

Report to Cabinet Report of Cllr David Finch	Forward Plan reference number FP/228/06/13
Date of meeting 10/10/13	County Divisions affected by the decision <i>All divisions</i>
Title of report: 2013/14 FINANCIAL OVERVIEW AS AT THE HALF YEAR STAGE	
Report by Cllr David Finch, Leader and Cabinet Member for Finance Enquiries to Margaret Lee, Executive Director for Corporate Services Extn: 21010 Tel. No: 01245 431010	

1. Purpose of report

The purpose of this report is to provide an updated assessment of the financial position of the Council in 2013/14, based upon the position at the half year stage.

2. Recommendations

Decision Areas and Recommendations

- (i) That Cabinet Members note the current revenue outturn forecast, which is a projected under spend for the year of **£7.0m** as detailed in Appendix A (ii). Within this projection the Emergency Contingency of **£8m** is currently assumed fully spent.
- (ii) A Cabinet Member Action has been signed to approve the drawdown of £1.5m in relation to accommodation costs for the John Ray school which recently burned down, but it is anticipated that this is unlikely to be needed as costs are likely to be covered from the Insurance fund.
- (iii) Cabinet Members should also note a projected under spend of **£45.8m** against the approved capital payments guideline (see Appendix C).
- (iv) It is recommended that approval is given to appropriate:
 - a. **£219,000** from the General Reserve to the Education & Lifelong Learning Portfolio.
 - b. **£284,000** from the General Reserve to the Economic Growth and Infrastructure Portfolio.
 - c. **£153,000** from the Carbon Reduction Reserve to the Transformation & Support Services Recharged Support Services (Facilities Management Services) Portfolio.
 - d. **£413,000** from the Health & Safety Reserve to the Transformation & Support Services Recharged Support Services (Facilities Management Services) Portfolio.
 - e. **£22,000** from the Transformation Reserve to the Adult Social Care Portfolio
 - f. **£1.5m** from the Redundancy Reserve in respect of TM11 restructuring costs.
 - g. **£1m** to the Personal Care Reserve from Adult Social Care Portfolio.

- (v) That approval is given to vire **£127,000** from Interest Receivable, within Other Operating Costs, to Transformation & Support Service Recharged Support Services (Facilities Management) Portfolio
- (vi) That approval is given to vire **£1.4m** within Highways and Transportation Portfolio and Highways and Transportation Recharged Support services Portfolio of which **£65,000** is from Highways and Transportation Recharged Support Service and **£1.3m** is within Highways and Transportation portfolio.
- (vii) Within the Capital Programme approval is sought for slippage of **£44.5m**, budget additions of **£3.6m** and budget reductions of **£6.0m** plus **£5.3m** added to the Capital Programme in future years for John Ray Infant School.

The impact upon the capital payment profile of making these changes is summarised in **Appendix C**.

3. Financial Overview

3.1 Revenue

An assessment of the Revenue budget, at the half year stage of the 2013/14 financial year, shows a net residual under spend on services of **£7.0m** after taking into account a number of actions recommended in this report.

Comments are included below on the most significant of the variances reported:

Adult Social Care - £298,000 under spend (compared to £2.3m under spend at the first quarter stage)

Working Age Adults Care & Support are forecasting an overspend of **£3m** due mainly to domiciliary activity, residential pricing and cash payments demand. However there are various underspends which offset this, including those in Community Teams, Older People Care & Support due to residential activity being lower than expected, and in Standard and Governance due to staffing vacancies. As part of the strategy to deliver a balanced budget in future years, Adult Social Care is intending to carry forward under spends from 13/14 into 14/15. The above position reflects the action of removing £1m under spend to the Personal Care Reserve in this respect.

Families and Children - £3.9m under spend (compared to £3.2m under spend at the first quarter stage)

There has been a relatively minor movement from the previous quarter. The under spend continues to be due to efficiencies and early delivery of savings within Childrens Social Care.

Education and Lifelong Learning Non DSG - £536,000 over spend (compared to £1.8m at the first quarter stage)

The over spend in this area is partly due to the impact of the new Education Support Grant anticipated reductions which are related to the conversion of schools to academies. In addition there are a number of smaller over spends across the portfolio.

Leader and Finance - £697,000 under spend (compared to £564,000 under spend at the first quarter stage)

The under spend in this area is predominantly as a result of vacancies within Corporate & Business Management, Corporate Policy and the Strategic Services senior management team. These are being held pending the re-design as a result of Transformation Phase 2 and due to the recruitment freeze.

Economic Growth Infrastructure - £874,000 over spend (compared with £455,000 over spend at the first quarter stage)

This is mainly within Employability and Skills relating to the Demand for Essex Apprenticeship Programme. A recovery plan is in place with a business case being prepared.

Transformation & Support Services Recharged Support Services (Transformation Support Unit) Portfolio - £180,000 under spend (compared with on line at the first quarter stage)

This underspend sits within the Transformation Support Unit and is after an appropriation of **£1.4m** from the Transformation Reserve relating to support for the new Strategy Transformation and Commissioning (STC) Support function.

Other operating costs - £3m under spend (compared with £3.1m under spend at the first quarter stage)

Capital financing is predicting to under spend by **£2.1m** linked to the reduced capital spend in 12/13. Interest receivable is showing an additional surplus of **£673,000** as we have earlier phasing of cash payments in the form of government grants. Interest Payable is reporting an under spend of **£230,000**.

Approval is sought in relation to the following actions:

To draw down funds from reserves as follows:

- Education & Lifelong Portfolio - **£219,000** from the General Balance relating to the Economic Growth Strategy .
- Economic Growth & Infrastructure Portfolio - **£284,000** from the General Balance. This relates to **£125,000** within Highways & Transportation, **£121,000** within Enterprise, **£38,000** within Planning, Env & Eco Growth all relating to Essex Growth Strategy
- Transformation & Support Service Recharged Support Services (Facilities Management) Portfolio - **£158,000** from the Carbon Reduction Reserve in relation to additional cost in respect of Carbon Reduction Commitment Allowance purchase.
- Transformation & Support Service Recharged Support Services (Facilities Management) Portfolio - **£413,000** from the Health & Safety Reserve to fund the full year cost of the Health and Safety programme.
- Adult Social Care Portfolio - **£22,000** from the Transformation Reserve in respect of expenditure associated with the Health Integration Project.
- **£1.5m** from the Redundancy Reserve in relation to TM11 restructuring costs (Public Health & Wellbeing Portfolio (**£660,000**), Adult Social Care Portfolio (**£565,000**), Families & Children Portfolio (**£140,000**), Transformation & Support Services (Procurement) Portfolio (**£80,000**) Leader & Finance Portfolio (**£30,000**), Highways & Transportation Portfolio (**£25,000**))

To appropriate funds to reserves as follows:

- Personal Care Reserve - **£1m** from Adult Social Care Portfolio relating to the underspend within Access Assessment and Care Management to be used in 14/15 to offset pressures relating to the costs of personal care within Adult Social Care.

That approval is given to vire **£127,000** from Interest Receivable, within Other Operating Costs, to Transformation & Support Service Recharged Support Services (Facilities Management) Portfolio to fund the full year cost of the Health and Safety programme. This is addition to the Reserve drawdown above.

That approval is given to vire **£1.4m** from the Congestion, Localism, Road Safety, Transportation Planning and Passenger Transport policy lines within Highways and

Transportation Portfolio totalling **£1.3m** and **£65,000** from Highways and Transportation Recharged Support Service to the Roads & Footways policy line within Highways and Transportation Portfolio. This is to address the cost pressures arising as a result of severe weather damage.

Appendix A provides a summary, by portfolio, 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 portfolio.

3.2 Trading activities

At this stage, it is anticipated that the Trading Activities' will over achieve their planned surplus by **£574,000** as shown in **Appendix B**.

3.3 Capital

A review has been undertaken to challenge the deliverability of the current approved capital programme, the outcome of which is reflected in the half year forecast outturn position. The projected under spend on the capital programme totals **£45.8m (21%)** against the latest capital budget of **£220.2m**. The Cash Balances held by Schools and Devolved Formula Capital are currently projecting to be fully spent.

In addition to the requests made in the First Quarter Cabinet Report there is further slippage identified of **£44.5m**, additions of **£3.6m** and reductions of **£6.0m** that will be requested in the Half Year Cabinet Report. A CMA is currently being prepared for the remaining **£850,000** addition, reduction and advanced works request.

Approval is sought in relation to the following actions:

- Slippage: **£44.5m**
- Additions: **£3.6m**
- Reductions: **£6.0m**
- Future Years addition: **£5.3m**

The slippage will fall into a number of future years as follows:

	2014/15 £m	2015/16 £m	2016/17 £m
Slippage	23.4	18.3	2.8

For full list of the projects affected, please refer to Appendix C.

key points to note are:

Adult Social Care

- Spend to date of **£270,000** represents **58%** of the forecast Outturn of **£463,000**. There is currently a forecast under spend of **£2.0m**.

- Accommodation for Vulnerable people – The Procurement exercise did not generate bids of sufficient quality, however, local authorities have now identified opportunities for sites to deliver some of the programme. An alternative approach is now being progressed by approaching the market individually with the grant availability and a rolling programme. There is a forecast under spend of **£2.0m**. Approval is sought to re-profile **£2.0m** into 2014/15.

Families and Children

- Spend to date of **£124,000**, represents **4.7%** of forecast outturn of **£2.6m**. There is a forecast under spend of **£100,000**.
- ICS System Rationalisation - All software modules originally planned for this project have been implemented. The remaining work is expected to be implemented during the 2013/14 and is likely to come in under budget, therefore, this budget can be reduced by **£100,000**. Approval is sought to reduce this budget by **£100,000**.
- Minor Works - Small over and under spends are forecast. Approval is sought to reduce the Family Centre Minor Works budget and to increase the Residential Homes Minor Works budget by **£4,000**.

Libraries, Communities & Planning

- Spend to date of **£616,000** represents **10%** of forecast outturn of **£6.0m**. An under spend of **£541,000** is currently forecast
- Public Realm - An under spend of **£141,000** is forecast for 2013/14 as budgets are linked to other programmes and resulting reprogramming of schedules. Approval is sought to re-profile **£141,000** into 2014/15.
- Hadleigh Farm Legacy Construction - Morgan Sindall has now agreed a price and programme that is within ECC's budget and to meet the deadlines set by the project team. An under spend of **£400,000** is forecast for 2013/14. Approval is sought to re-profile **£400,000** into 2014/15.

Economic Growth and Infrastructure

- Spend to date of **£1.6m** represents **32%** of forecast outturn of **£4.9m**. An under spend of **£4.4m** is currently forecast.
- Parkside Office - An under spend of **£450,000** is forecast for 2013/14, due to the re-profiling of the stage payments. Approval is sought to re-profile **£450,000** into 2014/15.
- Chelmsford Gateway - The South East Local Enterprise Partnership (SELEP) has allocated **£1.0m** of Growing Places Funding (GPF) for delivery of an element of the Chelmsford Gateway Project by Chelmsford City Council (CCC). This funding of **£1.0m** is to be provided to CCC, via ECC as upper tier authority, in 2013/14. The loan will be made on an interest free basis and the repayments will be made over the period from March 2015 to March 2019. Approval is sought for the addition of **£1.0m** to the 2013/14 Capital programme for the scheme.

- Tendring Coastal Defence - An under spend of **£1.0m** is forecast for 2013/14 as the project spend profile shows only **£677,000** expenditure for 2013/14 and Tendring District Council were successful in obtaining **£512,000** through Flood Alleviation funding from Defra, which has funded much of the scheme's preparatory work. Approval is sought to re-profile **£1.0m** into 2014/15.
- Integrated County Strategy –An under spend of **£4.0m** has been assumed. Further detail will be available when the funding round launching in October is complete.

Education & Lifelong Learning

- Spend to date of **£12.9m** represents **38%** of forecast outturn of **£33.8m**. There is currently a forecast under spend of **£16.7m**.
- Following the recent award of Targeted Basic Need funding a thorough review of the capital programme has been carried out and this has been reprofiled in order to reflect the impact this extra funding has on the programme of required works. Approval is sought for **£15.4m**, relating to 15 schools, to be reprofiled into future years:
- Approval is also sought to reduce the budgets for Heathlands Primary School **£30,000**, North Colchester **£317,000**, Waltham Abbey **£1.3m**, Hereward Primary **£289,000** and other projects **£672,000** and increase 5 schools, detailed in Appendix C, totalling **£865,000**.
- Approval is sought for an addition **£161,000**, which is the total value of the agreed contributions to date from schools towards capitalised maintenance projects.
- Approval is sought to add **£5.3m** to the Capital Programme for the rebuild of John Ray Infant School that has recently burnt down. **£2.0m** is required in 2014/15 and **£3.3m** in 2015/16.

Transformation & Support Services

- Spend to date of **£2.6m** represents **18%** of forecast outturn of **£14.3m**. The service is currently forecasting an under spend of **£12.3m**.
- Minor Works – An over spend of **£141,000** is forecast for 2013/14. Colchester Library scheme budget is currently being confirmed, and the required Section106 contribution of **£141,000** is intended to be transferred to Minor Works budget to fund the project. Approval is sought for the addition of **£141,000** to this budget, to be funded from a Section 106 contribution.
- BDUK Essex Next Generation Access - Cabinet approved the award of contract which was signed on 13 August 2013. An under spend of **£6.8m** is forecast for 2013/14. Approval is sought to re-profile **£476,000** into 2014/15 and **£6.3m** into 2015/16.
- Social Care Case Management – Cabinet approval was received in July 2013 for the Social Care Case Management scheme to proceed with procurement. This is now under way, with the contract award expected in November 2013. An under spend of **£3.2m** is currently forecast for 2013/14. Approval is sought to re-profile **£3.2m** into 2014/15.
- Property Transformation I - An under spend of **£420,000** is forecast for 2013/14. This under spend relates to a number of multicentre projects for which works need to complete by summer 2014 to align with academic timetables. Approval is sought to re-profile **£420,000** into 2014/15.

- Property Transformation II - The capital investment over the three financial years to March 2016 totals **£4.9m**. An under spend of **£2.8m** is forecast for 2013/14. This has arisen from more detailed profiling of activity which was identified by start-date only in the FBC. These will commence within 2013/14 but delivery will run into 2014/15. Approval is sought to re-profile **£2.8m** into 2014/15.
- A CMA is currently being drafted to add the following schemes to the 2013/14 Capital Programme. These will be funded from budget brought forward from the 2014/15 Community Development scheme:
 - Datacentre Refresh **£350,000**
 - Email Refresh **£50,000**
 - End User Computing **£450,000**

Highways & Transportation

- Spend to date of **£18.7m** represents **22%** of Forecast Outturn of **£84.8m**. There is currently a forecast under spend of **£7.8m**. Approval is sought for reductions of **£1.1m**, additions of **£1.2m** and to re-profile **£7.8m**.
- Highways & Transportation (excl. Major Schemes) - An under spend of **£1.1m** is currently forecast. The variance consists of under spends forecast for S106-funded schemes for which approval will be sought to re-profile into 2014/15, together with minor over and under spends across a range of schemes. Approval is sought to re-profile **£936,000** into 2014/15, additions of **£1.1m** (**£500,000** from S106, **£600,000** from other budgets within the service) and reductions of **£1.1m**.
- Highways Major Schemes – Spend to date of **£1.3m** represents **10%** of Forecast Outturn of **£13.4m**. There is currently a forecast under spend of **£6.6m** which mainly relates to **£3.0m** for Colchester Park & Ride, **£3.0m** for Northern Approach Road and **£850,000** for St Botolphs. These delays have occurred due to issues with funding and dependency on the progress of other schemes. Approval is sought to reprofile **£6.9m** into future year's budgets.

Waste & Recycling

- Spend to date of **£2.0m** represents **14%** of Forecast Outturn of **£14.6m**. Two of the Waste Transfer Stations remain subject to legal challenges and the purchase of the Braintree site remains a concern. The current forecast is based on the assumption that the Judicial Reviews are found in ECC's favour and the Braintree purchase will progress.

Leader

- An under spend of **£2.0m** is forecast in relation to the Local Authority Mortgage Scheme. This is a new scheme for 2013/14 which provides the funding for ECC to participate in the Local Authority Mortgage Scheme (LAMS) and provide match funding to District Councils wishing to set up their own LAM scheme. Approval is sought to reduce the budget by **£2.0m**.
- [Appendix D](#) provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

Capital Receipts

Capital receipts received to date in 2013/14 total **£13.2m**. Of this amount, **£1.5m** relates to a debtor that was accounted for in 2012/13, **£4.0m** funds the 2013/14 Property Transformation II capital programme, **£4.3m** funds other schemes within the current 2013/14 capital programme and **£113,000** is ringfenced to Southend Borough Council under the terms of a disposal. The remaining unallocated capital receipts balance totals **£3.3m**, which may be used to contribute towards the reduced debt payments savings target set out within the Property Transformation II programme.

3.4 Balance Sheet

3.4.1 Reserves

Appendix D provides a year end estimate of the position of the earmarked revenue reserves as at the end of August 2013. The year-end balance is estimated to total **£297.7m** of which **£238.7m** belongs to ECC. The balances that cannot be utilised by ECC relate to Schools **£52.8m**, Trading Activities **£4.2m** and Partnerships **£1.9m**. Of the £238.7m available to ECC **£9.3m** relates to equalisation reserves, i.e. funds that have been set aside in relation to grant balances, in line with accounting standards. **£23.8m** relates to future capital funding. This money is set aside to fund elements of the capital programme. This leaves a balance of **£205.6m** which comprises:

£83.2m in the Waste reserve, in line with the 30-year waste strategy and a further **£66.9m** is in a variety of PFI reserves, in line with plans to utilise funds at the appropriate stage in the life of the projects,

£9.1m in the redundancy reserve and a further **£22.6m** is in the Transformation reserve. It is anticipated that a significant amount of this funding will be utilised in the forthcoming transformation programme. The balance is held in a variety of reserves which have been specifically set aside to mitigate against specific circumstances or risks, such as **£10.7m** in the insurance reserve against known and specified risks.

3.4.2 Treasury Management and Prudential Indicators

A summary of the investment and borrowing levels is provided in **Appendix E**.

4. Policy context

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and corporate plan were approved in parallel in February 2013.

5. Financial Implications

5.1 Finance and Resources Implications (Section 151 Officer)

The report is authored by the S151 Officer and all actions proposed within this report are within the available funding and are considered appropriate actions to deal with variances arising. Overall, there is a forecast under spend. Given the current economic climate, and the continuing requirement by central government to reduce public spending to contribute to the resolution of the structural deficit, it is important that continued scrutiny is applied at all levels to ensure overall spending stays within budget.

6. Legal Implications

The Council is responsible for setting the budget each year at the budget and Council Tax meeting. Once agreed the executive then have to implement the policy framework within that budget. The executive cannot change the budget set by Council. The section 151 officer confirms that nothing in this report constitutes a departure from the budget previously agreed by Full Council.

7. Staffing and other resource implications

There are no staffing or other resource implications associated with this report.

8. Equality and Diversity implications

There are no equality and diversity or other resource implications associated with this report.

9. Background papers

Not applicable for this report

APPENDIX A (i)

REVENUE

2013/14													
	Year to Date			Budget Movement		Forecast Outturn				RAG Status	Residual Variance at 1st Qtr	Movement in Residual Variance	
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Outturn Forecast	Forecast Variance	Variance Plan				Residual Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000
Public Health and Wellbeing	6,520	6,791	271	26,647	(347)	26,300	26,364	64	-	64	⚡	357	(293)
Adults Social Care	156,855	157,849	994	380,316	(140)	380,176	378,900	(1,276)	(978)	(298)	■	(2,273)	1,975
Families and Children	58,445	57,217	(1,228)	136,600	367	136,967	133,019	(3,948)	-	(3,948)	■	(3,213)	(735)
Education and Lifelong Learning													
Education and Lifelong Learning DSG	(67,331)	(3,921)	63,410	(3,477)	(270)	(3,747)	(4,972)	(1,225)	-	(1,225)	●	(1,121)	(104)
Education and Lifelong Learning NON DSG	16,213	20,409	4,196	45,455	23	45,478	46,233	755	219	536	⚡	1,758	(1,222)
Highways and Transportation	37,661	38,231	570	93,101	202	93,303	93,105	(198)	-	(198)	■	113	(311)
Waste & Recycling	29,520	29,331	(189)	66,511	(66)	66,445	66,132	(313)	-	(313)	■	127	(440)
Economic Growth Infrastructure	2,040	651	(1,389)	3,911	(302)	3,609	4,767	1,158	284	874	◆	455	419
Leader and Finance	11,466	13,126	1,660	25,980	2,417	28,397	27,700	(697)	-	(697)	■	(564)	(133)
Libs, Communities and Planning	8,678	9,216	538	20,124	547	20,671	20,731	60	-	60	⚡	14	46
Fire Reinstatement Works	-	(66)	(66)	-	-	-	-	-	-	-		-	-
Transformation & Support Servs	605	655	50	537	(32)	505	643	138	-	138	◆	80	58
Recharged Support Services													
Highways and Transportation													
Transport Coordination Centre	506	462	(44)	1,214	-	1,214	1,148	(66)	-	(66)	●	-	(66)
Leader & Finance													
Communications and Customer Relations	1,297	933	(364)	3,266	-	3,266	3,049	(217)	-	(217)	●	(146)	(71)
Equality and Diversity	60	49	(11)	194	-	194	194	-	-	-	■	-	-
Democratic Services	309	280	(29)	664	40	704	663	(41)	-	(41)	●	(34)	(7)
Finance	5,112	4,836	(276)	10,771	3,749	14,520	14,494	(26)	-	(26)	■	66	(92)
Insurance Cost Recovery Account	2,008	(1,722)	(3,730)	4,818	-	4,818	4,997	179	-	179	⚡	179	179
Essex Legal Services	155	239	84	563	-	563	609	46	-	46	◆	36	10
Transformation & Sup Serv													
Facilities Management Services	10,757	11,627	870	20,392	3,764	24,156	25,070	914	698	216	⚡	304	(88)
Asset Management	1,060	671	(389)	1,784	767	2,551	2,258	(293)	-	(293)	●	(207)	(86)
Customer Services	1,866	1,067	(799)	2,909	416	3,325	3,589	264	-	264	◆	212	52
Human Resources	2,125	1,828	(297)	4,871	1,819	6,690	6,361	(329)	-	(329)	■	(21)	(308)
Information Services	6,497	8,339	1,842	11,440	4,767	16,207	16,703	496	-	496	⚡	670	(174)
Performance	1,038	1,003	(35)	2,177	290	2,467	2,433	(34)	-	(34)	■	(47)	13
Procurement	1,071	869	(202)	2,315	235	2,550	2,385	(165)	-	(165)	●	-	(165)
Car Provision Scheme	-	163	163	-	-	-	108	108	-	108	■	223	(115)
Transformation Support Unit	2,408	2,453	45	2,228	2,708	4,936	6,210	1,274	1,454	(180)	■	-	(180)
Other Operating Costs	4,508	4,679	171	103,680	(17,954)	85,726	82,566	(3,160)	(127)	(3,033)	■	(3,060)	27
Net Expenditure	301,449	367,265	65,816	968,991	3,000	971,991	965,459	(6,532)	1,550	(8,082)	■	(6,271)	(1,811)
DSG offset								1,112	-	1,112		1,117	(5)
ECC Projected Outturn								(5,420)	1,550	(6,970)	■	(5,154)	(1,816)

Financed by			
COL FUND (SURPLUS)/DEFICIT	(2,925)	-	(2,925)
COUNCIL TAX PRECEPT	(518,086)	-	(518,086)
GENERAL BALANCE - CONTRIBUTION/(WITHDRAWAL)	(25,470)	(3,001)	(28,472)
GENERAL GOVERNMENT GRANTS	(36,339)	-	(36,339)
NDR PRECEPT	(154,226)	-	(154,226)
REVENUE SUPPORT GRANT	(231,945)	-	(231,945)
Total Financing	(968,991)	(3,001)	(971,993)

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 A (ii)

REVENUE VARIANCE PLAN					
	Unadjusted Variance	Virement Requests	Carry Forward requests	Amounts (to) / from reserve	Residual Variance
	£000	£000	£000	£000	£000
Public Health and Wellbeing	64				64
Adults Social Care	(1,276)			(978)	(298)
Families and Children	(3,948)				(3,948)
Education and Lifelong Learning					
Education and Lifelong Learning DSG	(113)				(113)
Education and Lifelong Learning NON DSG	755			219	536
Highways and Transportation	(198)				(198)
Waste & Recycling	(313)				(313)
Economic Growth Infrastructure	1,158			284	874
Leader and Finance	(697)				(697)
Libs, Communities and Planning	60				60
Fire Reinstatement Works	-				-
Transformation & Support Servs	138				138
Recharged Support Services					
Highways and Transportation					
Transport Coordination Centre	(66)				(66)
Leader and Finance					
Communications and Customer Relations	(217)				(217)
Equality and Diversity	-				-
Democratic Services	(41)				(41)
Finance	(26)				(26)
Insurance Cost Recovery Account	179				179
Essex Legal Services	46				46
Transformation & Sup Serv					
Facilities Management Services	914	127		571	216
Asset Management	(293)				(293)
Customer Services	264				264
Human Resources	(329)				(329)
Information Services	496				496
Performance	(34)				(34)
Procurement and CPS	(165)				(165)
Car Provision Scheme	108				108
Transformation Support Unit	1,274			1,454	(180)
Total	(2,260)	127	-	1,550	(3,937)
Other Operating Costs	(3,160)	(127)			(3,033)
Total (including Other Operating Costs)	(5,420)	-	-	1,550	(6,970)

REVENUE

TRADING ACTIVITIES

2012/13		2013/14				Forecast Variance	%
Actual		Original Budget	Latest Budget	Outturn Forecast	Variance		
£000		£000	£000	£000	£000		
(31,035)	Income	(28,410)	(33,900)	(31,839)	2,061	(6%)	
28,626	Expenditure	25,332	31,032	28,394	(2,638)	(9%)	
(2,409)	(Surplus) / Deficit	(3,078)	(2,868)	(3,445)	(577)	20%	
	Appropriations						
2,537	to County Revenue Account	1,787	1,781	1,784	3	0%	
(128)	to Trading Activity Reserves	1,291	1,087	1,087	-	-	
-	Net movement on the reserve	-	-	(574)	(574)	-	

APPENDIX C

CAPITAL

2013/14

	Year to date		Original Budget	Budget Movement		Revised Budget	Outturn	Forecast outturn		Variance	RAG status
	Actual	% spend vs forecast		2012/13 Requests	2013/14 Approved changes			Variance	Variance		
	£000	%	£000	£000	£000	£000	£000	£000	%		
Adult Social Care	270	58.3%	2,000	463	-	2,463	463	(2,000)	-81.2%	●	
Families and Children	124	4.7%	1,694	163	880	2,737	2,637	(100)	-3.7%	●	
Libraries, Communities and Planning	616	10.2%	2,772	1,239	2,567	6,578	6,037	(541)	-8.2%	●	
Economic Growth and Infrastructure	1,628	32.8%	8,184	277	900	9,361	4,957	(4,403)	-47.0%	●	
Education and Lifelong Learning	12,936	38.3%	46,275	4,128	105	50,508	33,811	(16,696)	-33.1%	●	
Transformation and Support Services	2,556	17.9%	18,938	2,160	5,458	26,556	14,297	(12,259)	-46.2%	●	
Public Health and Wellbeing	-	0.0%	-	-	-	-	-	-	0.0%	●	
Highways and Transportation	18,658	22.0%	82,329	8,144	2,145	92,618	84,831	(7,787)	-8.4%	●	
Waste and Recycling	1,977	13.6%	23,146	1,166	(9,741)	14,571	14,571	0	0.0%	●	
Leader	-	0.0%	1,000	-	6,000	7,000	5,000	(2,000)	0.0%	●	
Archived Codes	4	100.0%	-	-	-	-	4	4	100.0%	◆	
ECC Capital Programme	38,766	23.3%	186,338	17,739	8,313	212,390 #	166,607	(45,783)	-21.6%	●	
Schools Cash Balances	886	100.0%	-	886	-	886	886	0	0.0%	■	
Devolved Formula Capital	1,673	24.3%	-	4,262	2,655	6,917	6,898	(19)	-0.3%	■	
Total School Balances	2,560	32.9%	-	5,148	2,655	7,803 #	7,784	(19)	-0.2%	■	
Total Capital Programme	41,326	23.7%	186,338	22,887	10,968	220,193 #	174,391	(45,801)	-20.8%	●	
Financed by											
ECC Capital Programme											
Grants			82,183	8,923	2,873	93,979	86,899				
Reserves			10,573	90	6,518	17,181	14,610				
Developer contributions			21,602	1,698	197	23,497	15,815				
Capital receipts			3,932	-	4,358	8,290	4,793				
Unsupported borrowing			68,048	7,028	(5,633)	69,443	44,472				
Borrowing funded by revenue			-	-	-	-	-				
sub-total ECC Capital Programme			186,338	17,739	8,313	212,390 #	166,589				
School Balances											
Grants			-	886	2,655	3,541	3,541				
Unsupported borrowing			-	4,262	-	4,262	4,262				
sub-total School Balances			-	5,148	2,655	7,803 #	7,803				
Total ECC & Schools Capital Funding			186,338	22,887	10,968	220,193 #	174,392				

Variance plan

Directorate	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	2013/14 Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	0	0	0	0	(0)	(2,000)	-	-	-	-	(2,000)
Families and Children	0	880	0	0	880	-	4	(104)	-	0	(100)
Libraries, Communities and Planning	(137)	2,704	0	0	2,567	(541)	-	-	-	-	(541)
Economic Growth and Infrastructure	(0)	2,400	(1,500)	0	900	(5,450)	1,045	-	-	2	(4,403)
Education and Lifelong Learning	0	9,865	(7,105)	0	2,760	(15,442)	1,026	(2,607)	-	328	(16,696)
Transformation and Support Services	0	5,520	(62)	0	5,458	(13,250)	141	(0)	-	850	(12,259)
Public Health and Wellbeing	-	0	0	0	-	-	-	-	-	-	-
Highways and Transportation	(2,369)	8,401	(3,887)	0	2,145	(7,844)	1,157	(1,079)	-	(22)	(7,787)
Waste and Recycling	(9,715)	0	(26)	0	(9,741)	-	-	-	-	0	0
Leader	-	7,000	(1,000)	0	6,000	-	-	(2,000)	-	-	(2,000)
Archived Codes	0	0	-	0	-	-	-	-	-	4	4
Total ECC Capital Programme	(12,221)	36,770	(13,581)	0	10,967	(44,527)	3,374	(5,790)	-	1,161	(45,783)
Schools Cash Balances	0	0	-	0	-	-	-	-	-	0	0
Devolved Formula Capital	0	0	-	0	-	-	240	(240)	-	(19)	(19)
Total Controlled Elsewhere	-	-	-	-	-	- #	240	(240)	-	(19)	(19)
Total Capital Programme	(12,221)	36,770	(13,581)	0	10,967	(44,527) #	3,614	(6,031)	-	1,142	(45,801)

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

CAPITAL PROGRAMME DETAILED VARIANCE PLAN							
Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2013/14 Changes Requested	Residual Variance £000	Total Variance £000
Adult Social Care							
Accomm for Vulnerable People	(2,000)	-	-	-	(2,000)	-	(2,000)
	(2,000)	-	-	-	(2,000)	-	(2,000)
Families & Children							
ICS Rationalisation	-	-	(100)	-	(100)	-	(100)
Minor Works	-	4	(4)	-	0	-	0
	-	4	(104)	-	(100)	-	(100)
Libraries, Communities and Planning							
Public Realm	(141)	-	-	-	(141)	-	(141)
Hadleigh Farm Legacy Construction	(400)	-	-	-	(400)	-	(400)
	(541)	-	-	-	(541)	-	(541)
Economic Growth and Infrastructure							
Parkside Office	(450)	-	-	-	(450)	-	(450)
Chelmsford Gateway	-	1,045	-	-	1,045	-	1,045
Tendring Coastal Defence	(1,000)	-	-	-	(1,000)	-	(1,000)
Integrated County Strategy	(4,000)	-	-	-	(4,000)	-	(4,000)
	(5,450)	1,045	-	-	(4,405)	-	(4,405)
Education and Lifelong Learning							
Broomfield School	(800)	-	-	-	(800)	-	(800)
Colchester Primary Review	(2,455)	-	-	-	(2,455)	-	(2,455)
Glenwood/Deanes Special School	(3,556)	-	-	-	(3,556)	-	(3,556)
Harlow New Hall Farm Primary Schoc	(570)	-	-	-	(570)	-	(570)
Harlow Primary Additional Places	(2,424)	-	-	-	(2,424)	-	(2,424)
Hereward Primary School	(3)	-	(289)	-	(292)	-	(292)
St Johns Abbeyfield School	(1,000)	-	-	-	(1,000)	-	(1,000)
St Marys Foundation School	(180)	-	-	-	(180)	-	(180)
Severalls Primary School	(797)	-	-	-	(797)	-	(797)
Beaulieu Park Primary School	(442)	-	-	-	(442)	-	(442)
Epping Primary School	(1,227)	-	-	-	(1,227)	-	(1,227)
Hall Road Primary School	(500)	-	-	-	(500)	-	(500)
Gilden Way Primary School	(400)	-	-	-	(400)	-	(400)
Basic Need	(184)	-	-	-	(184)	187	3
Other Projects	(904)	-	(672)	-	(1,576)	141	(1,435)
Heathlands Primary School	-	-	(30)	-	(30)	-	(30)
North Colchester School	-	-	(317)	-	(317)	-	(317)
Waltham Abbey School	-	-	(1,300)	-	(1,300)	-	(1,300)
Witham Maltings	-	112	-	-	112	-	112
Alderton Infant School	-	289	-	-	289	-	289
Braintree Basic Need	-	174	-	-	174	-	174
Chelmsford Basic Need	-	280	-	-	280	-	280
Loughton Basic Need	-	10	-	-	10	-	10
Capitalised Building Maintenance	-	161	-	-	161	-	161
	(15,442)	1,026	(2,608)	-	(17,024)	328	(16,696)
Transformation and Support Services							
Minor Works	-	141	-	-	141	-	141
Shire Hall	(62)	-	-	-	(62)	-	(62)
BDOUK	(6,752)	-	-	-	(6,752)	-	(6,752)
IS Schemes	-	-	-	-	-	850	850
Social Care Case Management	(3,200)	-	-	-	(3,200)	-	(3,200)
Property Transformation I	(420)	-	-	-	(420)	-	(420)
Property Transformation II	(2,816)	-	-	-	(2,816)	-	(2,816)
	(13,250)	141	-	-	-	850	(12,259)
Highways and Transportation							
S106	(821)	52	(802)	-	(1,571)	5	(1,566)
Passenger Transport	-	97	(17)	-	80	(21)	59
A130 Bypass PFI Improvement	-	-	(125)	-	(125)	(5)	(130)
Covered Salt Storage	-	125	-	-	125	-	125
Major Schemes Planning & Managem	(115)	-	-	-	(115)	18	(97)
Town Centre Improvements	-	500	-	-	500	-	500
Cycling Programme	-	318	(135)	-	183	(68)	115
Other Schemes	-	-	-	-	-	(172)	(172)
Colchester Park & Ride	(2,997)	-	-	-	(2,997)	-	(2,997)
Colchester A134 St Botolphs	(850)	-	-	-	(850)	-	(850)
NAR3	(3,000)	-	-	-	(3,000)	-	(3,000)
Army & Navy Widening	(60)	65	-	-	5	221	226
	(7,843)	1,157	(1,079)	-	(7,765)	(22)	(7,787)
Leader							
Local Authority Mortgage Scheme	-	-	(2,000)	-	(2,000)	-	(2,000)
	-	-	(2,000)	-	(2,000)	-	(2,000)
Archived	-	-	-	-	-	4	4
ECC Capital Programme	(44,526)	3,373	(5,791)	-	(33,835)	1,159	(45,786)
Schools Balances & DFC							
Devolved Formula Capital	-	240	(240)	-	-	(19)	(19)
	-	240	(240)	-	-	(19)	(19)
Total School Balances	-	240	(240)	-	-	(19)	(19)
Total Capital Programme	(44,526)	3,613	(6,032)	-	(33,835)	1,140	(45,804)

APPENDIX D

BALANCE SHEET

EARMARKED RESERVES

2013/14

	Estimated Balance at 1 April 2012	2013/14 movements						Balance at 31 March 2014
		Contributions agreed (on IFS)	Proposed Contributions (not on IFS)	Contributions to reserves	Withdrawals agreed (on IFS)	Proposed Withdrawals (not on IFS)	Withdrawals from reserves	
		£000	£000	£000	£000	£000	£000	
General reserves								
Building maintenance reserve	(713)			-	713		713	-
Capital receipts pump priming	(1,692)	(1,000)		(1,000)	597		597	(2,095)
Carbon Reduction reserve	(2,955)	(529)		(529)		153	153	(3,331)
Energy Inflation reserve	(1,200)	(200)		(200)			-	(1,400)
Essex Crime and Police Panel reserve	(73)			-			-	(73)
Essex Transport Reserve	(372)			-			-	(372)
Health and Safety Reserve	(648)			-	235	413	648	-
Insurance	(10,743)			-			-	(10,743)
LAA Performance	(1,000)			-	1,000		1,000	-
Newton bequest reserve	(119)			-			-	(119)
Pension Fund Deficit reserve	-	(5,000)		(5,000)			-	(5,000)
Procurement reserve	(24)			-	24		24	-
Quadrennial Elections reserve	(1,006)	(500)		(500)	1,308		1,308	(198)
Redundancy reserve	(10,601)			-		1,500	1,500	(9,101)
Severe weather reserve	(252)			-	252		252	-
Street Lighting reserve	(476)			-	476		476	-
Tendring PPP	(422)			-			-	(422)
Transformation	(26,587)	(13,000)		(13,000)	15,511	1,476	16,987	(22,600)
	(58,883)	(20,229)	-	(20,229)	20,116	3,542	23,658	(55,454)
Future capital funding								
General	(12,344)	(11,433)		(11,433)			-	(23,777)
Bellhouse landfill	(61)			-			-	(61)
	(12,405)	(11,433)	-	(11,433)	-	-	-	(23,838)
Equalisation reserves								
PFI equalisation reserves								
A130 PFI	(57,837)			-	949		949	(56,888)
8AI Clacton secondary schools' PFI	(3,969)	(188)		(188)			-	(4,157)
Debden PFI	(4,818)			-	251		251	(4,567)
Building schools for the future PFI	(1,296)			-			-	(1,296)
Waste reserve	(61,803)	(21,423)		(21,423)			-	(83,226)
Grants equalisation reserve	(10,739)			-	619		1,466	(9,273)
	(140,462)	(21,611)	-	(21,611)	1,819	-	2,666	(159,407)
Schools	(52,847)	-	-	-	-	-	-	(52,847)
Partnerships	(2,133)	-	-	-	250	-	250	(1,883)
Trading activities	(3,159)	(1,087)	-	(1,087)	-	-	-	(4,246)
Total	(269,889)	(54,360)	-	(54,360)	22,185	3,542	26,574	(297,675)

GENERAL BALANCE - Movement Analysis

	£000
Actual Balance 31 March 2013	(85,551)
2012/13 Planned Withdrawal	25,470
Proposed Withdrawals/(Contributions)	
Carry Forward requests (2012/13 third quarter and Provisional outtn requests)	3,479
Repayments of amounts withdrawn at 2012/13 Provisional Outturn stage	(323)
Actual Balance 1 April 2013	(56,925)
Subsequent movements	
Estimated balance at 31st March 2014	(56,925)
Proposals	
Contributions	
Withdrawals:	
ESH proposed use of Economic Growth Strategy funding	284
SCF proposed use of Economic Growth Strategy funding	219
Updated Estimated Balance at 31 March 2014	(56,422)

Emergency Contingency

	£000
Actual Balance 1 April 2013	(8,000)
Previously Approved Proposed Utilisation	
Assumed Withdrawals	8,000
Estimated balance at 31 March 2014	-

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

TREASURY MANAGEMENT - 2013/14

	Actual Balance 1 April	Movements			Estimated balance 31 March	Interest payable / (earned) to date £000
	£000	Raised £000	Repaid £000	Net movement £000	£000	
Borrowing						
Long Term	358,497	-	(6,169)	(6,169)	352,328	6,354
Temporary	1,416	-	(634)	(634)	782	1
	359,913	-	(6,803)	(6,803)	353,110	6,355
Investments						
Long Term	(3,000)	(6,500)	-	(6,500)	(9,500)	(51)
Temporary	(248,100)	(117,200)	-	(117,200)	(365,300)	(1,377)
	(251,100)	(123,700)	-	(123,700)	(374,800)	(1,428)
Net indebtedness	108,813	(123,700)	(6,803)	(130,503)	(21,690)	4,927

Borrowing

Average long term borrowing over period to date (£000)	356,218
Opening pool rate at 1 April 2013	4.26%
Weighted average rate of interest on new loans secured to date	n/a
Average pool rate for year	4.26%

Investments

Average daily cash balance over period to date (£000)	405,296
Average interest earned over period	0.84%
Benchmark rate - average local authority 7 day rate	0.29%

APPENDIX E

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Provisional Outturn
1 Affordability			
Incremental impact on Council Tax	£	£1.12	N/A
Ratio of financing costs to net revenue streams	%	4.9%	5.0%
2 Prudence		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
3 Capital Expenditure			
Capital expenditure	£m	186	174
Capital Financing Requirement (<i>excluding credit arrangements</i>)	£m	761	711
4 External Debt			
Authorised limit (borrowing only)	£m	550	N/A
Operational boundary (borrowing only)	£m	380	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	362
5 Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	550	353
Debt		100.0%	100.0%
Investments		100.0%	100.0%
Upper limit for exposure to variable rates			
Net exposure	£m	160	5
Debt		30.0%	1.3%
Investments		100.0%	72.2%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	5.1%
12 months & within 24 months	%	40.0%	6.2%
24 months & within 5 years	%	60.0%	14.4%
5 years & within 10 years	%	60.0%	11.1%
10 years & within 25 years	%	80.0%	6.2%
25 years & within 40 years	%	50.0%	12.8%
40 years & within 50 years	%	50.0%	40.0%
50 years & above	%	20.0%	0.0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	6
6 Summary			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			