

**AGENDA ITEM 4  
ES/053/11**

**Committee:** Executive Scrutiny Committee

**Date:** 1 November 2011

**2011/12 Financial Review as at the half-year stage Outturn Report**

**Enquiries to:** Margaret Lee, Executive Director for Finance  
01245 431010 or extn 21010  
[margaret.lee@essex.gov.uk](mailto:margaret.lee@essex.gov.uk)

The attached report (CAB/035/11) was considered at Cabinet on 18 October 2011. The report is being submitted to the Committee given that one of its specified roles is “scrutinising the revenue and capital outturns”.

**Issues for the Committee to consider**

Some potential questions are set out below, which the Committee might find useful in its scrutiny role. (They have been deliberately framed in such a way as to make them applicable to a review of all outturn reports rather than being specifically tailored to this particular report.)

1. Does the report provide an adequate summary of the authority’s financial stewardship?
2. Do the report and the decisions taken by the Cabinet Member demonstrate that the policy aims of the Council are being met – has the link been made between policy and spend?
3. Are there any issues where further information or clarification is necessary in order to understand what has occurred and its implications?
4. Does the report highlight any issues that raise concerns about the financial control and financial standing of the authority?
5. Are there any issues that have potential ongoing significance?
6. In the light of the above questions does the Committee require a more detailed review and associated report on any issues?

<b>Cabinet</b>	<b>CAB/035/11</b>
<b>Date:</b> 18 October 2011	

## 2011/12 FINANCIAL OVERVIEW AS AT THE HALF YEAR STAGE

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 provide an updated assessment of the financial position of the Council in 2011/12, based upon the position at the half year stage.

### Recommendations

- (i) That Cabinet Members note the current revenue and capital outturn forecasts, which are for an under spend for the year of **£415,000** on the Revenue Budget (*if approval is given to the proposals within this report for the utilisation of reserves and balances*) and an under spend of **£12.663m** against the approved capital payments guideline. The explanatory comments are provided in the Executive Summary, and the subsequent sections and appendices of the Report.
- (ii) That approval is given to appropriate **£1.223m** from Earmarked Reserves as follows:

	Financing Source			Total £'000
	Redundancy Reserve £'000	Service Improvement Reserve £'000	Waste Reserve £'000	
Directorate Requesting Funding				
Adults, Health & Community Wellbeing				
Schools Children & Families				
Environment, Sustainability & Highways	192			192
Finance	178			178
Strategic Services	142	260		402
Transformation	-	-	451	451
Other Operating Costs				
<b>Total</b>	<b>512</b>	<b>260</b>	<b>451</b>	<b>1,223</b>

- (iii) That **£7.060m** is appropriated into Earmarked Reserves as follows:

	Reserve			
	Grant Equalisation Reserve £'000	Waste Reserve £'000	Insurance Reserve £'000	Total £'000
Directorate Returning Funds				
Adults, Health & Community Wellbeing				
Schools Children & Families				
Environment, Sustainability & Highways				
Finance		2,302		2,302
Strategic Services	120			120
Transformation	-	1,201		1,201
Other Operating Costs			3,437	3,437
<b>Total</b>	<b>120</b>	<b>3,503</b>	<b>3,437</b>	<b>7,060</b>

- (iv) That approval is given to draw down a net **£1.725m** from the PFI Grant Equalisation Reserve; in respect of a number of PFI schemes to reflect a change in the profiling of grant utilisation.
- (v) That approval is given to a Supplementary Estimates request of **£36,000**, for Environment Sustainability and Highways, which it is proposed is financed from the Emergency Contingency.
- (vi) That approval is given to amendments to the Directorates' Capital payments guideline and financing assumptions as follows:

	Approval is sought in this report £'000	Approval sought via Cabinet Member Action £'000	Total £'000
Reduced to reflect the impact of Slippage	(9,812)		(9,812)
Reduced to reflect schemes that will no longer be progressed	(2,149)	(119)	(2,268)
Increased to take account of newly approved schemes	521	1,583	2,104
<b>Total</b>	<b>(11,440)</b>	<b>1,464</b>	<b>(9,976)</b>

The impact upon Directorates' capital payment guidelines of making these changes is summarised in **Appendix E**.

- (vii) That approval is given to draw down up to **£546,000** from the Capital Receipts Pump Priming Reserve to fund the costs arising from property disposals this year, under the agreed Property Transformation Project.

## 1. Executive summary

### 1.1 Revenue

An assessment of the Revenue Budget, at the half year stage, shows an adjusted net under spend for the year of **£415,000** is forecast, after taking account of proposed actions, including virement requests, and draw downs from and contributions to reserves as requested via this report. This compares to an adjusted outturn forecast at quarter 1 of £615,000 under spend.

The main variances are listed below. Directorate commentaries are included at **Appendix A**.

- AHCW (**£2.625m** over spend), which represents an increase of £190,000 on the forecast position for quarter 1. The variance is mainly due to a Care and Support projected over spend of **£3.482m**, due to pressures on the Older People budgets.
- SCF there is a residual over spend of **£1.494m**, which represents a increase of **£286,000** from quarter 1.

- ESH is forecasting a **£436,000** under spend, which shows a movement of **£48,000** on the position reported at quarter 1.
- Finance is forecasting a residual under spend of **£732,000**. This compares with an overall under spend of **£1.285m** at quarter 1. The main reason for the change is on the Insurance cost recovery account, following the evaluation within the first quarter actuarial report.
- Strategic Services is forecasting an under spend of **£507,000**, which compares to a forecast under spend of **£818,000** at quarter 1.
- Transformation is forecasting an under spend of **£694,000**, compared to a forecast under spend of **£171,000** at quarter 1.
- Other Operating Costs is forecasting a **£2.165m** under spend, following a contribution to the Insurance Reserve **£3.437m**, and virement requests totalling **£898,000**. This compares with a projected under spend of **£1.500m** at quarter 1.

Directorates seek approval to draw down from reserves as follows:

- ESH - **£192,000** from Redundancy Reserve in relation to redundancy costs
- Strategic services - **£52,000** from the Redundancy Reserve in relation to Corporate Business Management
- Strategic services - **£260,000** from the Service Improvement Reserve, in relation to Strategic Services Management
- Strategic services - **£3,000** from the Redundancy Reserve, in relation to Strategic Services Management for the one-off costs associated with the restructure.
- Strategic Services - **£87,000** from the Redundancy Reserve, in relation to Policy and Strategy.
- Finance - **£178,000** from the Redundancy Reserve to fund the costs arising from the service restructure
- Transformation - **£451,000** from the Waste Reserve, to offset pressures in relation to Transformation Support Unit projects costs

Directorates seek approval to return to reserves as follows:

- Strategic services - **£120,000** to the Grant Equalisation Reserve, from Place Based Budgeting.
- Finance - **£2.150m** under spend on Procurement to be returned to the Waste Reserve in relation to the Procurement project costs that will fall into 2012/13
- Finance - **£152,000** to the Waste Reserve in respect of the new e-sourcing solution
- Transformation - **£1.201m** to the Waste Reserve. Of this, **£481,000** is from Human Resources - resulting primarily from the inclusion of savings arising from the New Ways of Working programme (Fast

Track Managers £180,000, Talent Management £153,000, and Leadership Academy £148,000), and **£720,000** from Transformation Support Unit, due to savings relating to the Corporate Services Review.

- Central and other operating costs - **£3.437m** contribution to the Insurance Reserve to cover the current shortfall on the Insurance Recovery account, and offset future claims.

Directorates seek approval for a Supplementary Estimates request as follows:

- ESH - **£36,000** from Emergency Contingency in relation to the cost of implementing the statutory reporting requirements relating to componentisation of assets.

**Appendix C** provides a summary, by Directorate, of the current forecast outturn on the Revenue Budget, and summarises the mitigation proposed regarding the under and over spends that it is proposed are retained and the underlying outturn forecast by Directorate.

## 1.2 Trading activities

At this stage, it is anticipated that the Trading Activities' revenue reserves be **£286,000**, as summarised in **Appendix D**. This is based on a forecast deficit of £6,000.

## 1.3 Capital

The latest budget is **£258.687m**, as a result of actions approved in the first quarter report to cabinet and cabinet member actions. The current forecast outturn for the capital programme is **£246.024m** resulting in a projected under spend of **£12.663m** (5%). Funding figures have been updated and the effect on the revenue outturn has been included. This is in addition to £14.734m slipped to 2012/13 in quarter 1.

Directorate commentaries are included at **Appendix B**.

Directorates are seeking approval for the treatment of variances as follows:

- Re-profile payment approvals of **£9.812m** into 2012/13

- Reduce scheme and payment approvals by **£2.149m** as a consequence of under spends or to reflect decisions not to proceed with schemes. (Approval is being sought to reduce another £119,000 via Cabinet Member Actions already in progress).
- Increase the starts and payment approvals in 2011/12 by **£2.104m** in respect of new schemes. Of which approval of £521,000 is being sought in this report, and £1.583m via Cabinet Member Action.

**Appendix E** provides a comparison of approved and forecast outturn capital payments by Directorate, and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

## 1.4 Balance Sheet

### 1.4.1 Reserves

**Appendix F** provides an estimate of the position on the General Balance, the Emergency Contingency and earmarked revenue reserves as at the end of August 2011.

### 1.4.2 Treasury Management and Prudential Indicators

A summary of the investment and borrowing levels and prudential indicators are provided in **Appendix G**.

## 1.5 Risk Report

The Quarter 2 risk report has been added to **Appendix H**.

- Existing key issues in the report have been reviewed and actions updated.
- New horizon scanning items relate to Protection of Freedoms Bill and possible increase in subsidence claims.
- There are 3 new risks on the Strategic Risk Register for review. These relate to Information Governance and Financial Payment card Regulations, David Wilde is the risk owner, and Procurement Transformation, Margaret Lee is the risk owner.

### 1. Directorate commentary - Revenue

#### 1.1 Adults, Health and Community Wellbeing - £2.625m over spend

The forecast position for AHCW reflects a £2.625m over spend, 0.68% of the net budget for the directorate and an increase of £190,000 on the quarter 1 forecast position. A recovery plan has been constructed to address the pressures in care and support.

##### Mental Health - £524,000 over spend

There is a forecast over spend of £524,000 for Mental Health. This compares to a forecast over spend of £241,000 at quarter 1.

##### Care and Support - £3.482m over spend

The Care and Support forecast is £3.482m over spent, this compares to an over spend of £1.690m at quarter 1, an increase of £1.792m. The forecast is made up of an over spend on Older People of £2.454m, on Physical and Sensory Impairment of £807,000 and £1.019m on Learning Disabilities. These are partially off set by an under spend on Internal services of £386,000 and £411,000 on Essex Cares.

##### Customer Excellence - £212,000 over spend

The full year forecast of £212,000, equating to 4% of the total budget, is mainly due to the projected over spend on the Blue Badge scheme. The change in government policy to increase the charges incurred by ECC to issue Blue Badges does not match the new grant funding allocated. A recovery plan business case is currently being prepared to identify options to reduce the budgetary pressures.

##### Service Management Costs-Planning and Service Development - £1.161m under spend

The full year projected under spend is £1.161m, compared with £410,000 in quarter 1. The forecast under spend is due to an under spend of £661,000 on commitments to other organisations. There is a forecast under spend on staffing of £531,000 due to vacancies held predominantly within the Informatics and Welfare Benefit teams. This is partially offset by minor over spends of £31,000.

##### Service Management Costs- Source and Supply - £286,000 under spend

The forecast under spend is due to the under spend on Quality Improvement Team and other current staffing under spends due to vacant posts, partially offset by increased Agency costs.

The balance of the forecast variance consists of minor over and under spends totalling £146,000 under spend.

## **1.2 Schools, Children and Families - £1.634m over spend**

The current forecast is £1.634m over spend equivalent to 0.7% of the budget. After adjusting for a cross directorate budget virement in relation to Essex Initiatives expenditure totalling £140,000, the forecast is an underlying over spend of £1.494m, an increase of £286,000 from quarter 1

### Director of Learning NON DSG budget - £1.361m under spend

The forecast under spend of £1.361m which represents a decrease of £4.127m from quarter 1, includes £726,000 relation to the Youth service, due to Connexions service reconfiguration and identification, and rebase of programmes that will no longer be progressed. £566,000 relates to Primary Improvement, which is mainly attributable to under spends within virtual school and increased traded activities with schools, £463,000 relates to Secondary improvement, due to increased activity with schools. The balance of the forecast is due to other under and over spends totalling £254,000 over spend. After adjusting for a cross directorate budget virement, the forecast is £1.501m under spend.

### Director of Commissioning NON DSG budget - £1.008m over spend

The forecast variance of £1.008m over spend is a decrease of £70,000 from quarter 1, when the over spend was £1.087m. The over spend is primarily due to increased volumes of special guardianship orders (£917,000), where there are a sustained number of people receiving special guardianship payments. Legal costs relating to care proceedings are projected to over spend by £626,000. Asylum seekers under 18s is forecast to under spend by £268,000, external commissioned placements is forecast to under spend by £140,000. Integrated localities is forecast to under spend by £376,000, this is due to local Priority funding aligned to the provision of Teenage Pregnancy services no longer required in view of Bilateral savings identified within this area. Special Educational Needs and Children with Additional Needs (SENCAN), is forecast to over spend by £172,000, attributable to a management cost omitted in error from the previous forecast. There are also other minor over and under spends totalling £77,000 over spend

### Director of Children's Social Care & Youth Offending Service NON DSG budget - £1.783m over spend

The forecast over spend of £1.783m compares to £329,000 over spend at quarter 1. £1.224m of the forecast relates to increases in fees payable to

foster carers resulting from the anticipated growth in carers and incorporating uplift from October 2011 to reflect the national policy relating to the recruitment and retention of carers. £500,000 relates to the costs of supervised contact arrangements for looked after children, their parents, and siblings. £162,000 relates to looked after children transport. £452,000 is mainly attributable to increase in agency over spend. This is in part offset by £418,000 under spend relating to residential homes. £137,000 under spend relates to Children's Social Care South.

Management and Support Services - £204,000 over spend

The forecast over spend of £204,000 is linked to a mixture of staffing pressures and Capita savings held within this area.

DSG Budget - £180,000 over spend

There is an over spend of £180,000, due to Fees for independent special schools, and recoupment expenditure, and other minor budget variations. The forecast compares to a £703,000 over spend at quarter 1. This liability for this does not sit with Essex County Council and therefore the overall position is reported as on line with budget.

### **1.3 Environment, Sustainability and Highways - £135,000 over spend**

The unadjusted forecast variance for 2011/12 is an over spend of £135,000. When adjusted for a budget transfer from Strategic Services of £343,000, a draw down from the redundancy reserve of £192,000 and a supplementary estimate of £36,000 from the Emergency Contingency, the forecast under spend is £436,000, compared to a £484,000 under spend at quarter 1. This forecast assumes that actions proposed in this report are approved.

Sustainable Environment and Enterprise - £402,000 over spend

Sustainable Environment and Enterprise is forecasting an over spend of £402,000. After adjusting for an anticipated £343,000 staff budget transfer from Strategic Services, this will result in a £59,000 over spend position.

Essex Property and Facilities - £138,000 over spend

The forecast is for a £138,000 over spend, which compares to a £225,000 over spend at quarter 1. After requests to draw down from reserves, £192,000 in relation to redundancy costs, and £36,000 for the cost of implementing statutory reporting requirements, for which approval is being sought in this report, the underlying position is £90,000 under spend.

Business Services - £299,000 under spend

The £299,000 under spend compares to the £580,000 under spend reported at quarter 1. The under spend mainly relates to Business Services and Strategy and principally reflects staff vacancies in the year to date that have been advertised to be recruited to.

Major Projects and Infrastructure - £74,000 under spend

The forecast is for a £74,000 under spend, mainly due to waste management, projected to be under spent by £236,000 at the year end. This is offset by over spends in Infrastructure delivery of £140,000 and £22,000 relates to infrastructure strategy.

The balance of the forecast consists of under and over spends totalling £32,000 under spend.

Approval is also sought through this report for the release of £546,000 from the Capital Pump Prime Reserve to fund costs arising from property disposals this year under the agreed Property Transformation Project.

## **1.4 Finance - £1.922m over spend**

The service is forecasting to over spend by £1.922m which compares to a £1.285m under spend at quarter 1. The underlying forecast of £732,000 under spend, assumes that all the actions proposed in this report are approved.

There is a virement to be actioned for £78,000 from the Essex Initiatives Fund in relation to the Brentwood Project. Approval is being sought to appropriate £2.150m to the Waste Reserve in relation to the Procurement transformation project costs required in 2012/13. A request is also being made to appropriate £152,000 funding for the new e-sourcing solution into the Waste Reserve for the remainder of the year, and draw down £178,000 from the redundancy reserve for costs arising from the service restructure. The Insurance Reserve balance currently stands at £2.615m. This will be increased by transferring £3.437m from the under spend on the Interest Budgets.

Other virements totalling £848,000 are requested from the interest budgets (£101,000 for Financial Management, and £62,000 in Finance Professional Services, £100,000 for Governance, £585,000 for Coroners, in Essex Legal Services).

The most significant variances within the forecast figures are:

Coroners Courts - £514,000 over spend

The majority of the over spend is being funded by a permanent virement from the interest budgets that has now been processed via a Cabinet Member.

#### Finance Professional Services - £322,000 over spend

£140,000 of the pressure is currently generated by the Brentwood Finance project that is awaiting £78,000 funding from the Essex Initiative Fund for which a Cabinet Member Action is being progressed, the balance of £62,000 being funded from the interest budget under spend. The remaining over spend is on staffing, for which a £151,000 virement from the interest budgets by Cabinet Member Action is being progressed. The balance of the forecast consists of minor over spends totalling £31,000.

#### Internal Audit & Risk - £411,000 under spend

The £411,000 under spend is due to staffing vacancies, contract reductions and over-achievement of income that are being held to deliver Corporate Services review benefits.

#### Procurement - £2.159m under spend

The forecast of £2.159m under spend reflects the latest estimate of Procurement Phase 1 project costs that will fall in 2012/13 (£2.150m) and the funding for the new e-sourcing solution (£152,000) that will be appropriated to the Waste Reserve for the remainder of this financial year, for which approval is being sought in this report. This is partially off-set by redundancy costs and pension strain costs being incurred by the service (£178,000). Approval for funding for these costs arising from the service restructure is being sought from the redundancy reserve. The balance of the forecast consists of minor under spends totalling £35,000.

#### Insurance Cost Recovery Account - £3.852m over spend

The £3.852m over spend reflects the impact of the evaluation within the first quarter actuarial report, which increases significantly the estimated cost of claims against the council. Funds will be transferred from interest budgets to the Insurance Reserve to mitigate the effect of this potential over spend, to be drawn down as and when the costs are realised.

The balance of the forecast is made up of under and over spends totalling £196,000 under spend.

### **1.5 Strategic Services - £786,000 under spend**

Strategic Services are forecast to under spend by £786,000. If all requests for actions in this report are approved, and if virements to move budget out of Strategic Services (£561,000) are approved, the underlying under spend will be £507,000. This compares to an under spend of £818,000 at quarter 1.

The most significant variances within each service area are:

Corporate & Business Management – £342,000 under spend

£233,000 of this is being held on the Essex Initiatives budget pending a Cabinet Member Action to move budget, £15,000 to Policy and Strategy, and £218,000 to other Services. £105,000 of the under spend is on employee budgets. The forecast includes one-off costs of £52,000 associated with the service restructure, of which a request is being made in this report to draw down from Service Improvement Reserve. This is partially offset by over and under spends totalling £4,000 under spend.

External Communications – £68,000 under spend

The under spend is due to seconded staff not being backfilled and the recovery of expenditure from service budgets.

Policy & Strategy – £642,000 under spend

This forecast includes one-off costs of £87,000 associated with the service restructure. A request is being made in this report to draw down from the Service Improvement Reserve to cover this. It is estimated that £120,000 will need to be returned to reserves for Place Based Budgeting, for which approval is being sought.

Strategic Services Management – £307,000 over spend

Contributing to this over spend is £25,000 on Making the Links and £260,000 on Support to Diverse Communities for which a draw down from reserves is requested in this report. Also included here is £3,000 one off costs associated with the restructure.

The balance of the forecast (£41,000) under spend, is in relation to Strategic Project Initiatives.

## **1.6 Transformation - £1.394m under spend**

The Directorate is forecasting to under spend by £1.394m. This has resulted primarily from the inclusion of savings arising from the New Ways of Working programme of £481,000 within HR, and a slippage of costs relating to the Customer First programme into 2012/13 resulting in an additional under spend in HR of £456,000. Additionally, the inclusion of Corporate Services savings £720,000 within the Transformation Support Unit has also contributed to the increased under spend position. A request is being made to return these amounts (£481,000 and £720,000) to the Waste Reserve in this report.

This is offset by a pressure of £451,000 for which a request is being made to draw down from the waste reserve and a £50,000 virement to offset pressures in Essex Shared Services. The underlying position after taking into account all adjustments is an under spend of £694,000, which compares with a £171,000 under spend at quarter 1.

The variances by service area are:

Transformation Management Team - £70,000 under spend

A £70,000 under spend is forecast due to vacant Business Support posts, and staffing costs being charged to customer excellence.

TSU - £344,000 under spend

A £344,000 under spend is forecast primarily due to the inclusion of £720,000 of savings relating to the Corporate Services Review, for which a request is made in this report to return this to the waste reserve; this is offset by a pressure of £451,000 on project costs, for which a request is sought in this report to draw down from the waste reserve. Leaving an underlying forecast under spend of £75,000.

Essex Shared Services - £81,000 over spend

An £81,000 over spend is forecast, which is a decrease of £66,000 on quarter 1. The over spend is due to the on-going costs of delivering the Data Transparency requirements (£31,000) and the additional costs associated with the wider Transformation Programme (£50,000), which will be funded by a virement from unspent interest budgets.

HR - £1.061m under spend

A £1.061m under spend is forecast, which is an improvement of £1.005m on quarter 1. The forecast is due in the main to the inclusion of New Ways of Working savings of £481,000, for which a request is made in this report to return this to the waste reserve. Slippage of costs relating to the Customer First programme into 2012/13 result in an additional under spend of £351,000. In addition, staff vacancies, over recovery of income for Advice & Support & Wellbeing are contributing to the overall under spend in HR.

## **1.7 Central and Other Operating Costs - £6.500m under spend**

A £6.500m under spend is forecast, based on the latest calculation of the payment of interest on required borrowing being lower than budgeted. After virements totalling £898,000 and a contribution of a £3.437m to the Insurance Reserve to offset future claims, of which approval is being sought in this report, the underlying position is £2.165m under spend. The contribution to the Insurance Reserve is needed to mitigate the claims anticipated to be paid, following the review of the first quarter actuarial report, which shows an increase over the level budgeted for.

## APPENDI X B

### 2. Directorate commentary – Capital

#### 2.1 Adults Health and Community Wellbeing – £1.061m under spend

The forecast variance of £1.061m comprises proposed budget adjustments which are being requested in this report (£1.050m) and via Cabinet Member Action (£11,000).

St Peter's College, Chelmsford - £1.000m under spend

This scheme is to be de-selected from the capital programme. Approval is being sought in this report to reduce the budget.

Maldon Learning Hub - £50,000 under spend

This scheme is to be de-selected from the capital programme. Approval is being sought in this report to reduce the budget.

LD Residential Re-provision - £65,000 over spend

Approval will be sought by Cabinet Member Action to fund the prior year overspend on the LD Residential Re-provision scheme (£65,000) from the remaining budget on the Dunmow Library scheme (£76,000) that is no longer required.

Dunmow Library - £76,000 under spend

Approval will be sought by Cabinet Member Action to move the budget £76,000 that is no longer required to the LD Residential Re-provision scheme.

Invest to Save Self Service Library - £43,000 under spend

Approval will be sought to vire the remaining budget on the Self Service Library scheme, to the next phase of that scheme (£43,000)

Extension of Self Service/RFID Libraries - £43,000 over spend

Approval will be sought by Cabinet Member Action to fund the next phase of the scheme from the Self Service Library scheme.

#### 2.2 Schools Children and Families - £755,000 under spend

Capital spend is forecast to be under spent by £755,000. The under spend is in relation to two schemes, Harlow youth provision £800,000 and Home to School IT software, £15,000.

Harlow Youth Provision - £800,000 under spend

The 2011/12 budget of £800,000 (funded by unsupported borrowing) relates to the provision of two Youth Centres to serve the whole community in the Harlow district. Currently Harberts Road has been leased from Harlow District Council and some remodelling work has been proposed as part of the minor works scheme stated above. The scheme is no longer going ahead and a request to reduce the budget is made in this Report. £60,000 of the scheme will be requested to be redirected to the remainder of the Bradwell outdoor centre works.

Home to School – IT Software - £15,000 under spend

Home to school is forecast to under spend by £15,000. A Cabinet Member Action was approved to explore opportunities for creating efficiencies within all budgets and services relating to the provision of home to school transport. The scheme is no longer going ahead and a request to reduce the budget is made in this report.

Construction – other - £60,000 over spend

£60,000 from the Harlow Youth Provision is to be requested by Cabinet Member Action to cover the final amount required to complete the Bradwell outdoor centre works.

## **2.3 Environment Sustainability and Highways - £11.094m under spend**

The forecast is for a £11.094m under spend, including major variances as follows:

Canvey Skills Centre - £3.000m under spend

Canvey Skills Centre is forecasting to under spend by £3.000m. Construction will now proceed, with updated current year forecast of £4.356m. Approval is sought in this report to re-profile £3.000m of the budget into 2012/13.

Colchester Park and Ride, Cuckoo Farm - £1.700m under spend

The Planning Application for the Park and Ride scheme was approved on 26th August 2011. Procurement Options are now being investigated, together with possible private funding opportunities (e.g. Build and Operate). An options appraisal will form part of the new Outline Business Case which is expected to be presented in the next couple of months. In

addition to this, the short term improvements required to provide bus priority into and out of the town centre are also being progressed. Approval is sought in this report to re-profile £1.700m of the budget into 2012/13.

Capitalised Building Maintenance - £1.500m under spend

The forecast is for a £1.500m under spend. £8m of projects have been identified to be carried out in 2011/12 and a key decision was approved in June. In addition £1m has been approved (included in the key decision) for emergency bids. This key decision also made reference to the balance of £1.500m being earmarked for basic need schemes, which will be subject to a separate Cabinet Member Action currently being drafted.

Other schemes include Priors Green Primary (£975,000 under spend), Buckhurst Hill St. John's Primary (£828,000 under spend), and Rochford Nurseries Primary (£845,000). The balance of £2.246m under spend is made up under and over spends on other projects.

**2.4 Transformation – £247,000 over spend**

The forecast is for a £247,000 over spend in relation to the E-Payroll project.

£247,000 for this project is to come from the Corporate Waste Reserve; a request will be made via Cabinet Member Action.

**2.5 Strategic Services – On line**

The service is forecasting to spend in line with latest budget approvals.

Responsibility – Richard Puleston

**2.6 Building Maintenance – on-line**

The service is forecasting to spend in line with latest budget approvals.

Responsibility – Robert Overall



## REVENUE SUMMARY

# APPENDIX C

2011/12											
	Year to Date			Budget Movement			Forecast Outturn			RAG Status	Variance at 1st Quarter
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Outturn Forecast	Forecast Variance			
	£000	£000	£000	£000	£000	£000	£000	£000			
AHCW	153,582	153,429	(153)	373,597	9,334	382,931	385,556	2,625	❖	2,435	
SCF Non DSG	91,525	88,727	(2,797)	230,449	(210)	230,239	231,873	1,634	❖	4,193	
SCF DSG	(5,640)	661,578	667,217	(2,847)	3,192	345	524	179		704	
DSG offset		(667,217)	(667,217)				(179)	(179)		(704)	
ES&H	81,790	80,758	(1,032)	171,901	12,661	184,562	184,697	135	❖	2,851	
Finance	11,754	11,030	(724)	22,071	6,920	28,991	30,913	1,922	♦	(1,285)	
Strategic Services	5,006	4,978	(28)	13,200	-59	13,141	12,355	(786)	●	(533)	
Transformation	12,947	12,638	(309)	27,315	10,145	37,460	36,066	(1,394)	■	604	
Building Maintenance	(508)	1,085	1,593	3,960	0	3,960	3,960	-	■		
Central & Other Operating Costs											
Reserves	(8,233)	-	8,233	12,890	(35,950)	(23,060)	(23,060)	-	■		
Interest	(497)	(825)	(328)	(784)	(0)	(784)	(7,284)	(6,500)	■	(1,500)	
Other*	13,465	8,308	(5,157)	64,515	0	64,515	64,515	0	❖		
<b>Net Expenditure</b>	<b>355,191</b>	<b>354,488</b>	<b>(702)</b>	<b>916,267</b>	<b>6,032</b>	<b>922,299</b>	<b>919,936</b>	<b>(2,364)</b>	■	<b>6,765</b>	
<b>Financed by</b>											
General government grant				(60,448)	(9,001)	(69,449)	(69,449)	0		0	
General Balance - contribution/(withdrawal)				8,426	2,970	11,396	11,396	0		0	
Revenue Support Grant				(66,990)	0	(66,990)	(66,990)	0		0	
National non-domestic rates				(216,724)	0	(216,724)	(216,724)	0		0	
Council tax precept				(578,685)	0	(578,685)	(578,685)	0		0	
Collection fund surpluses				(1,847)	0	(1,847)	(1,847)	0		0	
<b>Total Financing</b>				<b>(916,268)</b>	<b>(6,031)</b>	<b>(922,299)</b>	<b>(922,299)</b>	<b>0</b>		<b>0</b>	

\* Other includes Asset Charges

Movement on Reserves		Budget Movement	
	Total (£'000)		Total (£'000)
Original Budget	12,890	Original Budget	916,267
Carry forward reserve	(10,505)	Re-Classification of PFI Grant to General Grant transfer from	9,001
Waste Reserve	(11,277)	Redundancy Reserve to	(2,970)
Partnership Reserve	(574)	<b>Total Movement</b>	<b>6,031</b>
HR Strategic Partnership Reserve	(52)		
Visit Essex Partnership Reserve	(99)		
LAA Performance Reserve	(1,531)		
Redundancy Reserve	(3,089)		
Service Improvements Reserve	(4,136)		
<b>Total Movement</b>	<b>(35,951)</b>		

Rag Status

- Under spend of less than 5% of the budget
- Under spend of greater than 5% of the budget
- ❖ Over spend of less than 5% of the budget
- ♦ Over spend of greater than 5% of the budget

## APPENDIX C

### REVENUE VARIANCE PLAN

	Unadjusted Variance	Effect of Virement Requests	Appropriations to & from reserves & balances	Future Draw Down	Residual Variance
	£000	£000	£000	£000	£000
AHCW	2,625	-	-	-	2,625
SCF	1,634	(140)	-	-	1,494
ES&H	135	(343)	(228)	-	(436)
Finance	1,922	(926)	2,124	(3,852)	(732)
Strategic Services	(786)	561	(282)	-	(507)
Transformation	(1,394)	(50)	750	-	(694)
Building Maintenance	-	-	-	-	-
Central & Other Operating Costs	-	-	-	-	-
Reserves	-	-	-	-	-
Interest	(6,500)	898	3,437	-	(2,165)
Other	-	-	-	-	-
<b>Total</b>	<b>(2,364)</b>	<b>-</b>	<b>5,801</b>	<b>(3,852)</b>	<b>(415)</b>

## APPENDIX D

### REVENUE – TRADING ACTIVITIES

2010/11 Actual		Original Budget	Latest Budget	2011/12 Outturn Forecast	Variance	Forecast Variance
£000		£000	£000	£000	£000	%
(12,028)	Income	(17,910)	(17,910)	(21,638)	(3,728)	(21%)
11,122	Expenditure	17,202	16,960	20,694	3,734	22%
-	Financing Items	708	462	462	-	-
<b>(906)</b>	<b>(Surplus) / Deficit</b>	<b>-</b>	<b>(488)</b>	<b>(482)</b>	<b>6</b>	<b>-</b>
906	Appropriations	-	488	488	-	-
-	Extraordinary items	-	-	-	-	-
<b>-</b>	<b>Net movement on the reserve</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
	Directorate Breakdown					
-	AHCW	-	-	-	-	-
249	SCF	-	-	-	-	-
-	Finance	-	-	6	6	-
43	ESH	-	-	-	-	-
	Transformation	-	-	-	-	-
<b>292</b>	<b>NET</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>
<b>(292)</b>	<b>Total Reserves Balance</b>	<b>-</b>	<b>-</b>	<b>(286)</b>		

## APPENDIX E

### CAPITAL – SUMMARY OF PAYMENTS AND FINANCING

2011/12

	Year to Date		Budget Movement		Revised Budget	Forecast Outturn			RAG Status	Forecast Variance at 1sr Quarter
	Actual	% spend vs forecast	Original Budget	Changes to capital programme		Outturn Forecast	Forecast Variance	Forecast Variance		
	£000	%	£000	£000		£000	£000	%		
AHCW	46	1%	5,117	-442	4,675	3,614	(1,061)	(23%)	●	(500)
SCF	(285)	(5%)	4,391	2,203	6,594	5,839	(755)	(11%)	●	881
ES&H - Highways and Other schemes	23,797	20%	106,248	18,993	125,241	119,781	(5,460)	(4%)	■	(5,859)
ES&H - Education schemes	36,812	35%	102,045	8,441	110,486	104,852	(5,634)	(5%)	●	(9,664)
ES&H Total	60,609	27%	208,293	27,434	235,727	224,633	(11,094)	-	■	(15,523)
Finance	-	-	-	-	-	-	-	-	■	-
Strategic Services	692	15%	1,392	3,185	4,577	4,577	-	-	■	-
Transformation	478	7%	1,352	5,243	6,595	6,842	247	4%	◆	50
Building Maintenance	30	6%	500	19	519	519	-	-	■	-
<b>TOTAL</b>	<b>61,570</b>	<b>25%</b>	<b>221,045</b>	<b>37,642</b>	<b>258,687</b>	<b>246,024</b>	<b>(12,663)</b>	<b>(5%)</b>	<b>■</b>	<b>(15,092)</b>
<b>Financed by</b>										
Supported borrowing			-	(472)	(472)	(255)	217			
Unsupported borrowing			(43,387)	(10,427)	(53,814)	(46,008)	7,806			
Grants and contributions			(171,659)	(24,828)	(196,487)	(194,287)	2,200			
Capital receipts			(5,999)	-	(5,999)	(5,999)	-			
Reserve for future capital funding			-	(1,915)	(1,915)	(2,162)	(247)			
			<b>(221,045)</b>	<b>(37,642)</b>	<b>(258,687)</b>	<b>(248,711)</b>	<b>9,976</b>			

**APPENDIX E**

**CAPITAL VARIANCE PLAN**

Approval Sought in this report

Scheme	Slippage	Additions	Reductions	2011/12 Changes
	£'000	£'000	£'000	£'000
<b>AHCW</b>				
St. Peter's College, Chelmsford	-	-	(1,000)	(1,000)
Maldon Learning Hub	-	-	(50)	(50)
<b>SCF</b>				
Harlow Youth Provision	-	-	(800)	(800)
Home to School - IT software	-	-	(15)	(15)
<b>ES&amp;H</b>				
Rochford Nurseries Primary	(845)	-	-	(845)
Priors Green Primary	(975)	-	-	(975)
Buckhurst Hill St. John's Primary	(828)	-	-	(828)
Canvey Skills Centre	(3,000)	-	-	(3,000)
Business Improvement	(700)	-	-	(700)
Road Safety and Asset Management	(352)	-	-	(352)
Passenger Transport	(464)	-	-	(464)
Colchester Park and Ride, Cuckoo Farm	(1,700)	-	-	(1,700)
Epping Forest Transit Plan - Phase1	(568)	-	-	(568)
Waste and Recycling	(280)	-	-	(280)
Waste Strategy	(100)	-	-	(100)
Basildon, South Essex Rapid Transit	-	200	-	200
Witham Chipping Hill Primary	-	321	-	321
Schools Access Improvements	-	-	(223)	(223)
Network Management	-	-	(61)	(61)
<b>Finance</b>				
<b>Strategic Services</b>				
<b>Transformation</b>				
<b>Building Maintenance</b>				
	(9,812)	521	(2,149)	(11,440)

Approval to be Sought by Cabinet Member Action

Scheme	Slippage	Additions	Reductions	2011/12 Changes
	£'000	£'000	£'000	£'000
<b>AHCW</b>				
Extension of Self Service/Rfid Libraries	-	43	-	43
LD Residential Re-provision	-	65	-	65
Invest to Save Self Service Library	-	-	(43)	(43)
Dunmow Library	-	-	(76)	(76)
<b>SCF</b>				
Other Construction Projects	-	60	-	60
<b>ES&amp;H</b>				
Braintree Freeport Station Community	-	158	-	158
Harlow A414 Capacity Improvements Scheme	-	1,010	-	1,010
<b>Transformation</b>				
E-Payroll TS Project	-	247	-	247
	-	1,583	(119)	1,464

£2.687m represents variance plans that are yet to be formalised, so do not appear in the requests for approval

**APPENDIX F**

**RESERVES AND BALANCES**

**EARMARKED RESERVES**

	2011/12								2011/12 movements			
	Balance at 1 April 2011	2011/12 movements						Net Movement	Balance at 31 March 2012 as at 31 August	Estimated Balance at 31 March 2012 as at 30 June	(decrease) / increase in reserves	
		Contributions agreed	Contributions proposed	Contributions to reserves	Withdrawals agreed	Withdrawals proposed	Withdrawals from reserves					£000
<b>General reserves</b>												
Service improvements	(876)	(10,000)	(10,000)	4,948	260	5,208	(4,792)	(5,668)	(10,064)	4,396		
Quadrennial Elections reserve	(571)	-	-	-	-	-	-	(571)	(571)	-		
Capital receipts pump priming	(964)	-	-	-	546	546	546	(418)	(964)	546		
IMT development	(212)	-	-	212	-	212	212	-	-	-		
Partnerships	(1,571)	-	-	725	-	725	725	(846)	(846)	-		
Insurance*	(2,615)	(3,437)	(3,437)	-	-	-	(3,437)	(6,052)	(2,615)	(3,437)		
Essex Art Fund	(258)	-	-	258	-	258	258	-	-	-		
LAA Performance	(4,241)	-	-	1,531	-	1,531	1,531	(2,710)	(2,710)	-		
Health and Safety Reserve	(1,087)	-	-	-	-	-	-	(1,087)	(1,087)	-		
ESF Reserve	(3,527)	-	-	-	-	-	-	(3,527)	(3,527)	-		
Carbon Reduction reserve	(1,536)	-	-	-	-	-	-	(1,536)	(1,536)	-		
Essex on-line partnership	(255)	-	-	-	-	-	-	(255)	(255)	-		
Essex Transport Reserve	(1,322)	-	-	821	-	821	821	(501)	(501)	-		
Carry Forwards Reserve	(13,801)	-	-	13,765	36	13,801	13,801	-	(2,663)	2,663		
Developing Partnerships	(1,500)	-	-	1,500	-	1,500	1,500	-	-	-		
Life Raft Pledge reserve	(728)	-	-	728	-	728	728	-	-	-		
Newton bequest reserve	(119)	-	-	-	-	-	-	(119)	(119)	-		
Personal Care reserve	(1,800)	-	-	1,800	-	1,800	1,800	-	-	-		
AHCW Section 75 reserve	(674)	-	-	-	-	-	-	(674)	(674)	-		
Severe weather reserve	(252)	-	-	-	-	-	-	(252)	(252)	-		
Street Lighting reserve	(476)	-	-	-	-	-	-	(476)	(476)	-		
Building maintenance reserve	(713)	-	-	-	-	-	-	(713)	(713)	-		
Procurement reserve	(24)	-	-	-	-	-	-	(24)	(24)	-		
Redundancy reserve	-	(6,698)	(6,698)	3,287	512	3,799	(2,899)	(2,899)	(6,500)	3,601		
Tendring PPP	(422)	-	-	-	-	-	-	(422)	(422)	-		
Trading activities	(1,736)	1,150	1,150	-	-	-	1,150	(586)	(586)	-		
	<b>(41,280)</b>	<b>(15,548)</b>	<b>(3,437)</b>	<b>(18,985)</b>	<b>29,575</b>	<b>1,354</b>	<b>30,929</b>	<b>11,944</b>	<b>(29,336)</b>	<b>(37,105)</b>	<b>7,769</b>	
<b>Future capital funding</b>												
General	(2,790)	-	-	-	-	-	-	(2,790)	(2,790)	-		
Bellhouse landfill	(61)	-	-	-	-	-	-	(61)	(61)	-		
Historic Building Reserve	(120)	-	-	-	-	-	-	(120)	(120)	-		
	<b>(2,971)</b>	-	-	-	-	-	-	<b>(2,971)</b>	<b>(2,971)</b>	-		
A130 PFI	(57,337)	(1,225)	(1,225)	-	1,379	1,379	154	(57,183)	(58,562)	1,379		
Clacton secondary schools'	(4,888)	(188)	(188)	-	405	405	217	(4,671)	(5,076)	405		
Debden PFI	(5,154)	(94)	(59)	(153)	-	-	(153)	(5,307)	(5,248)	(59)		
Waste reserve	(42,491)	-	(3,503)	(3,503)	7,004	451	3,952	(38,539)	(37,465)	(1,074)		
Grants equalisation reserve	(8,147)	-	(120)	(120)	4,688	-	4,568	(3,579)	(6,654)	3,075		
	<b>(118,017)</b>	<b>(1,507)</b>	<b>(3,682)</b>	<b>(5,189)</b>	<b>11,692</b>	<b>2,235</b>	<b>13,927</b>	<b>8,738</b>	<b>(109,279)</b>	<b>(113,005)</b>	<b>3,726</b>	
<b>Schools</b>	<b>(47,380)</b>	-	-	-	-	-	-	<b>(47,380)</b>	<b>(47,380)</b>	-		
<b>Total</b>	<b>(209,648)</b>	<b>(17,055)</b>	<b>(7,119)</b>	<b>(24,174)</b>	<b>41,267</b>	<b>3,589</b>	<b>44,856</b>	<b>20,682</b>	<b>(188,966)</b>	<b>(200,461)</b>	<b>11,495</b>	

\* Insurance Reserve expected to be drawn down, at some point in the year

RESERVES AND BALANCES

GENERAL BALANCE

	£000
Actual Balance 31 March 2011	(31,991)
2011/12 Planned Contribution	(8,425)
Repayment of amount withdrawn in 2010/11 for restructuring costs	(2,970)
<b>Actual Balance 1 April 2011</b>	<b>(43,386)</b>
<b>Subsequent movements</b>	<b>-</b>
<b>Estimated balance at 31st March 2012</b>	<b>(43,386)</b>
<b>Half Year Report Proposals</b>	
Contributions	
Withdrawals	
<b>Updated Estimated Balance at 31 March 2012</b>	<b>(43,386)</b>

EMERGENCY CONTINGENCY

	£000
Actual Balance 1 April 2011	(8,000)
Proposed Utilisation	36
Assumed Withdrawals	7,964
<b>Estimated balance at 31 March 2012</b>	<b>-</b>
<b>Half Year Report Proposals</b>	
<b>Updated estimated balance at 31 March 2012</b>	<b>-</b>

# APPENDIX F

## PRUDENTIAL INDICATORS

		Approved Indicator	Latest Estimate
<b>1 Affordability</b>			
Incremental impact on Council Tax	£	5.69	n/a
Ratio of financing costs to net revenue streams	%	6.1%	5.2%
<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	220	249
Capital financing requirement (including credit arrangements)	£m	967	975
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	630	n/a
Operational boundary (borrowing only)	£m	510	n/a
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	n/a	384
<b>5 Treasury Management</b>			
Interest rate exposures :			
Upper limit for exposure to fixed rates			
Debt		100%	100%
Investments		100%	66%
Upper limit for exposure to variable rates			
Debt		30%	6%
Investments		100%	75%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40%	0%
12 months & within 24 months	%	40%	0%
24 months & within 5 years	%	60%	2%
5 years & within 10 years	%	60%	6%
10 years & within 25 years	%	60%	7%
25 years & within 40 years	%	60%	13%
40 years & within 50 years	%	60%	49%
50 years & above	%	40%	21%
Total sums invested for more than 364 days			
Authorised limit	£m	50	n/a
Actual sums invested ( <b>maximum position during year</b> )	£m	n/a	5
<b>6 Summary</b>			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators			

## APPEN DIX G

### TREASURY MANAGEMENT

	Opening Balance 1 April £000	Raised £000	Repaid £000	Balance at 31 August £000	Movement £000	Interest payable / earned £000
<b>Borrowing</b>						
Long Term	360,702	-	284	360,418	(284)	6,440
Temporary	2,504	24,628	23,330	3,802	1,298	8
	<b>363,206</b>	<b>24,628</b>	<b>23,614</b>	<b>364,220</b>	<b>1,014</b>	<b>6,448</b>
<b>Investments</b>						
Long Term	5,000	-	5,000	-	(5,000)	82
Temporary	74,400	89,450	-	163,850	89,450	762
	<b>79,400</b>	<b>89,450</b>	<b>5,000</b>	<b>163,850</b>	<b>84,450</b>	<b>844</b>
<b>Net indebtedness</b>	<b>283,806</b>	<b>(64,822)</b>	<b>18,614</b>	<b>200,370</b>	<b>(83,436)</b>	<b>5,604</b>
<b>Borrowing</b>						
Average long term borrowing over period (£000)						360,458
Opening pool rate at 1 April 2011						4.26%
Weighted average rate of interest on new loans secured in 2011/12						n/a
Average pool rate for year to date						4.26%
<b>Investments</b>						
Average daily cash balance over period (£000)						179,210
Average interest earned over period						1.12%
Benchmark rate - average local authority 7 day rate						0.42%



# RISK REPORT

## APPENDIX

### H

#### Key Issues - Existing

No.	RAG Status	Issue	Context	Description	Actions	Timeline for Action	Risk Profile	Contact
1.	Action Required	Southern Cross Health Care	Southern Cross financial issues	Communication from Southern Cross and media reports outlining financial issues due to rental costs.	<p>New landlords and operators have been identified for all homes in Essex.</p> <p>Business intelligence is being sought to ensure sustainability of landlords and operators.</p> <p>Essex to commence meetings with proposed landlords and operators.</p>	Transfers to new landlords and operators are expected to be complete by the end of October 2011.		Angela Gibson, Senior Manager Lead for Adult Social Care
2.	Action Required	Information Compliance	Significant changes to legislation surrounding the management of information has quickened the need to plan and implement an Information Compliance Improvement Programme	<p>Numerous issues and risks have been identified by the Directorates that need to be tied in to one point of reference for overall monitoring and management of implications for ECC.</p> <p>Recent Internal Audit review on Data Sharing with 3<sup>rd</sup> Parties is a No Assurance opinion.</p> <p>Increase in outsourcing activities, partnering arrangements and delivery vehicles means we need to have effective mechanisms in place.</p> <p>Need to continue to address high priority areas such as performance against Fol and DP requirements (precedent set for fines against</p>	<p>Entry on to the Strategic Risk Register (CIO Owner) summarising the organisational exposure, with subsequent Directorate/Service level risks</p> <p>Utilise current network of Info Champions to co-ordinate requirements for each service. Established that IPDG is appropriate forum to feed the task group findings into government structure.</p> <p>IS Information Strategy includes an</p>	This issue will be reviewed and action taken in line with the IS restructure and the implementation of the Information Strategy (by April 2012)		David Wilde, CIO

				non-compliance) which will feed in with Corporate Governance Project.	information governance work stream which will be looking directly at the issues raised here.			
3.	Awareness	Waste PFI	Maintaining PFI Credit Allocation	The Waste PFI project is dependent upon PFI credit allocation of £100.9m. Currently the certainty of its provision has become under pressure due to delays in the procurement process as a consequence of two bidders encountering changes to their consortium structures.	<p>Project Manager instructed to regularly review the programme to proactively look to 'claw back' time as every opportunity arose.</p> <p>The two short listed bidders continue to work towards an accelerated close of dialogue of 30<sup>th</sup> September which will deliver Final Tender submissions by 20<sup>th</sup> October. It is anticipated that this will enable a close of dialogue by end of March 2012 as requested by Defra.</p> <p>Final tender have been formulated on very detailed documentation submission that will facilitate a rapid transition to a contract award position.</p> <p>A further review will be undertaken once Final Tenders have been evaluated.</p>	<p>Defra Commercial Review Sign Off latest 19<sup>th</sup> October.</p> <p>Final Tender Submission 20<sup>th</sup> October.</p> <p>Preferred Bidder agreed 3<sup>rd</sup> January 2012</p>		Phil Butler, Project Director – Waste
4	Awareness	Managing Contract Risk Task Group	Cross Functional Team (CFT) set up to improve the visibility of our contractual commitments and through the population of the e-contracts register,	<p>Monthly data transparency returns published additional information on contract and tenders reported directly out of Bravo.</p> <p>Bravo agreement runs until end of Dec and new Ariba eSourcing platform will be rolled out from Sept 2011</p>	<p>Contracts report showing those due to expire in next 12 months produced for CRB on monthly basis.</p> <p>Review of contract info for transfer to Ariba platform.</p> <p>Out requirements from new Ariba platform need to be agreed</p>	<p>Ongoing</p> <p>By end of November</p> <p>End of October</p>		Mark Rawlinson, e-sourcing Manager

**RISK REPORT**

		so we can identify areas of risk exposure					
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**Horizon Scanning – New**

Source	Issue	Description	Actions Taken/Observations	Comment	Implication for ECC
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Protection of Freedoms Bill</p>	<p style="color: red;">The government is currently passing a bill to amend several laws around Freedom of Information (FOI) and Privacy</p>	<p>Introduces a code of practice for surveillance camera systems and provides for judicial approval of certain surveillance activities by local authorities.</p> <p>Provides for a code of practice to cover officials' powers of entry, with these powers being subject to review and repeal.</p> <p>Restricts the scope of the 'vetting and barring' scheme for protecting vulnerable groups and makes changes to the system of criminal records checks.</p> <p>Extends Freedom of Information rights by requiring datasets to be available in a re-usable format and published as part of the publication scheme.</p> <p>Amend the definition of a publicly owned company for the purposes of the FOIA so that it includes companies owned by two or more public authorities.</p>	<p>Once Code is approved and released we will need to review our CCTV to make sure its in line with requirements.</p> <p>Research needed into exact changes and how this affects Trading Standards and Social Care's Power of Entry.</p> <p>Changes to process will affect internal process of the Disclosure Unit. Research into exact changes required and actions communicated to the team.</p> <p>We will need to change FOI guidance for releasing information, retract the "PDF everything rule" and revisit the Publication Scheme. Legal requirement now to publish data on data.gov.uk via the Data Transparency initiative.</p> <p>Review of any / all organisations in which ECC owns a percentage and ensure FOI &amp; Data Protection requirements are established.</p>	<p><b>ACTION:</b> IPDG to agree the following suggested actions:</p> <p>FM &amp; ISIS to lead on the review and implement any changes.</p> <p>SCF &amp; Trading Standards to research current powers of entry and compare to changes to highlight any issues.</p> <p>Disclosure unit to review the changes and implement any actions.</p> <p>FOI guidance review by ISIS.</p> <p>Publication Scheme to be reviewed by IS.</p> <p>Data Set Publication is included in the ECC Information Management Strategy currently being rolled out by IS. Exact roles and procedures for collection and publication of data sets will be reviewed as part of that strategy.</p> <p>Review completed by Legal</p> <p>Establishing requirements lead by ISIS</p>	<p>Non compliance with the updated code can result in legal fines or prosecutions for ECC.</p> <p>Non compliance with power of entry law may hamper service delivery as any entry ECC makes may be unlawful.</p> <p>Non compliance or lack of awareness to the new rules could result in "inaccurate" checks being processed or a delay in the process altogether.</p> <p>Potential for ICO Decision Notice if information is not released in the correct format or published in line with the updated publication scheme.</p> <p>Potential for ICO fine and Decision Notice if a body covered by the act that ECC is responsible for does not comply with the Data Protection Act or Freedom of Information Act.</p>
<p style="color: red;">Subsidence Surge Briefing Cunningham &amp; Lindsay</p>	<p style="color: red;">Increased risk of subsidence</p>	<p>Report warning of a possible increase in subsidence following 'one of the warmest and driest springs for more than 100 years'.</p>	<p>Despite the increase in precipitation in the past two months, it is anticipate that the number of claims received are likely to be the highest for around five years.</p>	<p>Likelihood of severity of claims being reduced following above average rainfall in July/August.</p> <p><b>Action:</b> RMCS to monitor claims relating to subsidence and work with ECC Natural Environment (Tree Team).</p>	<p>Potential increase in claims and payouts.</p>

## RISK REPORT

### Strategic Risk Register

	Risk Title	Risk Event	Gross Score	Residual Score	Treatment Measures	Risk Owner
Essex County Council	Olympics	ECC fails to recognise potential risks and challenges resulting in ECC not being operationally ready for the Olympics	16	12	<ul style="list-style-type: none"> <li>BRMG Taskforce in place with agreed ToR and regular meetings scheduled.</li> <li>Taskforce will utilise existing governance networks (external and internal) for decision making, escalation of risks and communication to staff and public.</li> <li>Plans and capabilities in place identifying additional measures needed to close gaps and/or manage any risks identified.</li> </ul>	Robert Overall is sponsoring
				Direction of Travel		
Essex County Council	Transformation	Failure to timely deliver the change agenda	16	9	<ul style="list-style-type: none"> <li>Consult ECC community and stakeholders on the transformation plan, timeline and benefits</li> <li>Manage expectations of net benefits</li> <li>Establish an effective communication plan</li> </ul>	Keir Lynch
				Direction of Travel		
Adult Health & Community Wellbeing	Increasing Demand in Services	Demand for services rises above budgets and local provision and does not meet expectations of self directed support for the service user and strategic commissioning team.	16	9	<ul style="list-style-type: none"> <li>Essex Joint Strategic Needs Analysis refreshed with Partners, and used to inform commissioning &amp; delivery plans</li> <li>Commissioning &amp; delivery plans include Demographic changes and trend data to inform service supply and location</li> <li>Reablement Services developed to support independence</li> <li>Carers Services</li> <li>Corporate processes for medium term financial planning, and annual budget</li> <li>Regular and robust monitoring, forecasting and reporting of performance, budget and activity levels for income and expenditure.</li> </ul>	Jenny Owen
				Direction of Travel		

						
Essex County Council	Pandemic Flu	Lack of effective plan to respond to possible outbreak of pandemic influenza putting serious pressure on the delivery of the Council's core service	16	9	<ul style="list-style-type: none"> <li>A document detailing a comprehensive breakdown of the actions and plan to manage the flu pandemic has been loaded in to JCAD.</li> <li>Measures (from document) implemented resulting in downgrade of risk to 9: <ul style="list-style-type: none"> <li>- Absence reporting tool implemented</li> <li>- Skills audit partially complete</li> <li>- Provide Contact database in place</li> <li>- Communications taken place</li> <li>- Additionally, a managers resource pack has been compiled</li> </ul> </li> </ul>	Jenny Owen
				Direction of Travel		
Essex County Council	Reduction in Central Government Funding	Inadequate financial planning and execution leads to reduction on service provision or significant overspend and reduction in reserves	16	9	<ul style="list-style-type: none"> <li>Transformation underway to create efficiencies within the council.</li> <li>Strong governance processes to monitor delivery of plans and benefits and identify remedial action where appropriate.</li> <li>Regular budget monitoring of each directorate's budget and savings plans.</li> <li>Recovery plans put in place for when overspends are forecast.</li> <li>Clear plan in place to determining future budget.</li> </ul>	Margaret Lee
				Direction of Travel		

Schools Children and Families	Failure to Safeguard Children	Failure to improve the inadequate rating of Children's services	16	<div style="background-color: green; color: white; text-align: center; padding: 5px;">4</div> <div style="text-align: center; padding: 5px;">Direction of Travel</div> <div style="text-align: center; padding: 5px;"></div>	<ul style="list-style-type: none"> <li>Continue with the Improvement Board until the Directorate comes out of government intervention after peer review.</li> <li>Revise the Improvement Plan to respond to the recommendations of the Ofsted inspection.</li> <li>Ensure accountability and reporting arrangements against Improvement Plan actions across the service and relevant partner agencies.</li> <li>Chair to report to the Secretary of State and Leader of the Council on a bi-monthly basis.</li> </ul>	Dave Hill
Essex County Council	Workforce	Existing staff, post transformation, may not be sufficiently developed, have all the necessary capabilities and/or be aligned both in terms of individual roles and responsibilities within the new organisational structure and ECC strategy.	12	<div style="background-color: orange; color: white; text-align: center; padding: 5px;">6</div> <div style="text-align: center; padding: 5px;">Direction of Travel</div> <div style="text-align: center; padding: 5px;"></div>	<ul style="list-style-type: none"> <li>Succession management planning to reduce institutional knowledge drain, to prevent the need to re-employee laid-off staff as contractors or engage consultants on a temporary basis at an extra cost to fill gaps.</li> <li>Investment in training and skills development of staff to increase the ability of staff to work more efficiently and safely.</li> <li>Effective process in place for consideration of expenditure on early retirement and severance packages and the impact on service delivery fully considered.</li> <li>Retention and recruitment policy prevent the loss of key personnel and to ensure the ability to recruit staff with key skills and ability required by ECC.</li> <li>Effective challenge to significant transformation plans and workforce cuts to ensure assessment of associated risks and potential impact has been fully considered, during and after any changes are introduced.</li> <li>Staff consultation and welfare issues monitored to ensure productivity is maintained and absence management policy is enforced.</li> <li>New and changing risks to workforce to be regularly monitored and addressed. Seeking expert advice and support in assessing, managing, recording and training on risk management issues.</li> <li>Outcomes based performance management to ensure tracking against deliverables.</li> </ul>	Keir Lynch
Essex County Council	Dale Farm Site Clearance	Site clearance at Dale Farm by Basildon Borough Council affecting Travellers on the site impacts adversely on ECC services.	16	<div style="background-color: orange; color: white; text-align: center; padding: 5px;">6</div> <div style="text-align: center; padding: 5px;">Direction of Travel</div>	<ul style="list-style-type: none"> <li>Working with in-house team to provide and maintain action plan and operational risk register.</li> <li>Scrutiny Review underway to monitor operational plans during and after the action.</li> </ul>	

		This causes an inability to deliver services to specific Essex residents and negative media coverage.				Robert Overall
Essex County Council	ICT Infrastructure	Significant challenges in improving current, and developing future, IT capability and infrastructure	12	9 Direction of Travel 	<ul style="list-style-type: none"> <li>The IS Strategy is in the process of being accepted as a future IS roadmap for ECC.</li> <li>Risks are being reviewed to realign to the 5 work streams in the IS Strategy.</li> <li>Information governance risks have been identified and are in the process of being escalated to the Strategic Risk Register.</li> <li>The IS modernisation programme has become the delivery vehicle for implementing the IS Strategy.</li> <li>A streamlined and capability focused IS workforce is being developed to deliver future effective IS support.</li> <li>The IS infrastructure will be moved onto an outsourced cloud solution to provide cost effective and efficient IS management.</li> </ul>	David Wilde

Essex County Council	Information Governance	Non-compliance with information governance legislation and good practice requirements resulting in fines by the information commission and information which is not fit for purpose	16	16	<ul style="list-style-type: none"> <li>In order to implement and embed the Information Management Framework the following work streams will be progressed and monitored:</li> <li>A coordinated information policy framework.</li> <li>Corporate records management framework including corporate file classification, an information audit and the creation of a corporate information asset register.</li> <li>A communications and training plan for information management.</li> <li>An assessment of resources available for information management implementation.</li> <li>Integration with existing Council policies and procedures.</li> <li>Monitoring and performance management arrangements.</li> <li>The Information Management Framework has been presented to CLT and a Directorate Level Information Champions Group has been set up.</li> <li>Implement agreed actions from the Internal Audit review on Data Sharing with 3rd parties</li> </ul>	David Wilde
				Direction of Travel		
Essex County Council	Financial Payment Card Regulations	Non-compliance with financial payment card industry regulations resulting in financial institutions refusing to allow	12	12	<ul style="list-style-type: none"> <li>IS are currently evaluating a number of external qualified assessors to assist in:</li> <li>a gap analysis</li> <li>a remediation plan</li> </ul>	David Wilde
				Direction of Travel		

		ECC to take payments for goods and services			<ul style="list-style-type: none"> <li>formal assessment of ECC's compliance with the requirements of the Payment Standards Council.</li> <li>Our merchant acceptor has confirmed that ECC is at Level 4 (which is the category for number of card transactions), reducing the probability (and therefore risk) of cancellation of authority to accept cards. Work by the assessors is anticipated to commence in October 2011.</li> </ul>	
Essex County Council	Procurement Transformation	Procurement Transformation fails to deliver targeted stretch savings and/or fails to sustain the delivered savings	16	8	<ul style="list-style-type: none"> <li>Use of Category Management methodology</li> <li>Strengthen/embed current governance arrangements and raise visibility of corporate resources</li> <li>Strengthen Supply Chain Management skills throughout ECC.</li> <li>Strengthen commercial skills throughout the organisation.</li> <li>BRMG are currently reviewing treatment measures for appropriate ownership in the services.</li> </ul>	Margaret Lee
				Direction of Travel		
						