

		AGENDA ITEM 5
		ES/02/13
Committee:	Executive Scrutiny Committee	
Date:	29 January 2013	
<u>2012/13 FINANCIAL OVERVIEW AS AT THIRD QUARTER STAGE</u>		
Enquiries to:	Margaret Lee, Executive Director for Finance 01245 431010 Margaret.lee@essex.gov.uk	

The attached report (FP/987/12/12) was considered at Cabinet on 22 January 2013. 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?

Report to Cabinet	Forward Plan reference number
Report of Cllr David Finch	FP/987/12/12
Date of meeting 22/01/13	County Divisions affected by the decision <i>All divisions</i>
Title of report: 2012/13 FINANCIAL OVERVIEW AS AT THE THIRD QUARTER STAGE	
Report by Cllr David Finch, Deputy Leader and Cabinet Member for Finance & and the Transformation Programme	
Enquiries to Margaret Lee, Executive Director for Finance 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 2012/13, based upon the position at the third quarter 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 **£25.059m** as detailed in Appendix A (ii). Within this projection the Emergency Contingency of **£8m** is currently assumed fully spent, whilst no usage has as yet been proposed or agreed. If this remains the position at year-end, the underspend will therefore be **£33.059m**
- (ii) Cabinet Members should also note a projected under spend of **£28.306m** against the approved capital payments guideline, after proposed adjustments.
- (iii) It is recommended that approval is given to appropriate:
 - a. **£408,000** to the Waste Reserve from Health and Well Being Portfolio.
 - b. **£55,000** to the Transformation Reserve from Deputy Leader Recharged Support Services (Human Resources) Portfolio.
 - c. **£354,000** to the Transformation Reserve from Leader Portfolio.
 - d. **£421,000** to the General Balance from Deputy Leader Recharged Support Services (Information Services).
 - e. **£899,000** to the A130 PFI Reserve from Highways and Transportation Portfolio.
 - f. **£1.360m** to the Future Capital Funding Reserve from Highways and Transportation Portfolio.
 - g. **£200,000** to the Transformation Reserve from Highways and Transportation Portfolio.

- h. **£320,000** to the Transformation Reserve from Economic Growth and Waste and Recycling Portfolio.
 - i. **£500,000** to the General Balance from Deputy Leader Recharged Support Services (Asset Management) Portfolio.
 - j. **£602,000** from the Redundancy Reserve to Deputy Leader Recharged Support Services (Information Services).
 - k. **£104,000** to the General Balance from Customer Services, Environment and Culture Portfolio.
 - l. **£90,000** to the General Balance from Deputy Leader Recharged Support Services (Information Services).
 - m. **£97,007** from the Insurance Reserve to the Future Capital Funding Reserve within the Other Operating Costs portfolio.
- (iv) That approval is given to create a net nil budget within the Adult Social Care Portfolio in respect of Assessment and Care Management NE projects as shown on page 5. To be funded by **£666,000** from North East Essex PCT.
- (v) Within the Capital Programme approval is sought for slippage of **£19.188m**, budget additions of **£9.874m**, budget reductions of **£16.123m** and advanced works of **£1.198m**. These are in addition to the budget changes approved in the 2012/13 Half Year Cabinet Report.
- (vi) It is recommended that the net revenue under spend of **£25m**, after proposed actions, is transferred to the general balance, in order to fund the 2013/14 revenue budget. The budget has been drafted on the basis that £25m of this funding is made available on a one-off basis from this source.

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 third quarter stage of the 2012/13 financial year, shows a net residual under spend on services of **£25.059m** after taking into account a number of actions recommended in this report.

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

Children's Services - £13.977m under spend (compared to £2.690m under spend at the half year stage)

The under spend is predominantly within Externally Commissioned Placements **£6.135m**; £2.305m due to volume reductions in particular reducing Children in Care (CIC) numbers and £1.277m due to lower spend on High Level Family Support and External Supervised Contact; **£2.175m** within the Director of CSC & YOS due to reduced usage of agency staff and recruitment delays and **£3.830m** within Looked After Children.

Other operating costs - £8.010m under spend (compared to £7.400m under spend at the half year stage)

A combination of reduced borrowing to support the 2011/12 capital programme and higher than expected cash balances has led to lower net borrowing costs. The forecast assumes that no external borrowing will be undertaken this year.

Recharged Support Services – Deputy Leader (Transformation Support Unit) - £1.144m under spend (compared to £270,000 under spend at the half year stage)

The forecast includes **£663,000** draw down already approved through CMAs (£540,000 for design and planning of Transformation MKII and £123,000 for Demand management). The remaining **£481,000** under spend is predominately due to staffing under spends as a result of delays in recruitment.

Recharged Support Services – Deputy Leader (Procurement) - £734,000 under spend (compared to £397,000 under spend at the half year stage)

The under spends are mainly within Procurement. **£242,000** is due to the time taken to recruit staff to the new staffing structure and **£186,000** is in Procurement projects as the planned partnership working with Norfolk will now not take place until 2013/14.

Economic Growth and Waste and Recycling – £701,000 under spend (compared to £252,000 under spend at the half year stage)

The under spend is predominately within two areas, Major Project and Infrastructure **£432,000** mainly in Waste Management due to a reduction in the forecast tonnage to landfill; ESH and DCE projects **£320,000**, this relates to the under spends in the systematic Review Project, the above projection includes an adjustment to appropriate the under spend to the Transformation reserve and approval to do so is sought within this report.

Education and 2012 Games - £1.835m over spend (compared to £699,000 over spend at the half year stage)

This over spend is predominately in SCF Education, in particular Home to School transport where a **£3.824m** over spend is forecast, this is due to savings not being

delivered as projects have been delayed to 2013/14, in addition this area have returned £2m of unused carry forward. This over spend is offset by **£2.474m** of under spends predominantly in Special Education Needs (£1.132m) and staffing due to high turnover and recruitment difficulties (£852,000).

Approval is sought in relation to the following actions:

To draw down funds from reserves as follows:

- Deputy Leader Recharged Support Services Information - **£602,000** from the Redundancy Reserve in respect of a CCN agreed by the Outcomes Board; the current over spend in the IS project is caused by the inclusion of the voluntary redundancy figure of £602,000 for the IS restructure.
- Other Operating Costs - **£97,007** from the Insurance Reserve to the Future Capital Funding Reserve for rebuilding costs relating to the Thames Chase Visitor Centre.

To appropriate funds to reserves as follows:

- Waste Reserves - **£408,000** from the Health and Well Being Portfolio in respect of income received from PCTs to support the Community Budgets Health & Wellbeing project.
- Transformation Reserve - **£55,000** from Deputy Leader Recharged Support Services Human Resources Portfolio in respect of the HR backfill that did not materialise to support the Corporate Services Project.
- Transformation Reserve - **£354,000** from Leader Portfolio in respect under spends on the Corporate Services Project, funding approved to develop the FBC has not been fully utilised.
- A130 PFI Reserve - **£899,000** from Highways and Transportation Portfolio in respect of non-materialisation of anticipated additional costs payable to the PFI provider in relation to, Sadler's Farm opening and increasing traffic flows.
- Future Capital Funding reserve - **£1m** from Highways and Transportation Portfolio under spends to fund urgent Highways and Transportation Capital maintenance in particular footways.
- Future Capital Funding reserve - **£360,000** from Highways and Transportation Portfolio under spends to address urgent Capital works on street lighting columns.
- Transformation Reserve - **£200,000** from Highways and Transportation Portfolio in respect of Automatic Vehicle Location (AVL) funding; previously drawn down from the Transformation reserve to bring in the project, this funding will not now be required until the first quarter of 2013/14.
- Transformation Reserve - **£320,000** from Economic Growth and Waste and Recycling Portfolio in respect of under spends in the systematic Review Project.

To return funds to the General Balance as follows:

- Deputy Leader RSS Information Services - **£421,000** carry forward of under spend in respect of a CCN agreed by the Outcomes Board for the IS project.
- Deputy Leader Recharged Support Services Asset Management - **£500,000** carry forward of under spend in respect School condition surveys.
- Customer Services, Environment and Culture Portfolio - **£104,000** carry forward requested for Place Service Consultancy (ecological and natural environment planning and arboricultural services), as the work associated with changing trading services is now very likely to fall to 2013/14, rather than 2012/13 as originally planned.
- Deputy Leader Recharged Support Services Information Services - **£90,000** carry forward of under spend on the ICT training budgets requested; provision of training has been delayed whilst it was upgraded to the new EUC applications in Microsoft 2010.

To create a net nil budget within the Adult Social Care Portfolio in respect of Assessment and Care Management NE projects, funded by **£666,000** from North East Essex PCT.

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 underachieve their planned surplus by **£302,000** as shown in **Appendix B**.

3.3 Capital

The projected under spend on the capital programme totals **£26.295m (16%)** against the latest capital budget of **£164.674m**. Excluding Cash Balances Held by Schools and Devolved Formula Capital, the projected under spend totals **£26.819m (18%)** against a latest budget of **£152.096m**. After accounting for proposed amendments to the programme the residual variance is a projected under spend of **£2.057m** against the latest capital budget of **£152.096m (1%)**. This under spend mainly relates to Local Highways Panel under spends that are not being requested as part of this report.

Approval is sought for slippage of **£19.188m**, budget additions of **£9.874m**, budget reductions of **£16.123m** and advanced works of **£1.198m**. These are in addition to the budget changes approved in the 2012/13 First Quarter and Half Year Cabinet Reports.

The key points to note are:

Deputy Leader, Finance and Transformation

- Property Transformation – Approval is sought to re-profile **£1.376m** for Property Transformation Refurbishment into 2013/14. This is

due to several factors including political challenge, technical, legal and client Target Operating Model dependencies.

Education, Lifelong Learning and 2012 Games

- Capitalised Building Maintenance – Request for the balance of budget of **£553,000** on the 2011/12 Capitalised Maintenance code and **£172,000** from Maldon All Saints to be transferred to 2012/13 Capitalised Maintenance code to cater for deferred projects. There is a risk that the budget might not be fully used before the end of the financial year due to unpredictable nature of reactive maintenance.
- BSF – Approval is sought to reprofile **£1.628m** of the budget into 2013/14 for delays and to reduce the budget by **£996,000** for the ICT budget which is a revenue cost. This is funded by BSF ring-fenced grant.

Highways and Transportation

- Of the £11.468m requested to be re-profiled into 2013/14 £2.766m relates to Local Highways Panels. The remaining £8.702m have S106 funding, external funding or are contractually committed
- Section 106 - Schemes have been re profiled for delivery during 2012/13 and 2013/14. Approval is sought to re-profile **£1.474m** into 2013/14, and make additions of **£22,000** and reductions of **£4.999m** from within the programme.
- Harlow A414 Capacity Improvements - Final scheme costs have indicated a shortfall of £438,000. Approval is sought to transfer **£438,000** from the under-spend on the A13 Passenger Transport scheme. The scheme is now scheduled to commence in early 2013 with a completion date expected summer 2013. Furthermore, due to delays in utility works and final construction associated with the scheme, the majority of physical works will not now commence until next financial year. As a consequence, approval is sought to re-profile **£1.082m** into 2013/14.
- Berechurch Road Highways Improvements - Due to delays in finalising design and agreement with stakeholders, the scheme is now likely to be delivered in 2013/14. To this end, approval is sought to re-profile **£1.700m** into 2013/14.
- Local Highways Panels - As at 5 December 2012, a total of £4.241m had been committed by Panels. Of this £1.475m, is expected to be delivered in 2012/13, with approval sought to re-profile the remaining, committed expenditure of **£2.766m** into 2013/14. At present, £3.759m of the 2012/13 budget is not committed. Further meetings will be held by the Local Highways Panels to seek to identify additional projects against which to allocate this budget. Where further schemes are committed during 2012/13, a request will be made to re-profile this expenditure into 2013/14 in the 2012/13 Outturn Report.

Leader

- Integrated County Strategy – Initial spend is expected to occur early in 2013. Approval is sought to re-profile **£2.000m** into 2013/14.

Schools Balances

- Devolved Formula Capital – Approval is sought to increase the budget by **£523,000** from within the Education budgets to fund an over-commitment on the Devolved Formula Capital budgets.

Approval is sought for other requests, totalling **£7.162m** for slippage, **£2.432m** additions, **£3.231m** reductions and **£1.198m** advanced works.

Appendix C 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.

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 November 2012. The year-end balance is estimated to total **£265m**, which is £45m higher than the position at the start of the year. However, it should be noted that **£50m** of this balance relates to schools and therefore cannot be utilised by ECC. A further **£139m** relates to equalisation reserves, i.e. funds that have been set aside in relation to PFI commitments or other long term projects. **£14m** relates to future capital funding; this money is set aside to fund elements of the capital programme. This leaves a balance of **£55m** which is available to the organisation to use. **£10m** of this is in the redundancy reserve and a further **£20m** 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 **£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 2012

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. This will be particularly important as we go through the winter and are subject to season specific pressures.

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

REVENUE

2012/13													
	Year to Date			Budget Movement		Forecast Outturn			Variance Plan	Residual Variance	RAG Status	Residual Variance at Half year	Movement in Residual Variance
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Outturn Forecast	Forecast Variance					
	£000	£000	£000	£000	£000	£000	£000	£000					
Health and Wellbeing	15,283	14,757	(526)	25,344	1,541	26,885	26,293	(592)	(408)	(184)	■	102	(286)
Adults Social Care	211,389	212,727	1,338	316,723	1,483	318,206	318,883	677	-	677	◇	(166)	843
Children's Services													
Dedicated Schools Budget	22,649	27,601	4,952	29,387	6,540	35,927	39,020	3,093	-	3,093	◆	1,652	1,441
Non dedicated Schools Budget	99,846	93,527	(6,319)	155,447	(7,227)	148,220	134,243	(13,977)	-	(13,977)	●	(2,690)	(11,287)
Education and 2012 Games													
Dedicated Schools Budget	(29,827)	(34,694)	(4,867)	(32,171)	(6,187)	(38,358)	(41,801)	(3,443)	-	(3,443)	●	(3,282)	(161)
Non dedicated Schools Budget	40,614	44,166	3,552	56,013	9,826	65,839	67,651	1,812	-	1,812	◇	697	1,115
Lee Valley Park and 2012 Games	2,592	2,250	(342)	3,302	(142)	3,160	3,161	1	-	1	◇	2	(1)
Highways and Transportation	61,731	60,712	(1,019)	90,651	3,632	94,283	91,622	(2,661)	(2,459)	(202)	■	(6)	(196)
Economic Growth & Waste & Recycling	43,623	46,942	3,319	64,813	99	64,912	63,891	(1,021)	(320)	(701)	■	(252)	(449)
Customer Services, Environment and Culture Leader	7,821	9,295	1,474	13,502	548	14,050	13,993	(57)	460	(517)	■	85	(602)
Leader	5,830	5,353	(477)	7,986	1,519	9,505	8,570	(935)	(354)	(581)	●	59	(640)
Communities and Planning	3,879	3,422	(457)	6,238	(40)	6,198	5,627	(571)	-	(571)	●	(471)	(100)
Fire Reinstatement Works	-	(33)	(33)	-	-	-	-	-	-	-	■	-	-
Deputy Leader	12,306	11,858	(448)	17,965	(345)	17,620	17,538	(82)	-	(82)	■	30	(112)
Recharged Support Services													
Highways and Transportation													
Car Provision Scheme	-	139	139	(5)	5	-	80	80	-	80	◇	58	22
Transport Coordination Centre	819	698	(121)	1,228	-	1,228	1,128	(100)	-	(100)	●	(119)	19
Customer Services, Environment and Culture													
Customer Services	3,721	4,951	1,230	3,366	2,176	5,542	6,068	526	-	526	◆	4	522
Leader													
Communications and Customer Relations	1,857	1,918	61	1,954	1,344	3,298	2,991	(307)	-	(307)	●	(210)	(97)
Equality and Diversity	102	87	(15)	209	(55)	154	145	(9)	-	(9)	●	(50)	41
Deputy Leader													
Asset Management	1,321	771	(550)	2,283	(302)	1,981	1,380	(601)	(500)	(101)	●	(142)	41
Democratic Services	451	427	(24)	592	53	645	622	(23)	-	(23)	■	10	(33)
Essex Legal Services	334	450	116	609	-	609	767	158	-	158	◆	90	68
Facilities Management Services	14,080	14,162	82	18,421	2,534	20,955	20,727	(228)	-	(228)	■	(118)	(110)
Finance	8,706	8,003	(703)	11,452	1,690	13,142	12,688	(454)	67	(521)	■	(270)	(251)
Human Resources	3,857	2,943	(914)	6,407	(567)	5,840	5,286	(554)	(112)	(442)	●	(99)	(343)
Information Services	10,885	10,585	(300)	11,712	4,777	16,489	16,580	91	181	(90)	■	(166)	76
Insurance Cost Recovery Account	(283)	(1,255)	(972)	4,644	-	4,644	4,931	287	-	287	◆	167	120
Performance	1,499	1,337	(162)	1,524	724	2,248	2,150	(98)	-	(98)	■	(48)	(50)
Procurement	1,752	1,361	(391)	2,184	749	2,933	2,199	(734)	-	(734)	●	(397)	(337)
Transformation Support Unit	3,118	3,424	306	2,275	3,469	5,744	5,292	(452)	692	(1,144)	●	(270)	(874)
Other Operating Costs	11,914	7,922	(3,992)	113,852	(14,810)	99,042	91,032	(8,010)	-	(8,010)	●	(7,400)	(610)
Net Expenditure	561,869	555,806	(6,063)	937,907	13,034	950,941	922,757	(28,184)	(2,753)	(25,431)	■	(13,200)	(12,231)
DSG offset								372	-	372		1,450	(1,078)
ECC Projected Outturn								(27,812)	(2,753)	(25,059)	■	(11,750)	(13,309)
Financed by													
General government grant				(79,764)	(9,210)	(88,975)	(88,975)	-					
General Balance - contribution/(withdrawal)				(2,356)	(3,332)	(5,687)	(5,687)	-					
Revenue Support Grant				(5,226)	-	(5,226)	(5,226)	-					
National non-domestic rates				(269,574)	-	(269,574)	(269,574)	-					
Council tax precept				(581,611)	-	(581,611)	(581,611)	-					
Collection fund surpluses				624	(492)	132	132	-					
Total Financing				(937,907)	(13,034)	(950,941)	(950,941)	-					

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	Quarter 2 Residual Variance
	£000	£000	£000	£000	£000	£000
Health and Wellbeing	(592)			(408)	(184)	102
Adults Social Care	677				677	(166)
Children's Services						
Non dedicated Schools Budget	(13,977)				(13,977)	(2,690)
Education and 2012 Games						
Dedicated Schools Budget	22				22	(180)
Non dedicated Schools Budget	1,812				1,812	697
Lee Valley Park and 2012 Games	1				1	2
Highways and Transportation	(2,661)			(2,459)	(202)	(6)
Economic Growth & Waste & Recycling	(1,021)			(320)	(701)	(252)
Customer Services, Environment and Culture Leader	(57)	57	(104)	507	(517)	85
Communities and Planning	(935)			(354)	(581)	59
Fire Reinstatement Works Deputy Leader	(571)				(571)	(471)
	-				-	-
Recharged Support Services	(82)				(82)	30
Highways and Transportation						
Car Provision Scheme	80				80	58
Transport Coordination Centre	(100)				(100)	(119)
Customer Services, Environment and Culture Leader						
Customer Services	526				526	4
Communications and Customer Relations Equality and Diversity Deputy Leader	(307)				(307)	(210)
	(9)				(9)	(50)
Asset Management	(601)		(500)		(101)	(142)
Democratic Services	(23)				(23)	10
Essex Legal Services	158				158	90
Facilities Management Services	(228)				(228)	(118)
Finance	(454)	(29)		96	(521)	(270)
Human Resources	(554)	(57)		(55)	(442)	(99)
Information Services	91		(421)	602	(90)	(166)
Insurance Cost Recovery Account	287				287	167
Performance	(98)				(98)	(48)
Procurement	(734)				(734)	(397)
Transformation Support Unit	(452)	29		663	(1,144)	(270)
Total	(19,802)	-	(1,025)	(1,728)	(17,049)	(4,350)
Other Operating Costs	(8,010)				(8,010)	(7,400)
Total (including Other Operating Costs)	(27,812)	-	(1,025)	(1,728)	(25,059)	(11,750)

Virement requests listed above are approved through other mechanisms whilst the Customer Services, Environment and Culture amount to reserve of £507k has already been approved, therefore no subsequent approval is required as part of the 3rd Quarter Report.

REVENUE

TRADING ACTIVITIES

2011/12 Actual		Original Budget	Latest Budget	2012/13		Forecast Variance
				Outturn Forecast	Variance	
£000		£000	£000	£000	£000	%
(24,389)	Income	(18,218)	(30,183)	(29,890)	293	(1%)
22,767	Expenditure	16,303	27,766	27,775	9	0%
(1,622)	(Surplus) / Deficit	(1,915)	(2,417)	(2,115)	302	(12%)
	Appropriations					
(23)	to County Revenue Account	1,876	1,539	1,539	-	-
1,645	to Trading Activity Reserves	39	878	878	(0)	(0%)
-	Net movement on the reserve	-	-	302	302	-

CAPITAL

2012/13

	Year to date		Budget Movement			Forecast outturn				RAG status
	Actual	% spend vs forecast	Original Budget	Approved changes	Approved changes	Revised Budget	Outturn forecast	Forecast variance	Forecast variance	
	£000	%	£000	£000	£000	£000	£000	£000	%	
Adult Social Care	33	9.9%	-	333	-	333	333	-	0.0%	■
Children's Services	177	15.4%	-	1,809	(333)	1,476	1,148	(328)	-22.2%	●
Communities & Planning	713	39.0%	1,500	413	-	1,913	1,830	(83)	-4.3%	■
Customer Services, Environment & Culture	1,127	54.4%	625	1,323	156	2,104	2,070	(34)	-1.6%	■
Economic Growth, Waste & Recycling	472	13.3%	21,339	11,015	(28,288)	4,066	3,539	(527)	-13.0%	●
Education, Lifelong Learning & 2012 Games	32,199	64.6%	40,773	27,459	(14,077)	54,155	49,831	(4,324)	-8.0%	●
Deputy Leader, Finance & Transformation	4,767	44.7%	15,750	4,359	(8,110)	11,999	10,668	(1,331)	-11.1%	●
Health & Wellbeing	-	0.0%	-	-	-	-	-	-	0.0%	■
Highways & Transportation	28,206	50.9%	52,594	26,241	(5,229)	73,606	55,429	(18,177)	-24.7%	●
Leader	-	0.0%	2,000	27	(7)	2,020	-	(2,020)	-100.0%	●
Archived Codes	5	1.2%	-	-	424	424	429	5	1.2%	◆
sub-total ECC Capital Programme	67,699	54.0%	134,581	72,979	(55,464)	152,096	125,277	(26,819)	-17.6%	●
School Balances										
Cash balance held by schools	2,236	100.0%	-	2,236	-	2,236	2,236	-	0.0%	■
Devolved formula capital	4,232	38.9%	-	2,393	7,949	10,342	10,866	524	5.1%	◆
sub-total School Balances	6,468	49.4%	-	4,629	7,949	12,578	13,102	524	4.2%	◆
Total ECC & Schools Capital Programmes	74,167	53.6%	134,581	77,608	(47,515)	164,674	138,379	(26,295)	-16.0%	●
Financed by										
ECC Capital Programme										
Grants			76,891	32,862	(12,331)	97,422	85,364			
Reserves			1,255	56	(9)	1,302	2,615			
Developer contributions			18,875	8,198	(10,104)	16,969	5,750			
Capital receipts			-	1,472	(127)	1,345	1,969			
Unsupported borrowing			37,560	30,391	(32,893)	35,058	29,579			
Borrowing funded by revenue			-	-	-	-	-			
sub-total ECC Capital Programme			134,581	72,979	(55,464)	152,096	125,277			
School Balances										
Grants			-	4,629	3,499	8,129	8,653			
Unsupported borrowing			-	-	4,450	4,449	4,449			
sub-total School Balances			-	4,629	7,949	12,578	13,102			
Total ECC & Schools Capital Funding			134,581	77,608	(47,515)	164,674	138,379			

Variance plan

Directorate	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	2012/13 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	(7,498)	3,838	(911)	(2)	(4,573)	-	-	-	-	-	-
Children's Services	18,838	17,606	(9,093)	(2,139)	25,213	(50)	-	(278)	-	-	(328)
Communities & Planning	(326)	-	-	-	(326)	(83)	-	-	-	-	(83)
Customer Services, Environment & Culture	(199)	122	(154)	-	(231)	(34)	-	-	-	-	(34)
Economic Growth, Waste & Recycling	(10,215)	-	(7)	2	(10,220)	(440)	-	-	-	(87)	(527)
Education, Lifelong Learning & 2012 Games	(21,868)	16,191	(15,924)	1,969	(19,631)	(3,517)	1,273	(3,179)	933	166	(4,324)
Deputy Leader, Finance & Transformation	2,280	1,464	(25,737)	1	(21,993)	(1,576)	-	(20)	265	-	(1,331)
Health & Wellbeing	-	-	-	-	-	-	-	-	-	-	-
Highways & Transportation	(25,836)	-	-	199	(25,638)	(11,468)	2,344	(6,912)	-	(2,141)	(18,177)
Leader	-	-	-	-	-	(2,020)	-	-	-	-	(2,020)
Archived Codes	-	424	-	-	424	-	-	-	-	5	5
Total ECC Capital Programme	(44,824)	39,645	(51,825)	28	(56,976)	(19,188)	3,617	(10,389)	1,198	(2,057)	(26,819)
School Balances											
Cash balance held by schools	-	-	-	-	-	-	-	-	-	-	-
Devolved formula capital	-	7,949	-	-	7,949	-	6,257	(5,734)	-	1	524
Total School Balances	-	7,949	-	-	7,949	-	6,257	(5,734)	-	1	524
Total ECC & Schools Capital Programmes	(44,824)	47,594	(51,825)	28	(49,027)	(19,188)	9,874	(16,123)	1,198	(2,056)	(26,295)

- 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

CAPITAL PROGRAMME DETAILED VARIANCE PLAN

Approval Sought in this Report	REQUESTED				2012/13 Changes £000	Residual Variance £000	2012/13 Total Changes £000
	Slippage £000	Additions £000	Reductions £000	Advanced Works £000			
Portfolio & Scheme							
Children's Services							
Aiming High for Disabled Children	-	-	(249)	-	(249)	-	(249)
Minor Works - Residential Homes	-	-	(29)	-	(29)	-	(29)
ICS Systems Rationalisation	(50)	-	-	-	(50)	-	(50)
	(50)	-	(278)	-	(328)	-	(328)
Communities and Planning							
Gypsies and Travellers	(83)	-	-	-	(83)	-	(83)
	(83)	-	-	-	(83)	-	(83)
Customer Services Environment & Culture							
Public Realm	(34)	-	-	-	(34)	-	(34)
	(34)	-	-	-	(34)	-	(34)
Economic Growth, Waste & Recycling							
Waste Strategy	-	-	-	-	-	(87)	(87)
Waste & Recycling	(440)	-	-	-	(440)	-	(440)
	(440)	-	-	-	(440)	(87)	(527)
Education, Lifelong Learning & 2012 Games							
Basic Need	(384)	111	(469)	682	(60)	(5)	(65)
Brentwood Endeavour	-	-	-	217	217	-	217
Broomfield Primary School	(95)	-	-	-	(95)	-	(95)
Canvey Skills Centre	(184)	-	-	-	(184)	-	(184)
Capitalised Building Maintenance 2012/13	-	725	-	-	725	-	725
Capitalised Building Maintenance Prior and Future Years	-	16	(728)	-	(712)	-	(712)
Colchester Primary Review	(395)	95	(200)	-	(500)	-	(500)
Danbury Extension	-	11	-	-	11	-	11
De La Salle BSF	(1,025)	-	-	-	(1,025)	-	(1,025)
Edith Borthwick Relocation	-	-	-	-	-	2	2
Essex Academies - Witham	-	-	-	-	-	170	170
Harlow New Hall Farm Primary	(46)	-	-	-	(46)	-	(46)
Harlow Primary Additional Places	-	-	(200)	-	(200)	-	(200)
IT Hardware - Terms	-	-	(10)	-	(10)	-	(10)
James Hornsby High BSF	-	-	(705)	-	(705)	-	(705)
Mersea Extension	(55)	-	(11)	-	(66)	-	(66)
Other BSF	-	-	-	-	-	(1)	(1)
Other Projects	(394)	47	(316)	-	(663)	3	(660)
Primary Capital Programme	-	14	(50)	-	(36)	(1)	(37)
Shorefields BSF	(603)	-	(291)	-	(894)	-	(894)
St Johns Abbeyfield Primary	(336)	-	-	-	(336)	-	(336)
Takely Primary School Relocation	-	-	(166)	-	(166)	-	(166)
Temporary Accommodation	-	254	(33)	34	255	(1)	254
	-	-	-	-	-	(1)	(1)
	(3,517)	1,273	(3,179)	933	(4,490)	166	(4,324)
Deputy Leader, Finance & Transformation							
Minor Works	(100)	-	-	-	(100)	-	(100)
ICT Stabilisation	(100)	-	-	-	(100)	-	(100)
Property Transformation	(1,376)	-	(20)	-	(1,396)	-	(1,396)
Social Care IT	-	-	-	265	265	-	265
	(1,576)	-	(20)	265	(1,331)	-	(1,331)
Highways & Transportation							
A13 Passenger Transport Corridor	-	-	(646)	-	(646)	-	(646)
A130 Bypass PFI Improvement	(40)	-	-	-	(40)	-	(40)
Archive	-	-	-	-	-	5	5
Basildon Enterprise Corridor	-	50	-	-	50	-	50
Colchester A134 St Botolphs	(443)	-	-	-	(443)	-	(443)
Colchester Park & Ride, Cuckoo Farm	-	-	-	-	-	-	-
County Bridges Maintenance and Strengthening	-	-	-	-	-	(1)	(1)
County Roads Maintenance	-	5	(53)	-	(48)	54	6
Covered Salt Storage	(164)	-	-	-	(164)	-	(164)
Cycling Programme	(885)	24	(16)	-	(877)	(14)	(891)
Epping Forest Transport Strategy	(200)	-	-	-	(200)	-	(200)
Footway Maintenance	-	1,000	(6)	-	994	6	1,000
Hadleigh Farm Access Improvements	-	45	-	-	45	-	45
Harlow A414 Capacity Improvements	(1,082)	438	-	-	(644)	-	(644)
Initial Scheme Design	-	14	-	-	14	(17)	(3)
Local Highways Panels	(2,766)	-	-	-	(2,766)	(3,756)	(6,522)
Major Schemes Planning & Management	(2,024)	10	(257)	-	(2,271)	-	(2,271)
NAR3 Northern Approaches Road	(850)	-	-	-	(850)	-	(850)
Network Management	-	3	(1)	-	2	-	2
Other Strategy & Engagement Group	(7)	18	(3)	-	8	-	8
Passenger Transport	(392)	10	(230)	-	(612)	787	175
Private Streetworks & PFI	(55)	-	-	-	(55)	-	(55)
Road Safety Asset Management	(251)	43	(16)	-	(224)	(101)	(325)
Roscommon Way	(55)	-	-	-	(55)	-	(55)
Sadlers Farm	(195)	-	-	-	(195)	-	(195)
Safety Barrier Replacement	-	1	(7)	-	(6)	20	14
Safety Camera Rollout	(264)	-	-	-	(264)	-	(264)
Section 106	(1,474)	22	(4,999)	-	(6,451)	(14)	(6,465)
South Essex Rapid Transit	-	-	(640)	-	(640)	-	(640)
Street Lighting CMS	(317)	-	-	-	(317)	(178)	(495)
Street Lighting Replacement	-	660	-	-	660	-	660
Surface Water Alleviation Scheme	-	1	(38)	-	(37)	(24)	(61)
Town Centre Improvements	(4)	-	-	-	(4)	1,100	1,096
Traffic Signal Refurbishment	-	-	-	-	-	(8)	(8)
	(11,468)	2,344	(6,912)	-	(16,036)	(2,141)	(18,177)
Leader							
Corporate Complaints System	(20)	-	-	-	(20)	-	(20)
Integrated County Strategy	(2,000)	-	-	-	(2,000)	-	(2,000)
	(2,020)	-	-	-	(2,020)	-	(2,020)
Archive							
	-	-	-	-	-	5	5
Sub-Total ECC Capital Programme	(19,188)	3,617	(10,389)	1,198	(24,762)	(2,057)	(26,819)
School Balances & DFC							
Devolved Formula Capital	-	6,257	(5,734)	-	523	1	524
Sub-Total School Balances	-	6,257	(5,734)	-	523	1	524
TOTAL APPROVAL REQUESTS	(19,188)	9,874	(16,123)	1,198	(24,239)	(2,056)	(26,295)

APPENDIX D

EARMARKED RESERVES

2012/13

	Balance at 1 April 2012	2012/13 movements						Forecast Balance at 31 March 2013
		Contributions approved	Contributions awaiting approval	Contributions to reserves	Withdrawals approved	Withdrawals awaiting approval	Withdrawals from reserves	
	£000	£000	£000	£000		£000	£000	£000
General reserves								
Building maintenance reserve	(713)			-			-	(713)
Capital receipts pump priming	(961)	(1,000)		(1,000)			(1,000)	(1,961)
Carbon Reduction reserve	(1,536)	(1,419)		(1,419)			(1,419)	(2,955)
Carry Forwards Reserve	-			-			-	-
Essex Crime and Police Panel reserve	-	(69)		(69)			(69)	(69)
Essex Transport Reserve	(417)			-			-	(417)
ESF Reserve	(2,805)			-	55		55	(2,750)
Energy Inflation reserve	-	(1,200)		(1,200)			(1,200)	(1,200)
Health and Safety Reserve	(969)			-	321		321	(648)
Highways Maintenance reserve	-	(2,000)		(2,000)	2,000		2,000	-
Insurance	(6,883)			-			-	(6,883)
LAA Performance	(1,833)			-			-	(1,833)
Newton bequest reserve	(119)			-			-	(119)
Personal Care reserve	-	(3,483)		(3,483)			(3,483)	(3,483)
Procurement reserve	(24)			-			-	(24)
Quadrennial Elections reserve	(506)	(500)		(500)			(500)	(1,006)
Redundancy reserve	(3,600)	(8,500)		(7,898)	76	602	678	(10,820)
Severe weather reserve	(252)			-			-	(252)
Street Lighting reserve	(476)			-			-	(476)
Tendring PPP	(422)			-			-	(422)
Transformation	(17,006)	(13,497)	(1,337)	(14,834)	11,124	1,266	12,390	(19,450)
	(38,522)	(31,668)	(1,337)	(32,403)	13,576	1,868	15,444	(16,959)
Future capital funding								
General	(3,634)	(8,475)	(1,360)	(9,835)			-	(13,469)
Bellhouse landfill	(61)			-			-	(61)
Historic Building Reserve	(120)			-			-	(120)
	(3,815)	(8,475)	(1,360)	(9,835)	-	-	-	(13,650)
Equalisation reserves								
PFI equalisation reserves								
A130 PFI	(57,399)		(899)	(899)	634		634	(57,664)
Clacton secondary schools' PFI	(3,824)	(188)		(188)			-	(4,012)
Debden PFI	(4,683)			-	251		251	(4,432)
Building schools for the future PFI	(2,185)			-			-	(2,185)
Waste reserve	(44,054)	(17,550)	(408)	(17,958)	391		391	(61,621)
Grants equalisation reserve	(10,148)			-	916		916	(9,232)
	(122,293)	(17,738)	(1,307)	(19,045)	2,192	-	2,192	(139,146)
Schools	(50,320)	-	-	-	-	-	-	(50,320)
Partnerships	(2,066)	(113)	-	(113)	185	-	185	(1,994)
Trading activities	(3,381)	(878)	-	(878)	-	-	-	(4,259)
Total	(220,397)	(58,872)	(4,004)	(62,274)	15,953	1,868	17,821	(264,850)

GENERAL BALANCE - Movement Analysis	
	£000
Actual Balance 31 March 2012	(63,015)
2012/13 Planned Withdrawal	2,356
Proposed Withdrawals	
Highways Maintenance	1,000
Community Budgets and the systematic review	2,850
Actual Balance 1 April 2012	(56,809)
Subsequent movements	
Property Transformation Revenue Investment	1,040
Carry Forwards drawn down:	
AHCW	1,545
ESH	852
Sustainable Environment and Enterprise Service (CRC budget reduction)	890
Grant Variations (COOC)	(1,546)
Transformation	60
Estimated balance at 31st March 2013	(53,968)
Proposals	
Contributions	
Carry Forward requests:	
Transformation	(421)
ESH	(604)
Withdrawals	
Updated Estimated Balance at 31 March 2013	(54,993)

Emergency Contingency	
	£000
Actual Balance 1 April 2012	(8,000)
Previously Approved Proposed Utilisation	
Assumed Withdrawals	8,000
Estimated balance at 31 March 2013	-

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Latest Estimate
1 Affordability			
Incremental impact on Council Tax	£	£0.52	N/A
Ratio of financing costs to net revenue streams	%	5.5%	4.5%
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	194	138
Capital Financing Requirement (excluding credit arrangements)	£m	779	725
4 External Debt			
Authorised limit (borrowing only)	£m	570	N/A
Operational boundary (borrowing only)	£m	470	N/A
Actual external borrowing (maximum level of debt during year to date)	£m	N/A	368
5 Treasury Management			
Interest rate exposures :			
Upper limit for exposure to fixed rates			
Net exposure	£m	820	286
Debt		100.0%	99.7%
Investments		100.0%	54.9%
Upper limit for exposure to variable rates			
Net exposure	£m	240	(63)
Debt		30.0%	2.5%
Investments		100.0%	69.3%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.3%
12 months & within 24 months	%	40.0%	5.1%
24 months & within 5 years	%	60.0%	16.4%
5 years & within 10 years	%	60.0%	11.1%
10 years & within 25 years	%	60.0%	7.5%
25 years & within 40 years	%	50.0%	13.6%
40 years & within 50 years	%	50.0%	46.3%
50 years & above	%	10.0%	0.0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year to date)	£m	N/A	-
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 : the maturity dates for market loans are based on the next review date, not the final maturity date.</i>			

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

TREASURY MANAGEMENT - 2012/13

	Opening Balance 1 April £000	Raised £000	Repaid £000	Balance at 30 Nov £000	Movement £000	Interest payable / (earned) £000
Borrowing						
Long Term	359,620	-	(855)	358,765	(855)	10,236
Temporary	3,237	675	(654)	3,258	21	9
	362,857	675	(1,509)	362,023	(834)	10,245
Investments						
Long Term	-	-	-	-	-	-
Temporary	(150,300)	(115,684)	84	(265,900)	(115,600)	(1,789)
	(150,300)	(115,684)	84	(265,900)	(115,600)	(1,789)
Net indebtedness	212,557	(115,009)	(1,425)	96,123	(116,434)	8,456

Borrowing

Average long term borrowing over period (£000)

359,217

Opening pool rate at 1 April 2012

4.26%

Weighted average rate of interest on new loans secured to date

n/a

Average pool rate for year to date

4.26%

Investments

Average daily cash balance over period (£000)

258,519

Average interest earned over period

1.03%

Benchmark rate - average local authority 7 day rate

0.31%

