is to present and provide commentary on the provisional outturn position for 2010/11 prior to formal closure of the accounts.

The Audit Commission, the Council's external auditor, will carry out the annual audit of the accounts during the summer, and it is possible that changes may be made to the accounts during this period. The results of the external audit review will be reported to the Audit Committee in September 2011, at which stage the Audit Committee will also approve and authorise the Accounts for issue.

### Recommendations

- (i) That Cabinet Members note the provisional outturn position for revenue and capital (which are for a net under spend for the year of **£16.934m** on the Revenue Budget (*i.e. before taking account of the proposals within this report for the appropriating funds into, and from, earmarked revenue reserves and the General Balance*) and an under spend of **£2.535m** against the approved capital payments guideline (*i.e. after taking account of proposals for re-profiling and revising capital payment approvals*) and the explanatory comments that are provided in the Executive Summary (starting on page 4) and the subsequent sections and appendices of the Report.
- (ii) That approval is given to reallocate under spends between portfolios (as summarised within the 'transfers between portfolios' column of **Appendix A**).
- (iii) That revenue over spends of **£4.807m** are financed from the General Balance in 2010/11.
- (iv) That restructuring costs of **£2.970m** are financed from the General Balance in 2010/11; further, that this amount will be appropriated from the Redundancy Reserve in 2011/12, in order to replenish the General Balance in that year.

- (v) That **£6.421m** is returned to the General Balance. This takes account of savings that have been achieved by services in 2010/11 and under spends that are not required to support carry forward requests.
- (vi) That the following amounts are appropriated into earmarked revenue reserves:
- Carry Forwards reserve - **£10.541m** (see **Appendix C** for details);
  - Private Finance Initiative equalisation reserves - **£3.1m**;
  - Insurance Reserve - **£2.280m**;
  - Local Area Agreement performance reward reserve - **£2.111m**;
  - Adults, Health and Community Wellbeing Section 75 reserve - **£764,000**;
  - Building Maintenance reserve - **£713,000**;
  - Highways Energy reserve - **£476,000**;
  - Partnership reserves (see page 6 for further details) - **£354,000**;
  - Reserve for Future Capital Funding - **£310,000**;
  - Capital Receipts Pump Priming reserve - **£214,000**;
  - ExDRA reserve - **£39,000**;
  - Procurement reserve - **£24,000**;
  - Essex on-line partnership reserve - **£7,000**; and
  - Trading Activities (IS Infrastructure) - **£2,000**.
- (vii) That the following amounts are appropriated from earmarked revenue reserves:
- Reserve for Future Capital Funding - **£1.057m**;
  - Schools' reserve - **£782,000**; and
  - Trading activities (former Essex Equipment Service) - **£764,000**.
- (viii) That the revenue carry forward requests, which it is proposed (in recommendation (vi) above) are appropriated into the Carry Forwards reserve, are subject to further business case review by the Deputy Leader and Cabinet Member for Finance and Transformation and, as part of this review, that the Deputy Leader will determine the release of funds from the Carry Forwards reserve.
- (ix) That retrospective approval is given to the creation of a Grants Equalisation reserve, to manage the timing differences between the recognition of grant (i.e. in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom) and incurring the grant eligible expenditure. Further, that appropriations to and from this reserve are subject to agreement by, or on behalf of, the Executive Director for Finance.
- (x) That debts amounting to **£115,000**, that are now deemed irrecoverable, are written off; the write off will be charged to the Finance Recharged Strategic Support Service.

- (xi) That capital payments guideline, and associated capital financing, of **£53.546m** is re-profiled into subsequent financial years in respect of slippage in schemes.
- (xii) That capital payments guideline, and associated capital financing, of **£1.714m** is brought forward from 2010/11 in respect of schemes that have progressed ahead of schedule.
- (xiii) That Portfolios' 2010/11 capital payment guidelines are reduced by **£11.833m** in respect of schemes that have been completed for less than the budgeted amount, and that part of this under spend (**£9.298m**) is applied to retrospectively increase payment guidelines for other projects.
- (xiv) That the financing of capital payments in 2010/11 is approved on the basis set out within **Appendix F** to the report.

# 1. Executive summary

## 1.1 Revenue

The provisional outturn position on the Revenue Budget shows a net under spend for the year of **£16.934m**, prior to taking account of proposals to appropriate funds to, or from, reserves and balances, which compares favourably with a projected net over spend at the Third Quarter stage of **£8.629m**. The provisional outturn position reflects:

- A net under spend by Portfolios of **£9.769m**. Whilst the majority of portfolios did not fully utilise their 2010/11 budgets, there were some areas, most notably in relation to Children's Services and Education and 2012 Games, where over spends arose; over spends in these areas had however been predicted throughout 2010/11.
- The receipt of additional general government grants (i.e. Local Area Agreement performance reward grant and Private Finance Initiative Grant) of **£4.375m**.
- A small under spend of **£646,000** on interest and capital financing.
- The balance on the Emergency Contingency (**£2.144m**) which was not utilised to support Services' expenditure in 2010/11.
- Proposals to appropriate **£18.332m** into various earmarked revenue reserves (see page 5 for further details).
- Proposals to withdraw **£1.398m** from the General Balance (see page 5 for further details).

**Appendix A** provides a summary, by portfolio, of the provisional outturn on the Revenue Budget, and **Appendix B** summarises the mitigation proposed by portfolio. Commentary on provisional outturn position for each portfolio is provided in section 2, which commences on page 7 of the report.

## 1.2 Trading activities

The Trading Activities' revenue reserves have decreased from **£2.885m** at 1 April 2010 to **£1.735m** at 31 March 2011, as summarised in **Appendix D**. The net reduction in these reserves (**£1.150m**) results from:

- Having appropriated **£2.078m** of the trading activities' reserves to the Revenue Account (including the residual reserves of the former Essex Equipment Service trading account); and
- The achievement of surpluses in 2010/11 of **£928,000**, most of which was generated by the School Improvement and Advisory Service.

## 1.3 Capital

The finally approved capital payments guideline amounted to **£301.923m**. Actual capital expenditure was **£54.367m** below this guideline, primarily as a consequence of slippage in schemes.

In relation to this under spend, approval is sought to:

- Re-profile capital payment guidelines of **£53.546m** from 2010/11 and into 2011/12 as a consequence of slippage in schemes;
- Reduce capital payment guidelines by **£11.833m** in respect of schemes that have been completed for less than the budgeted amount, and to utilise **£9.298m** of this under spend to retrospectively increase scheme and payment approvals for other projects; and
- Bring capital payments guideline of **£1.714m** forward from 2011/12 in respect of schemes that have progressed ahead of schedule.

The underlying position, after taking account of these requests, is an under spend of **£2.535m**.

**Appendix E** provides a comparison of approved and forecast outturn capital payments by portfolio, and **Appendix F** sets out the variance plan which summarise the proposals for addressing the forecast budget variances. Commentary on portfolios' outturn positions is provided in Section 3, which commences on page 15 of the report.

## 1.4 Reserves and balances

Proposals are set out elsewhere within this report that impact on the Council's reserves and balances. These proposals are summarised as follows:

- **1.356m** will be withdrawn from the General Balance as a consequence of:
  - Contributions of **£6.421m** in respect of Services' under spends that are not required to be carried forward for use in 2011/12, and taking account of the unspent balance on the Emergency Contingency (**£2.144m**).
  - Financing over spends of **£4.807m** in 2010/11; and
  - Financing restructuring costs of **£2.970m** in 2010/11, on the basis that the General Balance will be replenished in 2011/12 by a withdrawal from the Redundancy reserve.
- **£18.332m** (net) will be appropriated into earmarked revenue reserves; this takes account of discretionary proposals, and those which are deemed non discretionary, as follows:

### **Discretionary**

- Appropriate under spends amounting to **£10.541m** into the Carry Forwards reserve, pending further consideration of Services' requests to utilise 2010/11 under spends to finance projects and schemes in 2011/12 (as detailed within **Appendix C**).

- Appropriate **£3.1m** into the PFI equalisation reserves, in respect of additional PFI grant awarded in 2010/11 to ensure that the Council remains in a neutral position over the medium term as a consequence of a change to the methodology for determining future years' PFI grant entitlement.
- Appropriate **£2.280m** of the under spend on the Insurance Cost Recovery Account into the Insurance Reserve to bring the Reserve to the level recommended by the Insurance Actuary.
- Appropriate **£2.111m** into the Local Area Agreement Performance Reward reserve, following the receipt of additional revenue and capital performance reward grant; the capital element of this additional grant (**£1.057m**) has been released to revenue via the Reserve for Future Capital Funding.
- Appropriate an under spend of **£713,000** on building maintenance to a new reserve, to support the delivery of the annual maintenance programme.
- Appropriate savings by the Highways and Transportation portfolio of **£476,000** into a reserve intended to help mitigate the impact on the street lighting budget of future increases in energy prices.
- Appropriate **£310,000** into the Reserve for Future Capital Funding, to provide additional capital financing to mitigate the impact of over spends on Legal Services and Asset Management projects.
- Appropriate **£214,000** into the Capital Receipts Pump Priming reserve, to provide additional funding to support the assets disposal programme.
- Return **£39,000** into the ExDRA Reserve, as funds previously allocated from this reserve were not fully utilised for the intended purpose.
- Appropriate **£24,000** into a new Procurement Reserve, to provide funding for the development of a joint working arrangement with Chelmsford Borough Council.
- Appropriate **£2,000** to the IS Infrastructure Trading Activity, to mitigate this activity's 2010/11 deficit; this appropriation has been financed by applying **£2,000** of Information Service's revenue under spend.

**Non discretionary:**

- Appropriate **£354,000** into the Partnerships reserve in respect of amounts received but not spent for the following partnership activities:
  - Visit Essex partnership - **£99,000**;
  - Essex Legal Services partnership - **£176,000**;
  - Essex Strategic HR Partnership - **£79,000**.
- Appropriate unspent contributions of **£7,000**, which were received in support of the Essex On-Line Partnership (EOLP), into the EOLP reserve.
- Withdraw **£782,000** from Schools' reserves, to mitigate a net over spend on the Individual Schools Budget.

- Withdraw **£764,000** from the revenue reserves of the former Essex Equipment Service trading activity (which closed in July 2009) and appropriate this sum into a new revenue reserve which will be used to manage the redistribution of the Adults, Health and Community Wellbeing portfolio's Section 75 partnership funds.

**Appendix F** (which commences on page 29) sets the position on the General Balance, the Emergency Contingency and earmarked revenue reserves as at 31<sup>st</sup> March 2011, after incorporating the above proposals.

## 1.5 Prudential indicators and Treasury Management

Activities remained within the boundaries established by the approved prudential indicators and treasury management strategy during the year.

A return of **1.28%** was achieved on sums invested during the year. This compares favourably with the benchmark Local Authority Seven Day rate, which has averaged at **0.39%** over the same period.

The long term borrowing requirement for 2010/11 was originally assessed at **£167m** but, as a consequence of changes to capital financing assumptions, finally amounted to **£114m**. In comparison, **£40m** of new loans were secured from the Public Works Loans Board during the year. The pool rate of interest on long term loans was reduced marginally, to **4.26%**, as a consequence of securing these new loans.

A summary of the Prudential Indicators and investment and borrowing levels is provided in **Appendix H** (see pages 31 and 32).

## 2. Portfolio commentary - Revenue

Commentary on those portfolios forecasting a revenue budget variance equal to, or greater than, **£500,000** or **5%** of their budget, is provided in the following paragraphs.

### 2.1 Adults, Health and Community Wellbeing - £2.060m under spend

There were over spends in relation to support facilitated for older people and those with physical and sensory impairment. These pressures were however mitigated by one off savings resulting from staff vacancies within the social work teams and from procurement activity to manage the social care market.

Approval is sought to carry **£1.771m** of the under spend forward into 2011/12, to help mitigate pressures arising from demographic changes. The remainder of the under spend (**£289,000**) has been applied to the Finance Recharged Support Service.

## **2.2 Children's Services - £6.154m over spend**

### **Dedicated Schools Budget**

The Dedicated Schools budget has been over spent by **£2.694m** in relation to the Individual Schools Budget for special schools; this will be offset by an appropriation from the Schools' reserve.

In addition, it has been necessary to apply Dedicated Schools Grant awarded for 2011/12 to offset over spends resulting from increased early years grant payments, increased funding for pupils with statements of special educational needs and increased numbers of pupils based in independent special schools.

### **Non Dedicated Schools Budget**

The Non Dedicated Schools budget has been overspent by **£3.843m**, primarily related to Children's Services, where it has been necessary to employ additional agency workers and place a higher than expected number of children looked after in external placements. Approval is sought to finance this over spend in 2010/11 by a withdrawal from the General Balance.

Partially offsetting this position is an under spend of **£383,000**; this has been applied to the Finance Recharged Strategic Support Service.

## **2.3 Education and 2012 Games - £1.168m over spend**

### **Dedicated Schools Budget**

The Individual Schools Budget for primary and secondary schools and local delivery groups has been under spent by **£1.912m**; this amount will be appropriated into the Schools' Reserve, to ensure that the funds are available for use by these schools in a subsequent financial year.

### **Non Dedicated Schools budget**

The Non Dedicated Schools budget has been over spent by **£3.086m**, and primarily relates to the costs of restructuring the Youth Service and early retirement or redundancy costs of teaching staff.

Approval is sought to finance **£2.080m** of the restructuring costs from the General Balance and to apply **£42,000** of the under spend by the Finance Recharged Strategic Support Service to further offset the outturn position.

The remainder of the over spend (**£964,000**) will be financed from the General Balance in 2010/11.

## **Lee Valley Park and 2012 Games**

The Sports Development budget was under spent by **£17,000**. It is proposed that this sum, together with **£19,000** from the Corporate Management – Leadership budget (Leader portfolio), is appropriated into the Carry Forwards Reserve, to fund the Council’s contribution to the Colchester Tour Series (**£20,000**) and to support the pledge for Health and Wellbeing (**£16,000**) in 2011/12.

### **2.4 Highways and Transportation - £1.902m under spend**

Under spends were sought in order to mitigate the impact of the severe winter weather and to generate savings to enable a new parking partnership to be progressed. In addition, energy prices were lower, and savings were achieved through tendering of bus contracts.

It is proposed that **£1.193m** of the under spend is appropriated into the Carry Forwards reserve, for use in 2011/12 to progress the Parking Partnership, to address a budget pressure in relation to the Car Provision Scheme and to support the Highways transformation programme. Approval is also sought to appropriate **£476,000** into a new earmarked reserve which is proposed to help mitigate the impact of future energy price on the street lighting budget.

A further **£208,000** of the under spend has been applied to the Finance Recharged Strategic Support Service and the remainder will be returned to the General Balance (**£25,000**).

### **2.5 Environment and Waste - £1.134m under spend**

The under spend primarily relates waste management, and has arisen as a consequence of Colchester Borough Council not joining the Inter Authority Agreement and as a consequence of lower landfill tax and gate fees.

Approval is sought to appropriate **£975,000** into the Carry Forwards Reserve, to support the Highways Strategic Transformation and the Property strategy in 2011/12, and to meet the cost of decommissioning flood sirens.

It is proposed that **£30,000** of the under spend by the Communities and Planning portfolio, in respect of sustainable development, is applied to offset a small over spend in respect of Country Parks.

Finally, it is proposed that **£189,000** is returned to the General Balance.

### **2.6 Heritage, Culture and the Arts - £375,000 over spend**

The over spend primarily results from incurring costs of **£766,000** in relation to a restructuring of Adult Community Learning and Libraries and Information

Services. It is proposed that these costs are financed in 2010/11 from the General Balance.

The underlying position, after adjusting for this request, is an under spend of **£391,000**. Approval is sought to appropriate **£99,000** of this total into the Partnerships Reserve, to ensure that contributions received in relation to the 'Visit Essex' partnership are ring-fenced and applied for the purpose given. It is proposed that the remainder of the under spend (**£292,000**) is appropriated into the Carry Forwards reserve to support various projects in 2011/12.

## **2.7 Leader - £595,000 under spend**

The under spend primarily results from lower costs of the Banking on Essex scheme and from not fully utilising the Essex Initiatives budget during 2010/11.

Approval is sought to appropriate **£266,000** of the under spend into the Carry Forwards Reserve, to support various projects in 2011/12, including the Essex Apprenticeship scheme, a partnership project with Brentwood Borough Council, transformation projects and to support parish councils in respect of the Retail Enterprise Fund.

Approval is also sought to return **£39,000** to the ExDRA Partnership reserve, as funds previously allocated from this reserve were not fully utilised for the intended purpose, and to apply **£154,000** of the under spend on Human Resources to offset additional costs of the talent management programme. Finally, it is proposed that **£19,000** of the remaining under spend is applied to support expenditure on Sports Development (Education and 2012 Games portfolio) and to return **£425,000** to the General Balance.

## **2.8 Communities and Planning - £483,000 under spend**

The under spend mainly results from undertaking fewer regional planning studies and from scheduling issues regarding the production of the minerals and waste development documents in order to ensure a more effective consultation process.

Approval is sought to appropriate **£70,000** of the under spend into the Carry Forwards reserve, for use in 2011/12 to support work deferred from 2010/11 on the minerals and waste development documentation and to facilitate the development of a Heritage Centre in Rowhedge.

It is proposed that a further **£41,000** of the under spend is applied to offset over spends by the Environment and Waste and Education and 2012 Games portfolios in relation to Country Parks.

Finally, it is proposed that **£372,000** is returned to the General Balance.

## 2.9 Major Projects and Commercial Services - £74,000 over spend

The Coroner's Courts service has over spent by **£267,000**, due to a higher number of investigations and inquests being undertaken. This position is partly mitigated by an under spend in relation to the Registration of Births, Deaths and Marriages Service (**£80,000**). It is proposed that under spends by Essex Legal Services (**£63,000**) and Finance (**£124,000**) are applied to mitigate the remainder of the over spend.

It is proposed that under spends in respect of surplus managed and shared use properties (**£113,000**) are applied to offset an over spend by the Facilities Management Service.

## 2.10 Finance and Transformation - £464,000 over spend

The over spend primarily results from having to make an additional payment to the Pension Fund to make up a shortfall in employer's pension contributions for past deficiency on the Fund, and as a consequence of the additional costs of the second homes discount scheme.

It is proposed that **£464,000** of the under spend on interest payable is applied to mitigate this position.

## 2.11 Recharged strategic support services - £11.117m under spend

Overall, the Recharged Strategic Support Services are under spent by **£11.117m**. Comments on each Service's outturn position are as follows:

### Highways and Transportation

- **Transport Coordination Centre – £32,000 under spend**

It is intended to return this under spend to the General Balance.

- **Car Provision Scheme - £17,000 under spend**

Approval is sought to appropriate this under spend into the Carry Forwards reserve, to help mitigate budget pressures in 2011/12.

### Environment and Waste

- **Democratic Services - £22,000 under spend**

It is intended to return this under spend to the General Balance.

### Leader

- **Communications and customer relations - £395,000 under spend**

**£115,000** of the under spend is due to the team holding vacancies to assist with the costs of the service restructure. The remainder of the under spend is against discretionary budgets.

- **Customer Services - £73,000 under spend**

It is intended to return this under spend to the General Balance.

### **Major Projects and Commercial Services**

- **Facilities Management - £148,000 over spend**

The Service over spent by **£148,000** as a consequence of an unexpected increase in business rates and a decision not to implement a car parking scheme.

It is proposed that under spends by Asset Management (**£387,000**) and the Major Projects and Commercial Services portfolio (**£113,000**) are applied to mitigate this position, and to support a request to appropriate **£352,000** into the Carry Forwards Reserve, to enable the Service to undertake work at Goodman House and to fund further work on the Property transformation project.

- **Essex Legal Services - £249,000 under spend**

**£176,000** of the under spend relates to contributions received in relation to the Essex Legal Services Partnership that were not spent in 2010/11. Approval is sought to appropriate this sum into the Partnerships Reserve to ensure that the funds are earmarked and utilised for the intended purpose.

The remainder of the under spend (**£73,000**) relates to additional legal charges income, partially offset by an over spend on agency staff and Counsel fees to cope with the increased demand for legal services.

Approval is sought to appropriate **£10,000** of this under spend to the Reserve for Future Capital Funding, in order to finance additional costs on the New Bridge House capital scheme, and to apply **£63,000** to partially offset an over spend by the Coroners' Courts service.

- **Asset Management - £1.127m under spend**

The under spend resulted from slippage in the 2010/11 asset valuation programme and from actions taken achieve savings this year.

Approval is sought to appropriate **£226,000** into the Carry Forwards Reserve, to provide funding for the asset valuation work that slipped from 2010/11. Further, it is proposed that **£214,000** is appropriated into the Capital Receipts Pump Priming reserve, to facilitate the achievement of capital receipts, and to appropriate **£300,000** into the Reserve for Future Capital Funding to provide capital financing resources for various projects.

It is proposed that the remainder of the under spend (**£387,000**) is applied to partly mitigate the over spend by the Facilities Management Service.

- **Procurement - £3.884m under spend**

Funding was provided in 2010/11 for transformation projects, but **£3.984m** of this funding has not been utilised in this financial year. Approval is therefore sought to appropriate this sum into the Carry Forwards reserve, to enable the transformation and e-sourcing projects to be completed in 2011/12.

Approval is also sought to appropriate **£24,000** into a new earmarked revenue to provide funding for joint working with Chelmsford Borough Council.

Finally, approval is sought to finance restructuring costs of **£124,000** in 2010/11 from the General Balance.

## **Finance and Transformation**

### ▪ **Information Services - £571,000 over spend**

The over spend results from incurring costs in respect of changes to Schools Broadband that were not budgeted for in 2010/11.

It is proposed that under spends of **£938,000** by Human Resources and the Transformation Support Unit are applied to offset this over spend and to support a request to appropriate **£358,000** into the Carry Forwards reserve to fund Local Area Network maintenance charges in 2011/12.

Further, approval is sought to appropriate **£7,000** into the Essex On-line partnership reserve and to appropriate **£2,000** to offset a small deficit by the Information Services Infrastructure trading activity.

### ▪ **Finance - £330,000 under spend**

Under spends, totalling **£838,000**, related to Services' finance teams that were held by other portfolios, but form part of the overall budget for Finance Professional Services, will be applied to the Finance Recharged Strategic Support Service. After adjusting for these amounts, the underlying position is an under spend of **£1.168m**.

It is proposed that **£124,000** of this total is applied to offset an over spend by the Coroners' Courts' Service (Major Projects and Commercial Services portfolio). Approval is sought to appropriate a further **£703,000** of the under spend into the Carry Forwards reserve, to support expenditure in 2011/12 on various projects, including Project Coefficient, Essex Guardians, New Ways of Working and Corporate Governance. The remainder of the under spend (**£341,000**) will be returned to the General Balance.

Approval is sought to write off debts amounting to **£115,000**, which are now deemed to be irrecoverable. Provision has been made, within the 2010/11 accounts, to cover these write offs.

### ▪ **Human Resources - £771,000 under spend**

The under spend mainly results from staff vacancies, generating additional income in respect of the provision of services to District Councils and schools and as a consequence of receiving fewer Criminal Records Bureau applications.

Approval is sought to appropriate **£80,000** into the Carry Forwards Reserve, to fund additional costs of agency interim staff, the bespoke reporting functionality for the Capability Tool, training and licensing for the Learning and Development Delivery Team and the selection and implementation of a case management system within Advice, Support and Wellbeing.

The Essex HR Strategic Partnership has under spent by **£79,000**. As this balance represents unspent contributions by partners, it is proposed that this amount is appropriated into the Partnerships Reserve.

Approval is sought to utilise a further **£508,000** of the under spend to offset an over spend of **£154,000** in relation to Talent Management (Leader Portfolio) and an over spend of **£354,000** by Information Services.

The remainder of the under spend (**£104,000**) will be returned to the General Balance.

- **Transformation Support Unit - £809,000 under spend**

The under spend results from staff vacancies, and from associated cost savings. It is proposed that **£218,000** of the under spend is appropriated into the Carry Forwards reserve, to fund support to transformation projects in 2011/12. It is proposed that a further **£584,000** of the under spend is applied to offset over spends by Information Services and that **£7,000** will be returned to the General Balance.

- **Insurance Cost Recovery Account - £4.127m under spend**

Based on the most recent actuarial evaluation, the Insurance Provision has been set, as at 31st March 2011, at **£4.127m** below the budgeted level. It is proposed that **£2.280m** of this under spend is appropriated to the Insurance Reserve, in line with the Actuary's recommendation, and that the remainder **£1.847m** is returned to the General Balance.

## **2.12 Building Maintenance - £713,000 under spend**

The under spend results from a reassessment of historical commitments. Approval is sought to appropriate this under spend into a new earmarked revenue reserve, to support the building maintenance programme over the medium term.

## **2.13 Other Operating Costs (interest and capital financing) - £646,000 under spend**

An under spend of **£853,000** results from not undertaking further long term borrowing during the last quarter of the financial year. As a consequence of deferring further external borrowing, the cash balances available for investment were lower, resulting in a small under recovery on interest on investments of **£261,000**.

In addition, to the net under spend on interest, the amount required for the repayment of external loans was **£54,000** less than budgeted.

### 3. Portfolio commentary – Capital

Commentary on portfolios' provisional outturn positions are provided in the following paragraphs.

#### 3.1 Adults, Health and Community Wellbeing - £676,000 under spend

The under spend primarily results from capital payments approval not being required in respect of a grant funded IT infrastructure scheme (**£399,000**) and as a result of minor under spends on other projects (**£89,000**). The remainder of the net under spend results from slippage in schemes, partially offset by one project progressing ahead of schedule and another where it is proposed to apply the under spend to offset additional costs of the Essex Insight scheme (Leader portfolio).

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Housing and accommodation strategy - **£80,000**;
- HIV capital grant - **£120,000**;
- Oscars/Swift integration - **£33,000**;

Partially offsetting this request, approval is sought to bring capital payments guideline of **£65,000** forward from 2011/12 to 2010/11 in respect of the learning disabilities re-provision scheme.

#### 3.2 Children's Services - £8.176m under spend

##### Special Schools - £7.185m under spend

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- School Access initiative **£622,000**;
- Specialist college grant **£85,000**;
- Early years and children's centre projects **£3.598m**;
- Other special needs projects **£152,000**;
- Other small projects **£258,000**.

Approval is also sought to retrospectively increase the scheme and 2010/11 payment approvals for the following schemes:

- Schools access improvements - **£82,000**;
- Children's Centre projects - **£209,000**;
- Basildon Pioneer special school - **£179,000**;
- Other special needs projects - **£41,000**;

- Other small projects - **£23,000.**

It is proposed that these increases are financed retrospectively reducing the scheme and 2010/11 payment approvals for the following schemes:

- Children's Centre projects by **£138,000;**
- Schools access improvements by **£520,000;**
- Special schools site acquisition by **£2.33m;**
- Other special needs projects **£49,000.**

Finally, approval is sought to carry over spends forward, to be managed within the existing payment approvals for 2011/12, in respect of the following schemes:

- Schools access improvements **£3,000;**
- Ramsden food technology grant - **£30,000.**

### **Children & Families - £991,000 under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- ICS System Rationalisation - **£477,000;**
- Home to School transport scheme - **£15,000;**
- Willowbrook Family Centre - **£143,000;**
- Minor works schemes - **£89,000.**

The following grant funded schemes have been completed at less than budgeted:

- IS related schemes - **£51,000;**
- Aiming High for Disabled Children - **£213,000;**
- Playbuilder grant from DfE - **£3,000.**

## **3.3 Education and 2012 Games - £14.389m under/over spend**

### **Schools**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Devolved Formula Capital - **£7.794m;**
- Other minor schemes - **£1.295m;**
- Witham Chipping Hill - **£1.079m;**
- Primary Capital programme - **£1.078m;**
- School Kitchen Dining - **£736,000;**
- Extended schools schemes - **£733,000;**

- Colchester Queen Boudica Primary (Phase II) - **£612,000**;
- Post 16 Provisions - **£205,000**;
- Hutton Willowbrook Primary School - **£173,000**;
- Harlow Passmores - **£129,000**;
- Chelmsford Hylands schools - **£123,000**;
- Chelmer Valley High School - **£69,000**.

Approval is also sought to retrospectively increase the scheme and 2010/11 payment approvals for the following schemes:

- Hutton Willowbrook Primary School - **£18,000**;
- Harlow Passmores - **£129,000**;
- Colchester Queen Boudica Primary (Phase II) - **£20,000**;
- Witham Chipping Hill - **£29,000**;
- Other minor schemes - **£1.756m**;
- Primary Capital programme - **£175,000**;
- Capitalised building maintenance - **£1.417m**;
- Extended schools **£1.285m**.

It is proposed that these increases are financed retrospectively reducing the scheme and 2010/11 payment approvals for the following schemes:

- Ravenscourt primary, Clacton - **£200,000**;
- Minor works for primary school halls - **£636,000**;
- Selective secondary provision - **£252,000**;
- Capitalised building maintenance - **£726,000**;
- Project manager fees - **£458,000**;
- Extended schools - **£1.285m**.
- Other schemes - **£1.461m**.

Finally, approval is sought to carry over spends forward, to be managed within the existing payment approvals for 2011/12, in respect of the following schemes:

- Primary Capital programme - **£86,000**;
- Food Technology grant - **£513,000**;
- Harlow Passmores - **£318,000**;
- Essex Academies (Witham) - **£126,000**;
- Essex Academies (Basildon) - **£189,000**;
- Other minor schemes - **£68,000**.

## **Building Schools for the Future**

The scheme is progressing according to schedule. Approval is sought to transfer under spend from revenue, via the reserve for future capital funding, of **£300,000** to fund 2011/12 projects. Approval is sought to slip **£700,000** to 2011/12.

## **Youth Service**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Danbury Outdoor Centre - **£532,000**;
- Harlow Environment & Outdoor Pursuit - **£44,000**;
- Harlow Youth Centre - **£49,000**;
- DDA minor works - **£5,000**;
- Minor works on outdoor centres - **£14,000**;
- Minor works (youth) - **£2,000**.

Approval is also sought to retrospectively increase the scheme and 2010/11 payment approvals for the Mersea Outdoor Centre by **£66,000**. It is proposed that **£18,000** of increase is financed by retrospectively reducing the scheme and 2010/11 payment approvals for the Harlow Environment and Outdoor Pursuit scheme. The remainder (**£48,000**) will be financed by a reduction in the portfolio's capital payments guideline for 2011/12.

The Youth Fund projects have been completed at **£155,000** less than budgeted.

## **2012 Games**

Approval is sought to re-profile capital payment approvals as a consequence of slippage in the following schemes:

- Hadleigh Farm Park - **£292,000**;
- Hadleigh Fire Station acquisition - **£15,000**.

Basildon sporting village scheme has been completed at **£14,000** less than budgeted.

### 3.4 Highways and Transportation - £16.960m under spend

Approval is sought to re-profile **£18.374m** capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

#### **Integrated transport schemes:**

- Canvey, Roscommon Way Ext Phase 1 - **£2.484m**;
- Colchester Cycling Town legacy - **£167,000**;
- Various other integrated minor schemes - **£740,000**.

#### **Department for Transport (DfT) direct grant schemes:**

- Basildon A13/A130 Sadler's Farm - **£6.061m**;
- Transport Asset Management Plan - **£300,000**;
- Various other schemes - **£267,000**.

#### **Council funded schemes:**

- Castle Point, A13 Passenger Transport Corridor **£110,000**;
- Basildon Enterprise Corridor **£1.001m**;
- Canvey, Roscommon Way Ext Phase 1 - **£2.615m**;
- Harlow A414 Dualling **£333,000**;
- Frinton Town Centre Improvements **£220,000**;
- Various other programmes **£2.051m**.

#### **Other (developer contributions and other grants) funded schemes:**

- Braintree Freeport Station Community **£7,000**;
- Colchester Town Centre **£198,000**;
- Harwich Quay Improvements **£364,000**;
- Various other schemes **£1.456m**.

In addition, approval is sought to retrospectively increase the scheme and 2010/11 payment approvals for the following schemes:

- Canvey, Roscommon Way Ext Phase 1 - **£1.277m** grant;
- Harlow A414 Capacity improvements - **£61,000** grant;
- Colchester Junction 28 (A12) - **£551,000** contribution;
- Various other developer and other contributions - **£100,000**.

Approval is sought to use under spends of **£626,000** within the DfT integrated transport and **£626,000** within the Council funded schemes, to offset corresponding budget pressures within these same programmes.

Reductions in the DfT direct, ECC funded and other funding, totalling **£575,000** are due to under spends, any unutilised grants or contributions will be returned to the grantor.

### **3.5 Environment and Waste - £3.372m under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Waste strategy - **£2.494m**;
- Inter authority payments (waste and recycling) - **£820,000**;
- Landfill gas flares replacement - **£14,000**;
- Landfill restoration - **£1,000**;
- Thorndon Country Park boundary fencing - **£35,000**.

Approval is also sought to retrospectively increase the scheme and 2010/11 payment approvals by **£146,000** for the Saffron Walden civic amenity and recycling centre. It is proposed that this increase is financed by retrospectively reducing the scheme and 2010/11 payment approvals for the landfill gas flares replacement scheme.

Finally, the Gateways to Essex scheme has been completed at **£8,000** less than budgeted.

### **3.6 Leader - £1.387m under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Canvey Skills Centre - **£106,000**;
- Jaywick regeneration - **£119,000**;
- Corporate Complaints System - **£20,000**; and
- Chelmsford Innovation Centre - **£725,000**.

A further under spend of **£430,000** resulted from the Colchester Renaissance and Naze Tower projects being completed at below the amount budgeted.

Partially offsetting these under spends, approval is sought to retrospectively increase the scheme and payment approvals for the Essex Insight Scheme by **£20,000**; this increase will be financed from the resources released by under spends on other projects. **£7,000** of the increase in the payments guideline is required to finance payments in 2011/12.

### **3.7 Communities and Planning - £115,000 under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Traveller site improvements - **£94,000**; and
- Youth community initiatives - **£42,000**.

Partially offsetting the slippage in the above schemes, approval is sought to re-profile capital payments of **£21,000** from 2011/12 and into 2010/11 as a consequence of the Severalls Traveller Site scheme progressing ahead of schedule.

It is further proposed that the scheme and payment approvals for the Community Initiatives Fund are retrospectively increased by **£151,000**, to be financed by a corresponding reduction in the scheme and payment approvals for Youth Community initiatives.

### **3.8 Heritage, Culture and the Arts - £2.333m under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Colchester Visual Arts Centre - **£2.284m**;
- Public Art schemes - **£204,000**;
- Springfield library - **£8,000**;
- IT Terms (Adult Community Learning) project - **£10,000**;
- Libraries' 'Invest to Save' project - **£43,000**; and
- Dunmow library scheme - **£76,000**.

Partially offsetting the slippage in the above schemes, approval is sought to re-profile capital payments of **£247,000** from 2011/12 and into 2010/11 as a consequence of the Libraries' 'self service' project progressing ahead of schedule.

Finally, approval is sought to retrospectively add starts and payments provision of **£49,000** to the Capital Programme in respect of the Rochford Adult Community College scheme. Contributions of **£40,000** have been received from Rochford District Council to partially finance the costs of this work; the remainder of the cost will be financed by reducing the portfolio's capital payments provision for 2011/12.

### **3.9 Major Projects and Commercial Services – £1.623m under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- Office strategy enabling project - **£947,000**;
- Community grant – **£89,000**;
- DDA schemes - **£60,000**;
- Minor works - **£251,000**;
- New chillers - **£30,000**;
- Essex Records Office - **£80,000**;

- Capitalised building maintenance – **£19,000**.

Partially offsetting the slippage on the above schemes, approval is sought to increase the scheme and payment approvals for the New Bridge House project by **£10,000**, to be financed from the Reserve for Future Capital Funding, on the basis of an additional contribution to the Reserve by Essex Legal Services.

### **3.10 Finance and Transformation - £5.336m under spend**

Approval is sought to re-profile capital payments guideline into 2011/12 as a consequence of slippage in the following schemes:

- E-payroll system - **£471,000**;
- Oracle upgrade - **£47,000**;
- ICT modernisation projects - **£4.725m**.

The remainder of the under spend (**£93,000**) results from completing the IFS upgrade at less than budgeted.

## REVENUE SUMMARY

2009/10 Actual		2010/11				
		Original Budget	Final Estimate	Provisional Outturn	Variance	
£000		£000	£000	£000	£000	%
345,602	Adults, Health and Community Wellbeing	375,807	376,557	374,497	(2,060)	(0.55%)
	Children's Services					
600	Dedicated Schools Budget	7,987	(14,012)	(11,318)	2,694	(19.23%)
154,611	Non Dedicated Schools Budget	137,610	154,076	157,536	3,460	2.25%
	Education and 2012 Games					
13,324	Dedicated Schools Budget	721	14,173	12,261	(1,912)	(13.49%)
46,063	Non Dedicated Schools Budget	52,920	45,742	48,828	3,086	6.75%
2,571	Lee Valley Park and 2012 Games	2,508	2,856	2,850	(6)	(0.21%)
74,020	Highways and Transportation	73,987	84,303	82,401	(1,902)	(2.26%)
61,962	Environment and Waste	64,333	64,022	62,888	(1,134)	(1.77%)
23,833	Heritage, Culture and the Arts	21,518	22,042	22,417	375	1.70%
16,861	Leader	17,364	14,839	14,244	(595)	(4.01%)
5,482	Communities and Planning	5,001	5,511	5,028	(483)	(8.76%)
2,105	Major Projects and Commercial Services	1,882	1,685	1,759	74	4.39%
2,080	Finance and Transformation	2,676	2,259	2,723	464	20.54%
	Recharged Support Services					
	Highways and Transportation					
1,378	Transport Coordination Centre	1,415	1,442	1,410	(32)	(2.22%)
291	Car Provision Scheme	(300)	(230)	(247)	(17)	7.39%
	Environment and Waste					
952	Democratic Services	918	897	875	(22)	(2.45%)
	Leader					
1,957	Communications & Customer Relations	2,275	2,502	2,107	(395)	(15.79%)
2,355	Customer Services	2,278	4,424	4,351	(73)	(1.65%)
	Major Projects and Commercial Services					
15,164	Facilities Management Service	12,970	13,926	14,074	148	1.06%
4,615	Essex Legal Services	2,622	4,185	3,936	(249)	(5.95%)
3,005	Asset Management	2,672	4,837	3,710	(1,127)	(23.30%)
2,974	Procurement	1,989	9,840	5,956	(3,884)	(39.47%)
	Finance and Transformation					
8,153	Human Resources	7,830	8,837	8,066	(771)	(8.72%)
30,800	Information Services	15,807	17,560	18,131	571	3.25%
22,578	Finance	7,140	16,299	15,969	(330)	(2.02%)
2,239	Transformation Support Unit	6,019	6,229	5,420	(809)	(12.99%)
7,845	Insurance Cost Recovery Account	5,354	4,685	558	(4,127)	(88.09%)
5,939	Building Maintenance	2,652	3,402	2,689	(713)	(20.96%)
<b>859,359</b>	<b>Net cost of services (Portfolios)</b>	<b>835,955</b>	<b>872,888</b>	<b>863,119</b>	<b>(9,769)</b>	<b>(1.12%)</b>
31,262	Other operating costs - interest and capital financing	47,154	41,642	40,996	(646)	(1.55%)
(60,065)	General government grant	(82,031)	(90,037)	(94,412)	(4,375)	4.86%
-	Emergency Contingency	8,000	2,144	-	(2,144)	(100.00%)
<b>830,556</b>	<b>Net expenditure (prior to utilisation of Reserves &amp; Balances)</b>	<b>809,078</b>	<b>826,637</b>	<b>809,703</b>	<b>(16,934)</b>	<b>(2.05%)</b>
(33,995)	Appropriations to/(from) earmarked revenue reserves	12,985	(4,892)	13,440	18,332	(374.73%)
6,611	General balance - contribution / (withdrawal)	-	318	(1,080)	(1,398)	(439.62%)
<b>803,172</b>	<b>Net Expenditure</b>	<b>822,063</b>	<b>822,063</b>	<b>822,063</b>	<b>-</b>	<b>-</b>
	<b>Financed by</b>					
(44,800)	Revenue Support Grant	(31,281)	(31,281)	(31,281)	-	-
(194,095)	National non-domestic rates	(215,423)	(215,423)	(215,423)	-	-
(561,419)	Council tax precept	(574,956)	(574,956)	(574,956)	-	-
(2,858)	Collection fund surpluses	(403)	(403)	(403)	-	-
<b>(803,172)</b>	<b>Total Financing</b>	<b>(822,063)</b>	<b>(822,063)</b>	<b>(822,063)</b>	<b>-</b>	<b>-</b>

## REVENUE VARIANCE PLAN

	Provisional Outturn Variance (Under) / Over spend £000	Proposed mitigating actions					Total of mitigating actions £000
		Reallocation of under spends £000	Appropriations to the Carry Forwards reserve £000	Appropriations to / (from) other reserves £000	Contributions to the General Balance £000	Withdrawals from the General Balance £000	
Adults, Health and Community Wellbeing	(2,060)	289	1,771	-	-	-	2,060
Children's Services							
Dedicated Schools Budget	2,694	-	-	(2,694)	-	-	(2,694)
Non Dedicated Schools Budget	3,460	383	-	-	-	(3,843)	(3,460)
Education and 2012 Games							
Dedicated Schools Budget	(1,912)	-	-	1,912	-	-	1,912
Non Dedicated Schools Budget	3,086	(42)	-	-	-	(3,044)	(3,086)
Lee Valley Park and 2012 Games	(6)	(30)	36	-	-	-	6
Highways and Transportation	(1,902)	208	1,193	476	25	-	1,902
Environment and Waste	(1,134)	(30)	975	-	189	-	1,134
Heritage, Culture and the Arts	375	-	292	99	-	(766)	(375)
Leader	(595)	(135)	266	39	425	-	595
Communities and Planning	(483)	41	70	-	372	-	483
Major Projects and Commercial Services	74	(74)	-	-	-	-	(74)
Finance and Transformation	464	(464)	-	-	-	-	(464)
Recharged Support Services							
Highways and Transportation							
Transport Coordination Centre	(32)	-	-	-	32	-	32
Car Provision Scheme	(17)	-	17	-	-	-	17
Environment and Waste							
Democratic Services	(22)	-	-	-	22	-	22
Leader							
Communications & Customer Relations	(395)	-	-	-	395	-	395
Customer Contact Centre	(73)	-	-	-	73	-	73
Major Projects and Commercial Services							
Facilities Management Service	148	(500)	352	-	-	-	(148)
Essex Legal Services	(249)	63	-	186	-	-	249
Asset Management	(1,127)	387	226	514	-	-	1,127
Procurement	(3,884)	-	3,984	24	-	(124)	3,884
Finance and Transformation							
Human Resources	(771)	508	80	79	104	-	771
Information Services	571	(938)	358	9	-	-	(571)
Finance	(330)	(714)	703	-	341	-	330
Transformation Support Unit	(809)	584	218	-	7	-	809
Insurance Cost Recovery Account	(4,127)	-	-	2,280	1,847	-	4,127
Building Maintenance	(713)	-	-	713	-	-	713
<b>Net cost of services (Portfolios)</b>	<b>(9,769)</b>	<b>(464)</b>	<b>10,541</b>	<b>3,637</b>	<b>3,832</b>	<b>(7,777)</b>	<b>9,769</b>
Other operating costs	(646)	464	-	-	182	-	646
General government grant	(4,375)	-	-	4,154	221	-	4,375
<b>Net expenditure (prior to utilisation of reserves &amp; balances)</b>	<b>(14,790)</b>		<b>10,541</b>	<b>7,791</b>	<b>4,235</b>	<b>(7,777)</b>	<b>14,790</b>
Operating costs							
Appropriations to / from earmarked reserves	18,332	-	(10,541)	(7,791)	-	-	(18,332)
Emergency contingency	(2,144)	-	-	-	2,144	-	2,144
General Balance	(1,398)				(6,379)	7,777	1,398
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## REVENUE CARRY FORWARD REQUESTS

	<b>Total £000</b>
<b>Adults, Health and Community Wellbeing</b>	
Adult social care ( <i>impact of demographic changes</i> )	1,771
<b>Adults, Health and Community Wellbeing</b>	<b>1,771</b>
<b>Education and 2012 Games</b>	
Sports development ( <i>Tour Series and provision of health and sport activities</i> )	36
<b>Total Education and 2012 Games</b>	<b>36</b>
<b>Highways and Transportation</b>	
Car Provision Scheme	283
CRB checks	20
Parking initiatives	852
Equipment for Public Rights of Way officers	38
<b>Highways and Transportation</b>	<b>1,193</b>
<b>Environment and Waste</b>	
Highways strategic transformation	840
Emergency Planning - decommissioning of flood warning sirens	95
Property strategy	40
<b>Total Environment and Waste</b>	<b>975</b>
<b>Heritage, Culture and the Arts</b>	
Heritage and Cultural Services ( <i>Pay to Browse, self service initiative and Musevide</i> )	107
Libraries and Information Services ( <i>transformation, self service and other projects</i> )	120
Historic Environment project	25
Built Environment ( <i>Sustainable environment and conservation projects</i> )	40
<b>Total Heritage, Culture and the Arts</b>	<b>292</b>
<b>Leader</b>	
Retail Enterprise Fund	61
Essex Apprenticeship Scheme	150
Other projects	55
<b>Total Leader</b>	<b>266</b>
<b>Communities and Planning</b>	
Environmental planning	40
Development of Heritage Centre in Rowhedge	30
<b>Total Communities and Planning</b>	<b>70</b>
<b>Recharged Support Services:</b>	
Car Provision Scheme	17
Facilities Management ( <i>Development of Goodman House and Property Strategy</i> )	352
Asset Management ( <i>asset valuation programme and professional fees related to BSF</i> )	226
Procurement ( <i>Procurement transformation, e-sourcing and supply chain management</i> )	3,984
Human Resources ( <i>Business partnering, capability tool and training</i> )	80
Information Services ( <i>Local Area Network replacement and ICT modernisation</i> )	358
Finance ( <i>Project Coefficient, Essex Shared Services initiatives and other projects</i> )	703
Transformation Support Unit ( <i>to support and deliver the Council's transformation programme</i> )	218
<b>Total Recharged Strategic Support Services</b>	<b>5,938</b>
<b>Total</b>	<b>10,541</b>



## CAPITAL – SUMMARY OF PAYMENTS AND FINANCING

	Original Approval	Final approval	Actual	Variance
	£000	£000	£000	£000
Adults, Health & Community Well-Being	10,185	740	64	(676)
Children's Services				
Special Schools	21,985	33,796	26,611	(7,185)
Children & Families	5,707	2,240	1,249	(991)
Education and 2012 Games				
Schools	109,877	104,821	91,906	(12,915)
Building Schools for the Future	44,834	2,060	1,660	(400)
Youth Service	10,075	1,485	732	(753)
2012 Games	700	1,817	1,496	(321)
Highways and Transportation				
DFT Capital Maintenance	20,959	20,959	20,959	-
DFT Integrated Transport	20,257	12,679	9,288	(3,391)
DFT Direct Grants	31,613	35,088	28,366	(6,722)
ECC Funded Capital	29,748	27,474	21,134	(6,340)
Community Infrastructure Grant	23,690	22,366	23,557	1,191
All other highways capital schemes	8,036	8,966	7,268	(1,698)
Chief Whip, Environment and Waste	14,146	6,853	3,481	(3,372)
Heritage, Culture & the Arts				
Heritage, & Culture	3,253	3,810	1,322	(2,488)
Adult Education	1,149	16	55	39
Libraries and Information Services	2,871	244	360	116
Leader	4,416	2,209	822	(1,387)
Communities and Planning	3,830	1,655	1,540	(115)
Major Projects & Commercial Services	3,465	1,794	190	(1,604)
Finance & Transformation Programme	11,825	10,345	5,009	(5,336)
Minor capitalised building maintenance	1,300	367	348	(19)
<b>Total payments to be financed in 2010/11</b>	<b>383,921</b>	<b>301,784</b>	<b>247,417</b>	<b>(54,367)</b>
<b>Financed by</b>				
Supported borrowing	51,545	51,545	51,545	-
Unsupported borrowing	92,534	67,997	66,130	(1,867)
Grants and contributions	238,176	179,951	122,746	(57,205)
Capital receipts	-	2,531	6,789	4,258
Reserve for future capital funding	1,666	(240)	207	447
<b>Total financing</b>	<b>383,921</b>	<b>301,784</b>	<b>247,417</b>	<b>(54,367)</b>

## CAPITAL VARIANCE PLAN

	2010/11			Slippage	2010/11 Changes	2011/12 Changes
	Additions	Reductions	Advanced works			
	£000	£000	£000	£000	£000	£000
Adults, Health & Community Well-Being	-	(508)	65	(233)	(676)	168
Children's Services						
Special Schools	534	(3,037)	33	(4,715)	(7,185)	4,682
Children & Families	-	(267)	-	(724)	(991)	724
Education and 2012 Games						
Schools	4,829	(5,018)	1,300	(14,026)	(12,915)	12,726
Building Schools for the Future	300	-	-	(700)	(400)	700
Youth Service	18	(173)	48	(646)	(753)	598
2012 Games	-	(14)	-	(307)	(321)	307
Highways and Transportation						
DFT Capital Maintenance	-	-	-	-	-	-
DFT Integrated Transport	626	(626)	-	(3,391)	(3,391)	3,391
DFT Direct Grants	-	(94)	-	(6,628)	(6,722)	6,628
ECC Funded Capital	626	(636)	-	(6,330)	(6,340)	6,330
Community Infrastructure Grant	1,277	(86)	-	-	1,191	-
All other highways capital schemes	712	(385)	-	(2,025)	(1,698)	2,025
Chief Whip, Environment and Waste	146	(154)	-	(3,364)	(3,372)	3,364
Heritage, Culture & the Arts						
Heritage, & Culture	-	-	-	(2,488)	(2,488)	2,488
Adult Education	49	-	-	(10)	39	10
Libraries and Information Services	-	(4)	247	(127)	116	(120)
Leader	20	(430)	-	(977)	(1,387)	977
Communities and Planning	151	(151)	21	(136)	(115)	115
Major Projects & Commercial Services	10	(157)	-	(1,457)	(1,604)	1,457
Finance & Transformation Programme	-	(93)	-	(5,243)	(5,336)	5,243
Minor capitalised building maintenance	-	-	-	(19)	(19)	19
<b>Total payments to be financed in 2010/11</b>	<b>9,298</b>	<b>(11,833)</b>	<b>1,714</b>	<b>(53,546)</b>	<b>(54,367)</b>	<b>51,832</b>
<b>Financed by</b>						
Supported borrowing	-	-	-	-	-	-
Unsupported borrowing	1,053	(4,578)	360	(24,970)	(28,135)	24,610
Grants and contributions	7,935	(7,241)	1,354	(28,144)	(26,096)	26,790
Capital receipts	-	(14)	-	(117)	(131)	117
Reserve for future capital funding	310	-	-	(315)	(5)	315
<b>Total financing</b>	<b>9,298</b>	<b>(11,833)</b>	<b>1,714</b>	<b>(53,546)</b>	<b>(54,367)</b>	<b>51,832</b>

## RESERVES AND BALANCES

## EARMARKED RESERVES

	2010/11 Provisional Outturn				Balance at 31 March 2011 £000
	Balance at 1 April 2010 £000	2010/11 movements		Net Movement £000	
		Contributions to reserves £000	Withdrawals from reserves £000		
<b>General reserves</b>					
Service improvements	(5,164)	(411)	4,699	4,288	(876)
Essex Pledges	(7,526)	-	7,526	7,526	-
Quadrennial Elections reserve	(594)	-	23	23	(571)
Capital receipts pump priming	(866)	(214)	116	(98)	(964)
IMT development	(1,947)	-	1,735	1,735	(212)
Partnerships	(968)	(603)	-	(603)	(1,571)
Insurance	(467)	(2,280)	132	(2,148)	(2,615)
Essex Art Fund	(258)	-	-	-	(258)
LAA Performance	(1,873)	(2,368)	-	(2,368)	(4,241)
Health and Safety Reserve	(1,087)	-	-	-	(1,087)
ExDRA partnership	(4,221)	(39)	733	694	(3,527)
Carbon Reduction reserve	(1,536)	-	-	-	(1,536)
Essex on-line partnership	(248)	(7)	-	(7)	(255)
Children's Reserve	-	(4,400)	4,400	-	-
Essex Transport Reserve	(1,398)	-	76	76	(1,322)
Carry Forwards Reserve	(6,044)	(10,541)	2,784	(7,757)	(13,801)
Developing Partnerships	(1,500)	-	-	-	(1,500)
Life Raft Pledge reserve	(728)	-	-	-	(728)
Newton bequest reserve	(118)	(1)	-	(1)	(119)
Personal Care reserve	-	(1,800)	-	(1,800)	(1,800)
AHCW Section 75 reserve	-	(674)	-	(674)	(674)
Severe weather reserve	(252)	-	-	-	(252)
Highways energy reserve	-	(476)	-	(476)	(476)
Building maintenance reserve	-	(713)	-	(713)	(713)
Procurement reserve	-	(24)	-	(24)	(24)
Tending PPP	(429)	-	7	7	(422)
Trading activities	(2,885)	(56)	1,205	1,149	(1,736)
	<b>(40,109)</b>	<b>(24,607)</b>	<b>23,436</b>	<b>(1,171)</b>	<b>(41,280)</b>
<b>Future capital funding</b>					
General	(3,517)	521	-	521	(2,996)
Bellhouse landfill	(61)	-	-	-	(61)
Historic Building Reserve	(120)	-	-	-	(120)
	<b>(3,698)</b>	<b>521</b>	<b>-</b>	<b>521</b>	<b>(3,177)</b>
<b>Equalisation reserves</b>					
PFI equalisation reserves					
A130 PFI	(51,863)	(5,474)	-	(5,474)	(57,337)
Clacton secondary schools' PFI	(4,685)	(428)	225	(203)	(4,888)
Debden PFI	(5,533)	(287)	666	379	(5,154)
Waste reserve	(35,428)	(24,310)	17,247	(7,063)	(42,491)
Grants equalisation reserve	(5,047)	(7,960)	4,860	(3,100)	(8,147)
	<b>(102,556)</b>	<b>(38,459)</b>	<b>22,998</b>	<b>(15,461)</b>	<b>(118,017)</b>
<b>Schools</b>	<b>(48,161)</b>	<b>(9,975)</b>	<b>10,756</b>	<b>781</b>	<b>(47,380)</b>
<b>Total</b>	<b>(194,524)</b>	<b>(72,520)</b>	<b>57,190</b>	<b>(15,330)</b>	<b>(209,854)</b>

## RESERVES AND BALANCES

## GENERAL BALANCE

	£000	£000
<b>Actual Balance 31 March 2010</b>		(33,070)
Repayment of over spends in 2010/11		(314)
2010/11 planned contribution		-
<b>Actual Balance 1 April 2011</b>		(33,384)
Subsequent movements		(4)
<b>Estimated balance at 31st March 2011</b>		(33,388)
<b>Provisional Outturn proposals</b>		
Under spends to be returned to the General Balance	(6,379)	
Financing of 2010/11 over spends	4,807	
Financing of 2010/11 restructuring costs	2,970	
		1,398
<b>Actual balance at 31 March 2011</b>		(31,990)
Repayment of amount withdrawn in 2010/11 for restructuring costs		(2,970)
2011/12 planned contribution		(8,426)
<b>Actual balance at 1 April 2011</b>		(43,386)

## EMERGENCY CONTINGENCY

	£000
<b>Actual Balance 1 April 2010</b>	(8,000)
<b>Approved Withdrawals</b>	
Communities and Planning - Development management	125
General Government Grants	500
Essex Legal Services	1,124
Information Services	322
Facilities Management Service	174
Asset Management	93
Adults Health and Community Wellbeing	10
Major Projects and Commercial Services - Registration BDM	100
Heritage, Culture and the Arts - Heritage and Cultural Services	343
Operating Costs - Appropriations (LAA Performance Reward)	3,022
Operating Costs - appropriations (IS Infrastructure Trading Account)	43
<b>Actual balance at 31 March 2011 (to be returned to the General Balance)</b>	(2,144)

## PRUDENTIAL INDICATORS

		Approved Indicator	Latest Estimate
<b>1 Affordability</b>			
Incremental impact on Council Tax	£	4.87	n/a
Ratio of financing costs to net revenue streams	%	5.7%	5.0%
<b>2 Prudence</b>			
Net borrowing v Capital Financing Requirement			Net borrowing is well within the medium term forecast of the Capital Financing Requirement.
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	384	247
Capital financing requirement (excluding credit arrangements)	£m	784	742
<b>4 External Debt</b>			
Authorised limit (borrowing)	£m	670	n/a
Operational boundary (borrowing)	£m	550	n/a
Actual external borrowing ( <b>maximum level of debt during year to date</b> )	£m	n/a	368
<b>5 Treasury Management</b>			
Interest rate exposures :			
Upper limit for exposure to fixed rates			
Debt		100%	100%
Investments		100%	57%
Upper limit for exposure to variable rates			
Debt		30%	2%
Investments		100%	88%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	20%	0%
12 months & within 24 months	%	40%	0%
24 months & within 5 years	%	60%	2%
5 years & within 10 years	%	80%	2%
10 years & within 25 years	%	100%	12%
25 years & within 40 years	%	100%	15%
40 years & within 50 years	%	100%	55%
50 years & above	%	40%	24%
Total sums invested for more than 364 days			
Authorised limit	£m	50	n/a
Actual sums invested ( <b>maximum position during year to date</b> )	£m	n/a	10

## TREASURY MANAGEMENT

	Opening Balance	Raised	Repaid	Balance	Movement	Interest payable / earned
	£000	£000	£000	£000	£000	£000
<b>Borrowing</b>						
Long Term	321,745	40,000	1,043	<b>360,702</b>	38,957	15,280
Temporary	1,618	5,698	4,812	<b>2,504</b>	886	13
	<b>323,363</b>	<b>45,698</b>	<b>5,855</b>	<b>363,206</b>	<b>39,843</b>	<b>15,293</b>
<b>Investments</b>						
Long Term	10,000	-	5,000	<b>5,000</b>	(5,000)	433
Temporary	91,979	-	17,579	<b>74,400</b>	(17,579)	1,281
	<b>101,979</b>	<b>-</b>	<b>22,579</b>	<b>79,400</b>	<b>(22,579)</b>	<b>1,714</b>
<b>Net indebtedness</b>	<b>221,384</b>	<b>45,698</b>	<b>(16,724)</b>	<b>283,806</b>	<b>62,422</b>	<b>13,579</b>

**Borrowing**

Average long term borrowing over period (£000)	<b>358,511</b>
Opening pool rate at 1 April 2010	<b>4.28%</b>
Weighted average rate of interest on new loans secured in 2010/11	<b>4.11%</b>
Average pool rate for year to date	<b>4.26%</b>

**Investments**

Average daily cash balance over period (£000)	<b>129,603</b>
Average interest earned over period	<b>1.28%</b>
Benchmark rate - average local authority 7 day rate	<b>0.39%</b>