

ACTION AUTHORISED BY THE CABINET MEMBER FOR FINANCE AND CHANGE MANAGEMENT

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2009/10 FINANCIAL REVIEW AS AT THE FIRST QUARTER STAGE

Purpose and recommendations

The purpose of the attached report is to provide a preliminary assessment of the financial position of the Council in 2009/10, based upon the position at the first quarter stage.

Recommendations

- (i) That Cabinet Members note the forecast outturn position, which is summarised in the Executive Summary and explained in more detail within the appendices that are attached to this report.
- (ii) That the revenue virement requests, summarised in **Appendix C**, are approved.
- (iii) That supplementary funding is allocated as follows:

Portfolio / RSSS	Amount	Financing source	Further details
Highways and Transportation			
▪ Concessionary fares	£1.526m	Service Improvement Reserve	See page 26
▪ Re-categorisation of expenditure on bridge inspections	£90,000	Reserve for Future Capital Funding	
Information Services			
▪ Transition of the IT managed service back in house	£3.741m	Reserve for Future Capital Funding	See page 41
	£5.502m	IMT Reserve	



- (iv) That the following amounts are appropriated into earmarked revenue reserves:


Portfolio / RSSS	Amount	Earmarked Reserve
Operating Costs (interest payable)	£2.273m	Transformation Reserve

- (v) That the capital payments guideline and financing assumptions are amended, as outlined in **Appendix E**.
- (vi) That this report is circulated to all Members of the Council.

Signature	Date
Cabinet Member	

EXECUTIVE SUMMARY

REVIEW	COMMENTARY	RAG status
Revenue	<p>A preliminary assessment of the Revenue Budget at the First Quarter stage indicates that the net position, after taking account of over spends brought forward from 2008/09, and amounts it is proposed to appropriate to or from earmarked reserves, is a net over spend for the year of £11.557m.</p> <p>This balance largely results from over spends amounting to £11.717m that are currently forecast by the Schools, Children's and Families, Adults, Health and Community Wellbeing, Chief Whip, Environment and Waste and other portfolios; recovery plans are being developed for mitigating these over spends.</p> <p>Partially offsetting these over spends are minor under spends that the relevant services have indicated that they wish to retain at this stage £160,000.</p> <p>The above forecast assumes that the following appropriations into and from earmarked revenue reserves are approved:</p> <ul style="list-style-type: none"> ▪ £1.526m of the Service Improvement Reserve is used to meet costs associated with the concessionary fares scheme. ▪ £90,000 is withdrawn from the Reserve for Future Capital Funding to provide revenue budget in respect expenditure previously categorised as capital expenditure; it is further proposed that £3.741m is withdrawn from this reserve for use by Information Services. ▪ £5.502m of the IMT reserve is utilised to meet additional expenditure by Information Services related to the transition of the IT managed service back in house. <p>£2.273m of the under spend on interest payable is appropriated into the Transformation Reserve.</p>	
Trading activities	<p>At this stage, it is anticipated that Trading Activities' revenue reserves will increase from £2.564m to £3.092m as a consequence of performance in 2009/10.</p>	

<p>Capital</p>	<p>Payment approvals for 2009/10 Capital programme originally amounted to £302.718m. The capital payments guideline has subsequently been increased to £320.748m; this includes payments slippage from 2008/09 (£16.943m).</p> <p>Capital expenditure is currently forecast to be £11.438m below the latest approved payments guideline.</p> <p>Approval is sought to:</p> <ul style="list-style-type: none"> ▪ Re-profile payment approvals of £13.3m into 2010/11 as a consequence of slippage in schemes; ▪ Bring forward payment approvals from 2010/11 of £1.947m to pay for education works progressing in advance of original profiles; ▪ Increase the starts and payment approvals in 2009/10 by £3.771m; and <p>Reduce payment approvals by £3.856m.</p>	
<p>Reserves and balances</p>	<p>General Balance</p> <ul style="list-style-type: none"> ▪ The General Balance stood at £32.683m at 1 April 2009. ▪ No further changes are anticipated to the General Balance at this stage. <p>Earmarked revenue reserves</p> <ul style="list-style-type: none"> ▪ The Council maintains various earmarked reserves which are set aside for specific policy purposes. A number of the earmarked reserves can be drawn upon to fund revenue costs satisfying predetermined criteria. ▪ Proposals are contained elsewhere within this report for appropriating funds to or from several of the earmarked revenue reserves. The proposals, and the resultant levels of reserves, are explained within Appendix F. <p>Emergency Contingency</p> <ul style="list-style-type: none"> ▪ The Emergency Contingency was originally set at £8.0m. No requests have been received for funding from the Emergency Contingency to date. 	

APPENDIX A

REVENUE

SUMMARY

2008-09 Actual		2009-10					Outturn Forecast	Forecast Variance	RAG Status
		Original Budget	Budget Movements		Latest Budget				
		£000	B/F from 2008-09 £000	Other adjustments £000	£000	£000			
334,747	Adults, Health and Community Wellbeing	365,413	-	81	365,494	368,173	2,679	◆	
	Schools, Children and Families								
(1,756)	Dedicated Schools Budget	(210)	-	(567)	(777)	(777)	-	■	
176,912	Non Dedicated Schools Budget	182,392	-	404	182,796	190,919	8,123	◆	
2,395	Lee Valley Park and 2012 Games	2,516	-	(3)	2,513	2,513	-	■	
78,022	Highways and Transportation	74,547	-	282	74,829	76,716	1,887	◆	
61,123	Chief Whip and Environment and Waste	60,741	(110)	515	61,146	61,790	644	◆	
9,345	Leader	11,740	-	(181)	11,559	11,559	-	■	
4,880	Heritage, Culture and the Arts	5,326	(95)	(1,003)	4,228	4,323	95	◆	
4,763	Localism & Planning	4,917	(18)	(116)	4,783	4,568	(215)	■	
(56)	Central Services	25	-	-	25	25	-	■	
7,092	Finance and Change Management	4,002	-	-	4,002	4,002	-	■	
	Recharged Support Services								
	Highways and Transportation								
1,375	Transport Coordination Centre	1,475	-	(3)	1,472	1,432	(40)	■	
	Chief Whip and Environment and Waste								
881	Democratic Services	1,029	-	-	1,029	1,029	-	■	
	Leader								
2,688	Communications & Customer Relations	2,584	-	(2)	2,582	2,582	-	■	
1,664	Customer Contact Centre	1,954	-	-	1,954	1,954	-	■	
	Central Services								
9,885	Human Resources	10,623	-	(11)	10,612	10,612	-	■	
24,604	Information Services	24,269	-	277	24,546	33,789	9,243	◆	
14,192	Facilities Management Service	13,672	-	157	13,829	13,829	-	■	
2,354	Procurement & Car Provision Scheme	1,915	-	(2)	1,913	1,913	-	■	
	Finance and Change Management								
4,113	Essex Legal Services	3,715	-	(20)	3,695	3,695	-	■	
4,863	Asset Management	4,492	-	(618)	3,874	3,806	(68)	■	
13,203	Finance	10,004	-	863	10,867	12,162	1,295	◆	
2,509	Performance, Planning & Programmes	2,959	-	(183)	2,776	2,776	-	■	
1,554	Insurance Cost Recovery Account	5,377	-	-	5,377	5,377	-	■	
5,129	Building Maintenance	4,681	-	37	4,718	4,718	-	■	
766,481	Net cost of services (Portfolios)	800,158	(223)	(93)	799,842	823,485	23,643	◆	
81,111	Other operating costs	54,598	-	93	54,691	42,605	(12,086)	●	
847,592	Net Cost of Services	854,756	(223)	-	854,533	866,090	11,557	◆	
(51,416)	General government grant	(57,584)	-	-	(57,584)	(57,584)	-	■	
796,176	Net Expenditure	797,172	(223)	-	796,949	808,506	11,557	◆	
(12,467)	General balance - contribution / (withdrawal)	6,000	223	-	6,223	6,223	-	●	
-	Net savings required to offset pressures	-	-	-	-	(11,717)	(11,717)	●	
-	Under spends earmarked for future spend	-	-	-	-	160	160	◆	
783,709	Budget Requirement	803,172	-	-	803,172	803,172	-	■	
	Financed by								
(28,456)	Revenue Support Grant	(44,800)	-	-	(44,800)	(44,800)	-	■	
(204,415)	National non-domestic rates	(194,095)	-	-	(194,095)	(194,095)	-	■	
(547,316)	Council tax precept	(561,419)	-	-	(561,419)	(561,419)	-	■	
(3,522)	Collection fund surpluses	(2,858)	-	-	(2,858)	(2,858)	-	■	
(783,709)	Total Financing	(803,172)	-	-	(803,172)	(803,172)	-	■	

RAG status:

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

APPENDIX B

REVENUE

VARIANCE PLAN

	Outturn Forecast Variance	Virement Requests	Returns (to)/ from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Emergency Contingency	Total Variance Plan
	£000	£000		£000	£000	£000	£000	£000
Adults, Health and Community Wellbeing	2,679	-	-	-	2,679	-	-	2,679
Schools, Children and Families								
Dedicated Schools Budget	-	-	-	-	-	-	-	-
Non Dedicated Schools Budget	8,123	-	-	-	8,123	-	-	8,123
Lee Valley Park and 2012 Games	-	-	-	-	-	-	-	-
Highways and Transportation	1,887	271	-	-	-	1,616	-	1,887
Chief Whip and Environment and Waste	644	-	-	(92)	736	-	-	644
Leader	-	-	-	-	-	-	-	-
Heritage, Culture and the Arts	95	-	-	-	95	-	-	95
Localism & Planning	(215)	(231)	-	-	16	-	-	(215)
Central Services	-	-	-	-	-	-	-	-
Finance and Change Management	-	-	-	-	-	-	-	-
Recharged Support Services								
Highways and Transportation								
Transport Co-ordination Centre	(40)	(40)	-	-	-	-	-	(40)
Chief Whip and Environment and Waste								
Democratic Services	-	-	-	-	-	-	-	-
Leader								
Communications and Customer Relations	-	-	-	-	-	-	-	-
Customer Contact Centre	-	-	-	-	-	-	-	-
Central Services								
Human Resources	-	-	-	-	-	-	-	-
Information Services	9,243	-	-	-	-	9,243	-	9,243
Facilities Management	-	-	-	-	-	-	-	-
Procurement and Car Provision Scheme	-	-	-	-	-	-	-	-
Finance and Change Management								
Essex Legal Services	-	-	-	-	-	-	-	-
Asset Management	(68)	-	-	(68)	-	-	-	(68)
Finance	1,295	1,227	-	-	68	-	-	1,295
Performance, Planning and Programmes	-	-	-	-	-	-	-	-
Insurance Cost Recovery Account	-	-	-	-	-	-	-	-
Building Maintenance	-	-	-	-	-	-	-	-
Net Cost of Services (Portfolio)	23,643	1,227	-	(160)	11,717	10,859	-	23,643
Operating Costs								
Other operating costs (under spends)	(3,500)	(1,227)	-	-	-	(2,273)	-	(3,500)
Other operating costs (appropriations)	(8,586)	-	-	-	-	(8,586)	-	(8,586)
Other operating costs (Emergency)	-	-	-	-	-	-	-	-
Net Cost of Services	11,557	-	-	(160)	11,717	-	-	11,557
General government grant	-	-	-	-	-	-	-	-
Net Expenditure	11,557	-	-	(160)	11,717	-	-	11,557

REVENUE

VIREMENT REQUESTS

	In Year		Full year effect	
	Increases £000	Decreases £000	Increases £000	Decreases £000
Schools, Children and Families				
Dedicated Schools Budget				
Miscellaneous expenditure	70	-	-	-
Non devolved standards fund - schools	257	-	-	-
14 - 16 More practical learning options	-	(266)	-	-
SEN: behaviour support plans / pupil referral units	654	-	-	-
Dedicated Schools Grant	-	(735)	-	-
Capital expenditure from revenue	20	-	-	-
	1,001	(1,001)	-	-
Adults, Health and Community Well-being				
Adult Social Care				
Service Management Costs	-	(5)	-	-
Libraries & Information Services				
Library operational services	5	-	-	-
	5	(5)	-	-
Highways & Transportation				
Roads & Footways	1,062	-	-	-
Traffic Management Act	498	-	-	-
Localism	-	(2,051)	-	-
Congestion	-	(675)	-	(540)
Road Safety	-	(172)	-	-
Strategic development and transportation	446	-	741	-
Public Rights of way	-	(141)	-	-
Passenger Transport	180	-	540	-
Support Services	1,124	-	-	(510)
	3,310	(3,039)	1,281	(1,050)
Localism & Planning				
Sustainable development	-	(231)	-	(231)
	-	(231)	-	(231)
Operating costs				
External interest payable	-	(1,227)	-	-
	-	(1,227)	-	-
Recharged Strategic Support Services				
Transport Co-ordination Centre	-	(40)	-	-
Finance	1,227	-	-	-
	1,227	(40)	-	-
TOTAL	5,543	(5,543)	1,281	(1,281)

APPENDIX D

REVENUE

TRADING ACTIVITIES

2008/09 Actual		Original Budget £000	Latest Budget £000	2009/10 Outturn Forecast £000	Variance £000	Forecast Variance %
(26,737)	Income	(20,690)	(21,657)	(24,100)	(2,443)	11.3
25,571	Expenditure	20,657	21,369	23,579	2,210	10.3
55	Financing Items	-	-	-	-	-
(1,111)	(Surplus) / Deficit	(33)	(288)	(521)	(233)	80.9
3,303	Appropriations	(7)	(7)	(7)	-	-
2,192	Net (increase) / decrease in revenue reserves	(40)	(295)	(528)	(233)	79.0
	Net (inc) / dec in Trading Activities' reserves					
410	School Improvement & Advisory Services	-	(161)	(351)	(190)	118.0
(55)	School Support	-	(94)	(137)	(43)	45.7
329	School staffing insurance scheme	-	-	-	-	-
(304)	Essex Equipment Service	-	-	-	-	-
(4)	Smarte East	(40)	(40)	(40)	-	-
5	Viking Community Transport	-	-	-	-	-
1,625	Essex Transport	-	-	-	-	-
186	Reprographics	-	-	-	-	-
2,192	Net (increase) / decrease in revenue reserves	(40)	(295)	(528)	(233)	79.0
					Opening Balance	Estimated Closing Balance
					£000	£000
(2,564)	Total Reserves Balance				(2,564)	(3,092)

APPENDIX E

CAPITAL

PROJECTS BY IN YEAR APPROVAL

		Forecast				RAG Status
		Latest Budget	Outturn Forecast	Outturn	Forecast	
		£000	£000	£000	Variance %	
Projects over £5m						
<u>Portfolio</u>	<u>Project</u>					
Central Services						
Schools, Children & Families	Basildon Academies	23,318	25,265	1,947	8.3	◆
Schools, Children & Families	CCI maintenance	5,751	5,751	-	-	■
Schools, Children & Families	Early years / childcare grant funded projects	5,574	5,574	-	-	■
Schools, Children & Families	Block Formula Cap Grnt to Schs	6,464	6,464	-	-	■
Schools, Children & Families	City Academies - Witham	21,389	8,089	(13,300)	(62.2)	●
Schools, Children & Families	Capitalised Build Maint >100k	5,944	5,944	-	-	■
Lee Valley Park & 2012 games	Basildon Sporting Village	5,000	5,000	-	-	■
Highways & Transportation	DFT capitalised maintenance	19,361	19,361	-	-	■
Highways & Transportation	DFT Integrated Transport projects	12,023	12,023	-	-	■
Highways & Transportation	DFT direct Capital Grants	22,245	22,245	-	-	■
Highways & Transportation	ECC funded capital projects	39,071	38,981	(90)	(0.2)	■
Highways & Transportation	COM infrastructure grant	16,741	16,741	-	-	■
Leader	HGP PROGRAMME FUND	5,533	5,533	-	-	■
Sub-Total		188,414	176,971	(11,443)	(6.1)	●
Projects between £0 and £5m						
Central Services						
Adults, Health and Community Wellbeing		7,610	7,610	-	-	■
Schools, Children & Families		77,237	77,778	541	0.7	◆
Highways & Transportation		11,185	14,390	3,205	28.7	◆
Chief Whip & Environment and Waste		5,239	5,239	-	-	■
Leader		9,946	9,946	-	-	■
Heritage, Culture and the Arts		2,804	2,804	-	-	■
Localism and Planning		2,100	2,100	-	-	■
Finance and Change Management		215	215	-	-	■
Facilities Management Services		869	869	-	-	■
Human Resources		27	27	-	-	■
Information Services		9,310	5,569	(3,741)	(40.2)	●
Building Maintenance		2,360	2,360	-	-	■
Localism and Planning - Community Initiatives Fund		3,432	3,432	-	-	■
Sub-Total		132,334	132,339	5	0.0	◆
TOTAL		320,748	309,310	(11,438)	(3.6)	■

VARIANCE ANALYSIS

	Additions	Reductions	Slippage	Advanced works	2009/10 Changes	2010/11 Changes
	£000	£000	£000	£000	£000	£000
Central Services						
Adults, Health and Community Wellbeing	-	-	-	-	-	-
Schools, Children & Families	566	(25)	(13,300)	1,947	(10,812)	11,968
Highways and Transportation	3,205	(90)	-	-	3,115	-
Lee Valley Park & 2012 Games	-	-	-	-	-	-
Chief Whip & Environment and Waste	-	-	-	-	-	-
Leader	-	-	-	-	-	-
Heritage, Culture and the Arts	-	-	-	-	-	-
Localism and Planning	-	-	-	-	-	-
Finance and Change Management	-	-	-	-	-	-
Facilities Management Services	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Information Services	-	(3,741)	-	-	(3,741)	-
Building Maintenance	-	-	-	-	-	-
Localism and Planning - Community Initiatives Fund	-	-	-	-	-	-
TOTAL	3,771	(3,856)	(13,300)	1,947	(11,438)	11,968

FINANCING

	Original Budget	Latest Budget	Outturn Forecast	Forecast Variance	Additions	Reductions	Slippage	Advanced works	2009/10 Changes	2010/11 Changes
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Supported borrowing	49,616	49,616	49,616	-	-	-	-	-	-	-
Unsupported borrowing	64,438	71,857	76,832	4,975	-	(25)	-	-	(25)	-
Grants & contributions	174,119	183,624	176,022	(7,602)	3,751	-	(13,300)	1,947	(7,602)	11,968
Capital receipts	4,545	4,643	4,643	-	-	-	-	-	-	-
Revenue reserves	10,000	11,008	2,197	(8,811)	20	(3,831)	-	-	(3,811)	-
TOTAL	302,718	320,748	309,310	(11,438)	3,771	(3,856)	(13,300)	1,947	(11,438)	11,968

APPENDIX E

CAPITAL

PAYMENTS SCHEDULE

	£000	£000
Original Payments Approval		302,718
Additions		
Payments slippage from 2008/09	16,943	
Other additions	1,087	18,030
Reductions		
Re-profiling (slippage)	-	
Amounts no longer required	-	-
Latest Approved Payments		320,748
"Month" Changes		
Slippage	(13,300)	
Payments brought forward from 2010/11	1,947	
Amounts no longer required	(3,856)	
Additions	3,771	(11,438)
Latest Forecast Payments		309,310

CAPITAL CHANGES

	Additions £000	Reductions £000	Slippage £000	Advanced works £000	2009/10 Changes £000
Schools, Children and Families					
Basildon Academies	-	-	-	1,947	1,947
Witham Academies	-	-	(13,300)	-	(13,300)
Special School Improvements	20	-	-	-	20
Takeley Green Priors	-	(25)	-	-	(25)
Playbuilder capital grant	546	-	-	-	546
	566	(25)	(13,300)	1,947	(10,812)
Highways & Transportation					
First Avenue Harlow	3,205	-	-	-	3,205
Bridge Assessments	-	(90)	-	-	(90)
	3,205	(90)	-	-	3,115
Central Services					
Information Services schemes	-	(3,741)	-	-	(3,741)
	-	(3,741)	-	-	(3,741)
TOTAL	3,771	(3,856)	(13,300)	1,947	(11,438)

RESERVES AND BALANCES

EARMARKED RESERVES

	Estimated Balance at 1 April 2009 £000	2009/10 estimate Appropriations		Estimated Balance at 31 March 2010 £000	Movement in estimate £000	Notes
		to reserves £000	from reserves £000			
General reserves						
Service improvements	(22,365)	(146)	16,661	(5,850)	(16,515)	1
Essex Pledges	(9,021)	(5,705)	7,200	(7,526)	(1,495)	
Quadrennial Elections reserve	(1,480)	-	-	(1,480)	-	
Capital receipts pump priming	(1,357)	-	-	(1,357)	-	
IMT development	(6,488)	-	6,288	(200)	(6,288)	2
Partnerships	(1,012)	-	-	(1,012)	-	
Insurance	(4,514)	-	1,252	(3,262)	(1,252)	
Pensions Deficit Reserve	(2,627)	-	2,627	-	(2,627)	
Transformation reserve	(773)	(2,273)	773	(2,273)	1,500	3
Debt financing reserve	(5,600)	-	5,600	-	(5,600)	
Essex Art Fund	(233)	(25)	-	(258)	25	
LAA Performance	-	(3,750)	-	(3,750)	3,750	
Health and Safety Reserve	(3,005)	-	1,500	(1,505)	(1,500)	
ExDRA partnership	(3,344)	(1,000)	-	(4,344)	1,000	
Carbon Reduction reserve	(1,521)	-	-	(1,521)	-	
Essex on-line partnership	(352)	-	-	(352)	-	
Children's Reserve	-	(2,000)	-	(2,000)	2,000	
Essex Transport Reserve	(1,482)	-	-	(1,482)	-	
Carry Forwards Reserve	(8,223)	-	-	(8,223)	-	
Developing Partnerships	(1,500)	-	-	(1,500)	-	
Life Raft Pledge Reserve	-	(1,000)	-	(1,000)	1,000	
Tending PPP	(430)	-	-	(430)	-	
Trading activities	(2,564)	(528)	-	(3,092)	528	4
Subtotal	(77,891)	(16,427)	41,901	(52,417)	(25,474)	
Future capital funding						
General	(6,370)	(741)	2,197	(4,914)	(1,456)	5
Bellhouse landfill	(61)	-	-	(61)	-	
Historic Buildings Reserve	(120)	-	-	(120)	-	
Subtotal	(6,551)	(741)	2,197	(5,095)	(1,456)	
Equalisation reserves						
PFI equalisation reserves	(59,461)	(2,142)	-	(61,603)	2,142	
Waste reserve	(23,138)	(19,160)	-	(42,298)	19,160	
Subtotal	(82,599)	(21,302)	-	(103,901)	21,302	
Schools	(55,377)	-	-	(55,377)	-	
Total	(222,418)	(38,470)	44,098	(216,790)	(5,628)	

1 Approval is sought to withdraw **£1.526m** from the Service Improvement Reserve to provide supplementary funding for the Highways and Transformation Portfolio for the Concessionary Fares scheme.

2 Approval is sought to withdraw **£5.502m** from the IMT Reserve to provide supplementary funding for Information Services, to meet costs resulting from the transition of the IT managed service back in house.

- 3** **£773,000** has been withdrawn from the Transformation Reserve to fund further costs on the Transformation Programme.
It is proposed that **£2.273m** of the under spend on external interest payable is appropriated into the Transformation Reserve.
- 4** The increase in the revenue reserves of the Council's trading activities results from the performance anticipated by these activities during 2009/10. The level of the reserves held by individual trading activities will be kept under review to ensure that they are maintained at a level appropriate to their business needs.
- 5** Approval is sought to withdraw **£90,000** from Reserve for Future Capital Funding to provide additional revenue budget to Highways and Transportation following the re-categorisation of expenditure on bridge inspections from capital to revenue.
Approval is also sought to withdraw **£3.741m** from the Reserve for Future Capital Funding to offset costs resulting from the transition of the IT managed service back in house; this is being proposed on the basis that these resources are no longer required to finance capital expenditure on information technology projects.

GENERAL BALANCE

	£000
Actual Balance 31 March 2009	(26,460)
Total Carried Forward from 2008/09	(223)
2009/10 Planned Contribution	(6,000)
Actual Balance 1 April 2009	(32,683)
Movement as First Quarter Report	
Contributions	-
Withdrawals	-
Forecast Balance at 31 March 2010	(32,683)

EMERGENCY CONTINGENCY

	£000
Actual Balance 1 April 2009	(8,000)
Approved Withdrawals	-
Current Balance	(8,000)

APPENDIX G

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Latest estimate
1 Affordability			
Incremental impact on Council Tax	£	3.71	n/a
Ratio of financing costs to net revenue streams	%	5.1	4.8
2 Prudence			
Net borrowing v Capital Financing Requirement			Net borrowing is well within the medium term forecast of the Capital Financing Requirement.
3 Capital Expenditure			
Capital Expenditure	£m	303	309
Capital financing requirement	£m	671	671
4 External Debt			
Authorised limit for external debt	£m	670	n/a
Operational boundary for external debt	£m	560	n/a
Actual external debt (maximum level of debt during year to date)	£m	n/a	366
5 Treasury Management			
Interest rate exposures -			
Upper Limit - fixed rates	%	100	96
Upper Limit - variable rates	%	25	25
Maturity structure of borrowing (upper limit)			
Under 12 months	%	20	-
12 months & within 24 months	%	40	-
24 months & within 5 years	%	60	2
5 years & within 10 years	%	80	-
10 years & above	%	100	98
Total sums invested for more than 364 days			
Authorised limit	£m	60	n/a
Actual sums invested (max ytd)	£m	n/a	60

	Opening Balance	Raised	Repaid	Balance	Movement	Interest payable / (earned)
	£000	£000	£000	£000	£000	£000
Borrowing						
Long Term	340,760	-	34,002	306,758	(34,002)	3,500
Temporary	1,034	-	203	831	(203)	1
	341,794	-	34,205	307,589	(34,205)	3,501
Investments						
Long Term	60,000	-	20,000	40,000	(20,000)	731
Temporary	150,650	24,750		175,400	24,750	649
	210,650	24,750	20,000	215,400	4,750	1,380
Net indebtedness	131,144	(24,750)	14,205	92,189	(38,955)	2,121

Average daily cash balance over period (£000)	255,998
Average interest earned over period	2.2%

Average long term borrowing over period (£000)	327,273
Average interest paid over period	4.3%

APPENDIX H

SAVINGS & EFFICIENCIES

SAVINGS

	2009/10 Current Year Forecast Outturn £000	2009/10 Current Year Budget £000	Current Year Variance £000
Schools, Children and Families	304	304	-
Adults, Health and Community Wellbeing	3,083	3,083	-
Highways & Transportation	700	700	-
Environment & Waste	4,529	4,535	6
Central Services	73	273	200
Localism & Planning	56	56	-
Leader	2,297	2,297	-
Heritage, Culture & the Arts	-	-	-
Finance & Change Management	753	753	-
Total Savings	11,795	12,001	206

Central Services are forecasting a **£200,000** adverse variance relating to Procurement additional income which is not anticipated to be fully realised at this stage of the year. Environment and Waste are currently forecasting a **£6,000** adverse variance relating to Minerals and Waste planning. All other savings are forecasting to be online for 2009/10.

EFFICIENCIES

	2008/09 Actuals £000	2009/10 Current Year Forecast Outturn £000	2010/11 Target £000	Cumulative Total 2008- 2011 £000
Schools, Children and Families	6,536	17,811	21,211	45,558
Adults, Health & Community Wellbeing	6,579	15,957	17,033	39,569
Highways & Transportation	653	2,100	4,600	7,353
Environment & Waste	11,183	8,544	9,900	29,627
Central Services	343	1,397	1,397	3,137
Localism & Planning	118	57	-	175
Leader	827	780	780	2,387
Heritage, Culture & the Arts	117	181	141	439
Lee Valley Park & 2012 Games	-	9	9	18
Finance & Change Management	2,750	1,105	1,360	5,215
Total Efficiencies	29,106	47,941	56,431	133,478
3 Year Efficiency Target				200,000

Current
Year
Analysis

AHCW are highlighting a forecast adverse variance of **£834,500** relating to Reablement savings and a forecast adverse variance of **£209,000** relating to Other Absorbed Pressures where a pressure has been created as a result of the requirement to implement Deprivation of Liberty safeguards under the Mental Health Act.

Highways & Transportation are forecasting a **£2.200m** adverse variance relating to Staff capital recharge increase which is not anticipated to be fully realised at this stage of the year.




Finance are forecasting a **£290,000** adverse variance relating to Shared Services staffing efficiencies which are not anticipated to be fully realised at this stage of the year.

PORTFOLIO COMMENTARY







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ADULTS, HEALTH AND COMMUNITY WELLBEING ... AT A GLANCE

REVIEW	COMMENTARY	RAG status
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REVENUE	An over spend of £2.679m is currently forecast. This largely results from pressures within care purchasing budgets, as a consequence of increased numbers of clients requiring home support services. Work is currently underway to gain a better understanding of the impact of these increasing volumes.	
TRADING	The Essex Equipment Service anticipates achieving a break even position this year.	
CAPITAL	Expenditure is currently predicted to be in line with the latest budget approval.	

RAG status and direction of travel definitions:

	Under spend of less than 5% of the budget		Improvement
	Under spend greater than 5% of the budget		No change
	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget	Outturn Forecast	Forecast Variance	RAG Status
	£000	£000	£000	
Access, Assessment and Care Management	32,948	32,602	(346)	■
Supported Facilitated (purchased and provided care)	257,429	260,215	2,786	◆
Mental Health	20,704	20,973	269	◆
Other Social Care	7,102	6,929	(173)	■
Supporting People	1,874	1,803	(71)	■
Service Management costs	27,451	27,621	170	◆
Corporate and Democratic Core	360	360	-	■
Libraries and Information Services	17,626	17,670	44	◆
TOTAL	365,494	368,173	2,679	◆

Access, assessment and care management	The under spend of £346,000 mainly results from staff vacancies. Some of these vacancies are being covered by the use of agency staff; in some cases this is at a higher cost.
Supported facilitated (purchased and provided care)	Over spends are forecast in relation to care provided to older people (£6.7m) and in respect of clients with physical and sensory impairment (£491,000). These over spends are partially offset by under spends in respect of care for clients with learning disabilities, and as a result of staff vacancies, to produce a net over spend of £2.786m . The net over spend mainly results from additional client numbers.
Mental health	The projected over spend of £269,000 results from higher numbers of clients requiring residential and nursing care.
Other social care	An advocacy contract for the delivery of services is being finalised but the commitments to date indicate an under spend of £173,000 .
Supporting people	A net under spend of £71,000 is forecast as a consequence of staff vacancies and fewer commitments in respect of workforce commissioning.
Service management costs	An over spend of £170,000 is currently forecast on service management. Savings will be identified to offset these additional costs.
Libraries and Information Services	An over spend of £44,000 is forecast. It is proposed that £5,000 of this is met by virement from the Service Management Costs budget. Savings will be identified to offset the remainder of the over spend.

Variance Plan

	Virement Requests	Returns (to) / from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000
Access, Assessment and Care Management	-	-	-	(346)	-	(346)
Supported/Facilitated (purchased and provided care)	-	-	-	2,786	-	2,786
Mental Health	-	-	-	269	-	269
Other Social Care	-	-	-	(173)	-	(173)
Supporting People	-	-	-	(71)	-	(71)
Service Management costs	(5)	-	-	175	-	170
Corporate and Democratic Core	-	-	-	-	-	-
Libraries and Information Services	5	-	-	39	-	44
TOTAL	-	-	-	2,679	-	2,679

REVENUE




TRADING ACTIVITIES

Essex Equipment Service	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000
Income	(8,402)	(2,653)	5,749
Expenditure	8,402	2,653	(5,749)
Financing Items	-	-	-
(Surplus) / Deficit	-	-	-
Appropriations	-	-	-
Extraordinary Items	-	-	-
NET	-	-	-
		Opening Balance	Estimated Closing Balance
		£000	£000
Reserve Balance		(756)	(756)







Essex Equipment Service

A 'break even' position is still anticipated by the Essex Equipment Service; the revenue reserves of the trading activity will therefore remain at **£756,000**.

SCHOOLS, CHILDREN AND FAMILIESAT A GLANCE

REVIEW	COMMENTARY	RAG status
REVENUE	<p>An overall over spend of £8.123m is forecast. This is mainly due to increased numbers of looked after children placed externally. A recovery plan has been proposed to address this position.</p> <p>It should be noted that high financial risks totalling £11.5m have also been highlighted in this report and the portfolio's financial recovery plan is working though a range of mitigating actions. These actions include reviewing every line of expenditure and income in detail and reducing commitments wherever there is flexibility to offset pressures. There is also a complete review of spend aligned to outcomes being completed in order to consider the prioritisation of resources.</p>	
TRADING	<p>It is anticipated that the Portfolio's trading activities revenue reserves will increase by £488,000 as a consequence of performance in 2009/10.</p>	
CAPITAL	<p>An under spend of £11.333m is currently predicted. This is the result of £13.3m slippage, £1.947m advanced works and a request for additional approval of £20,000.</p>	

RAG status and direction of travel definitions:

	Under spend of less than 5% of the budget		Improvement
	Under spend greater than 5% of the budget		No change
	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
<u>Dedicated Schools Budget</u>				
Schools Budget	744,663	744,744	81	♦
Special educational needs	40,449	41,103	654	♦
Dedicated Schools Grant	(785,889)	(786,624)	(735)	■
<u>Non Dedicated Schools Budget</u>				
Schools - LA	39,866	40,158	292	♦
Special educational needs (LA)	18,533	18,958	425	♦
Youth Service	11,431	11,431	-	■
CYP Strategic Partnerships	-	-	-	■
Children's Services	102,682	110,002	7,320	♦
TASCCS teams	8,536	8,622	86	♦
Youth offending teams	1,748	1,748	-	■
TOTAL	182,019	190,142	8,123	♦

Dedicated Schools Budget	<p>Approval is sought to virements that reflect the utilisation of Dedicated Schools Grant awarded but not applied in 2008/09:</p> <ul style="list-style-type: none"> ▪ Behaviour support plans / pupil referral unit (£654,000); ▪ Miscellaneous expenditure (£70,000); ▪ Non devolved standards funds (schools) (£257,000); and ▪ Capital expenditure financed from revenue (£20,000). <p>Partially offsetting these variances, it is proposed that the 14-16 More Practical Learning options budget is reduced by £266,000.</p> <p>The Schools Forum have supported the utilisation of grant for these purposes.</p> <p>The Clacton Coastal Academy is planned to open on 1st September 2009. On 23rd June 2009, Cabinet agreed, in principle, to transfer any accumulated schools' surpluses from Bishops Park College and Colbayns High School, at 31st August 2009, to the Academy. The Department for Children, Schools and Families (DCSF) are seeking assurances that the schools balances will be at least £730,000. There is a low risk that the school balances, that totalled £1.193m at 31st March 2009, will have fallen below this amount at the point of closure. If this situation should arise, an agreement has been made with the DCSF to support any shortfall from other resources within the Schools Service.</p>
Non Dedicated Schools Budget – Schools (LA)	<p>The forecast over spend of £292,000 is predominantly due to an increased take up in entitlement to free travel for primary pupils.</p> <p>There is a high risk of a £1m over spend in relation to increased take up of entitlement to free travel for primary children - this is not taken into account in the above figures though.</p>
Non Dedicated Schools budget – Special Educational Needs (LA)	<p>Forecast over spend of £425,000 is predominantly due to additional staffing costs.</p>

Children's Services	<p>Forecast over spend of £7.320m is predominantly due increased placements of Looked After Children in external provision.</p> <p>There are further pressures not reflected in this forecast as follows:</p> <ul style="list-style-type: none"> ▪ Income targets to support children's care packages (£3.4m); ▪ Unaccompanied asylum seeking children (£1m); ▪ Interim social work requirements (£2m); ▪ Office accommodation and ICT costs (£600,000); ▪ Financial pressures if grant reprioritisation is not successful (£3.5m).
TASCCS teams	Forecast over spend of £86,000 is predominantly due to an over spend relating to premises costs.

Variance Plan

	Virement Requests	Returns (to)/from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000
<u>Dedicated Schools Budget</u>						
Schools Budget	81	-	-	-	-	81
Special educational needs	654	-	-	-	-	654
Dedicated Schools Grant	(735)	-	-	-	-	(735)
<u>Non Dedicated Schools Budget</u>						
Schools - LA	-	-	-	292	-	292
Special educational needs (LA)	-	-	-	425	-	425
Youth Service	-	-	-	-	-	-
CYP Strategic Partnerships	-	-	-	-	-	-
Children's Services	-	-	-	7,320	-	7,320
TASCCS teams	-	-	-	86	-	86
Youth offending teams	-	-	-	-	-	-
TOTAL	-	-	-	8,123	-	8,123

REVENUE

TRADING ACTIVITIES

School Improvement & Advisory Service	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000
Income	(8,087)	(8,277)	(190)
Expenditure	7,922	7,922	-
Financing Items	-	-	-
(Surplus) / Deficit	(165)	(355)	(190)
Appropriations	4	4	-
NET	(161)	(351)	(190)
		Opening Balance	Estimated Closing Balance
		£000	£000
Reserve Balance		(332)	(683)

It is anticipated that additional income of **£190,000** will be generated. As a consequence, it is anticipated that the revenue reserves will amount to **£683,000** at 31st March 2010.

School Support	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000
Income	(1,565)	(1,608)	(43)
Expenditure	1,482	1,482	-
Financing Items	-	-	-
(Surplus) / Deficit	(83)	(126)	(43)
Appropriations	(11)	(11)	-
NET	(94)	(137)	(43)
		Opening Balance	Estimated Closing Balance
		£000	£000
Reserve Balance		(449)	(586)

It is anticipated that additional income of **£43,000** will be generated. As a consequence, it is anticipated that the revenue reserves will amount to **£586,000** at 31st March 2010.

School Insurance Scheme	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000
Income	(3,437)	(3,437)	-
Expenditure	3,437	3,437	-
Financing Items	-	-	-
(Surplus) / Deficit	-	-	-
Appropriations	-	-	-
Extraordinary Items	-	-	-
NET	-	-	-
		Opening Balance	Estimated Closing Balance
		£000	£000
Reserve Balance		(1,023)	(1,023)

It is currently still anticipated that the trading activity will achieve a break even position this year.

CAPITAL

Education	
Little Dunmow - Flitch Green Primary	Although this project has been completed some matters need to be resolved with the contractor.
Colchester - Queen Boudica Primary	This project is scheduled to open at the beginning of the Autumn term. The developer is behind programme but has given an assurance that the work will be completed. Funding options are being considered to address the in-year variance, as well as the overall shortfall of £295,000 .
Hutton Willowbrook Primary School	<p>The scheme originally incorporated a land disposal. Because of the current economic climate it is considered that better value will be obtained by deferring the land disposal.</p> <p>Approval is being sought to increase the capital approval by £701,000. The additional funding will be met from the re-phasing of expenditure on the 2007/08 Schools Access Initiative programme and will be contained within the overall capital guideline. In the longer term this will be recovered from the increased capital receipts.</p>
Basildon - Pioneer Special School	The build was completed December 2008. The current financial position is unclear due to the mechanical and electrical contractor going into liquidation, and subsequent claims from the main contractor which are still under consideration by the lead consultant. Options for funding the shortfall are currently being considered.
Replacement of relocatable classrooms	Options for funding for the shortfall are currently under consideration.
School Meals Accommodation	The programme of improvements is primarily aimed at the compliance with regulatory requirements in respect of gas and associated services. Abnormal costs associated with the removal of asbestos were higher than anticipated and added to the time required to complete projects. The balance of the programme is being scheduled for the summer holidays. Funding of the shortfall is currently being considered.
Witham Academies - £13.3m under spend	OBC approval was confirmed by the DCSF in June. Construction is due to start in January 2010, on target - a schedule of milestone payments will be produced as part of the FBC, at which point the phasing of the project will be refined and grant payments from the DCSF will be confirmed. Approval is sought to slip £13.3m payments approval into 2010/11.
Basildon Academies - £1.947m over spend	Work on the Lower Academy is progressing in line with milestone targets, with completion of works scheduled for September 2010. The design and build contract for the Upper Academy was signed in June. Approval is sought to bring forward payments approval of £1.947m from 2010/11. This scheme is financed by grant.
Special School Improvements - £20,000 over spend	Approval is sought to increase the scheme and payments approval by £20,000 in 2009/10 to finance the improvement works which are capital in nature. It is proposed that this is financed from the Reserve for Future Capital Funding.

LEE VALLEY PARK AND 2012 GAMESAT A GLANCE

REVIEW	COMMENTARY	RAG status
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REVENUE	It is currently anticipated that spending will be in accordance with the latest approved budget.	■
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TRADING		
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RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget	↗	Improvement
●	Under spend greater than 5% of the budget	→	No change
◆	Over spend	↘	Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
<u>Olympics and Sports Development</u>				
Sports Development	809	809	-	■
Hadleigh Castle Country Park	83	83	-	■
<u>Precepts</u>				
Lee Valley Regional Park	1,621	1,621	-	■
TOTAL	2,513	2,513	-	■

Lee Valley Park and 2012 Games	It is currently anticipated that spending will be in accordance with the latest approved budget.
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Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns to earmarked revenue reserves £000	Total Variance Plan £000
<u>Olympics and Sports Development</u>						
Sports Development	-	-	-	-	-	-
Hadleigh Castle Country Park	-	-	-	-	-	-
<u>Precepts</u>						
Lee Valley Regional Park	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

HIGHWAYS AND TRANSPORTATION

REVIEW	COMMENTARY	RAG status
REVENUE	There are a number of budget pressures and under spends against individual policy budgets. It is proposed to address these variances, and to utilise under spends by the Transport Coordination Centre (£40,000) and the Localism and Planning portfolio (£231,000), by virement as set out within Appendix C . Approval is also sought to increase the Portfolio's revenue budget by £1.616m in respect of costs previously provided for within the Capital Programme and for the Concessionary Fares scheme.	♦
CAPITAL	An over spend of £3.115m is due to a request to increase budget approvals by additional contributions of £3.205m and a reduction in approvals of £90,000 to finance the withdrawal from the Reserve for Future Capital Funding in revenue.	♦

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
♦	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget	Outturn	Forecast	RAG
	£000	Forecast	Variance	Status
	£000	£000	£000	
Roads and Footways	25,267	26,329	1,062	♦
Traffic Management Act	(1,199)	(701)	498	♦
Bridges	1,533	1,623	90	♦
Localism	2,051	-	(2,051)	●
Street Lighting	9,952	9,952	-	■
Congestion	7,460	6,785	(675)	●
Road Safety	6,457	6,285	(172)	■
Strategic development and transportation	5,734	6,180	446	♦
Response accelerated maintenance initiative	-	-	-	■
Public Rights of Way	3,369	3,228	(141)	■
A130 Private Finance Initiative	(81)	(81)	-	■
Passenger Transport	12,985	14,691	1,706	♦
Support Services	322	1,446	1,124	♦
Corporate and democratic core	979	979	-	■
TOTAL	74,829	76,716	1,887	♦

Highways and Transportation	<p>There are a number of budget pressures and under spends against individual policy budgets. It is proposed to address these variances, and utilise under spends by the Transport Coordination Centre (£40,000) and the Localism and Planning portfolio (£231,000), by virement, as set out within Appendix C.</p> <p>Approval is sought to increase the Portfolio's revenue budget by £90,000 in respect of costs previously provided for within the Capital Programme. It is proposed that the increase to the Portfolio's revenue budget is financed by a withdrawal from the Reserve for Future Capital Funding.</p> <p>Approval is also sought for supplementary funding of £1.526m for the concessionary fares scheme, to be financed by a withdrawal from the Service Improvement Reserve.</p>
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Variance Plan

	Virement Requests	Returns (to) / from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000
Roads and Footways	1,062	-	-	-	-	1,062
Traffic Management Act	498	-	-	-	-	498
Bridges	-	-	-	-	90	90
Localism	(2,051)	-	-	-	-	(2,051)
Street Lighting	-	-	-	-	-	-
Congestion	(675)	-	-	-	-	(675)
Road Safety	(172)	-	-	-	-	(172)
Strategic development and transportation	446	-	-	-	-	446
Response accelerated maintenance initiative	-	-	-	-	-	-
Public Rights of Way	(141)	-	-	-	-	(141)
A130 Private Finance Initiative	-	-	-	-	-	-
Passenger Transport	180	-	-	-	1,526	1,706
Support Services	1,124	-	-	-	-	1,124
Corporate and democratic core	-	-	-	-	-	-
TOTAL	271	-	-	-	1,616	1,887

CAPITAL

First Avenue Harlow	Approval is sought to increase the scheme and payment approvals by £3.205m . This is to be financed by additional grant awarded by the Department for Transport.
Bridge Assessments	Approval is sought to reduce the scheme and payment approvals in 2009/10 by £90,000 .
Balance of Highways and Transportation programme	Traditionally tendering and ordering processes occur in the early part of the new financial year. However, the spend incurred to date is lower than previous years. A targeted review of schemes with particularly low spend is being carried out.

CHIEF WHIP & ENVIRONMENT AND WASTE

REVIEW	COMMENTARY	RAG status
REVENUE	An over spend of £644,000 is forecast, which primarily relates to waste management. Actions are being considered to ameliorate the over spend.	◆
CAPITAL	There are no variances currently forecast.	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget	↗	Improvement
●	Under spend greater than 5% of the budget	→	No change
◆	Over spend	↘	Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Environment & Commerce				
Waste management	50,907	51,556	649	♦
Trading standards	3,308	3,216	(92)	■
Environmental strategy	537	624	87	♦
Management & support services	609	609	-	■
Leisure				■
Country Parks	736	736	-	■
Marsh Farm	(18)	(18)	-	■
Contributions to other bodies	91	91	-	■
Management & support services	-	-	-	■
Corporate & democratic core	176	176	-	■
Emergency planning	1,123	1,123	-	■
Community safety	853	853	-	■
Community policing	250	250	-	■
Anti-social behaviour	247	247	-	■
Members' support	2,327	2,327	-	■
TOTAL	61,146	61,790	644	♦

Waste management	<p>An over spend is forecast on Waste Management of £649,000 due to higher than expected diversion to recycling with increased costs of recycling centre contracts.</p> <p>The forecast outturn assumes that there is a reduction in household waste at 2%.</p> <p>The Service will seek to reduce the over spend through management action to limit site maintenance works and by contract re-tendering.</p>
Trading Standards	Trading Standards are forecasting an under spend of £92,000 on Service Improvement Projects.
Environmental Strategy	An over spend of £87,000 is forecast in relation to winding up of the SAIL and Praxis projects. Savings are to be identified to offset these pressures.




Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Waste management	-	-	-	649	-	649
Trading standards	-	-	(92)	-	-	(92)
Environmental strategy	-	-	-	87	-	87
Management & support services	-	-	-	-	-	-
Leisure	-	-	-	-	-	-
Corporate & democratic core	-	-	-	-	-	-
Emergency planning	-	-	-	-	-	-
Community safety	-	-	-	-	-	-
Community policing	-	-	-	-	-	-
Anti-social behaviour	-	-	-	-	-	-
Members' support	-	-	-	-	-	-
TOTAL	-	-	(92)	736	-	644

LEADER

REVIEW	COMMENTARY	RAG status
REVENUE	It is currently anticipated that spending will be contained within the latest approved budget.	■
CAPITAL	Expenditure is currently predicted to be in line with the latest budget approval.	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance



	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Democratic Core				
Democratic representation and Management	2,475	2,475	-	■
Corporate Management - Leadership	3,555	3,555	-	■
Other				
Essex Initiatives	778	778	-	■
Contributions and subscriptions	232	232	-	■
Corporate Management - Resource Management	-	-	-	■
Publications	-	-	-	■
LAA Pooled Funds	1,222	1,222	-	■
Adult Community Learning	(15)	(15)	-	■
Business and economic development	-	-	-	■
EXDRA Commissioning	(45)	(45)	-	■
Regeneration	1,946	1,946	-	■
International development				
Other international development	-	-	-	■
International Projects	344	344	-	■
Tourism	445	445	-	■
Skills and International	622	622	-	■
TOTAL	11,559	11,559	-	■

Leader	The Leader Portfolio is currently forecasting to spend online with budget.
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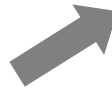




Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Democratic Core						
Democratic representation and Management	-	-	-	-	-	-
Corporate Management - Leadership	-	-	-	-	-	-
Other						
Essex Initiatives	-	-	-	-	-	-
Contributions and subscriptions	-	-	-	-	-	-
Corporate Management - Resource Management	-	-	-	-	-	-
Publications	-	-	-	-	-	-
LAA Pooled Funds	-	-	-	-	-	-
Adult Community Learning	-	-	-	-	-	-
Business and economic development	-	-	-	-	-	-
EXDRA Commissioning	-	-	-	-	-	-
Regeneration	-	-	-	-	-	-
International development						
Other international development	-	-	-	-	-	-
International Projects	-	-	-	-	-	-
Tourism	-	-	-	-	-	-
Skills and International	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

HERITAGE, CULTURE AND THE ARTS

REVIEW	COMMENTARY	RAG status
REVENUE	An over spend of £95,000 is forecast, primarily as a consequence of having to replenish the General Balance as a consequence of over spending in 2008/09.	
CAPITAL	There are no variances currently forecasted.	

RAG status and direction of travel definitions:

	Under spend of less than 5% of the budget		Improvement
	Under spend greater than 5% of the budget		No change
	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget	Outturn Forecast	Forecast Variance	RAG Status
	£000	£000	£000	
Crossing Temple	109	117	8	♦
Built Environment	1,041	1,073	32	♦
Heritage & cultural services	2,379	2,379	-	■
Historic environment	536	591	55	♦
Quality of Life	163	163	-	■
TOTAL	4,228	4,323	95	♦

An over spend of **£95,000** is forecast, primarily as a consequence of having to replenish the General Balance as a consequence of over spending in 2008/09.




Variance Plan

	Virement Requests	Returns (to) / from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000
Crossing Temple	-	-	-	8	-	8
Built Environment	-	-	-	32	-	32
Heritage & cultural services	-	-	-	-	-	-
Historic environment	-	-	-	55	-	55
Quality of Life	-	-	-	-	-	-
TOTAL	-	-	-	95	-	95

LOCALISM AND PLANNING

REVIEW	COMMENTARY	RAG status
REVENUE	An under spend of £215,000 is forecast. It is proposed that an under spend of £231,000 on Sustainable Development is vired to the Highways and Transportation Portfolio, leaving a net over spend of £16,000 .	■
CAPITAL	There are no variances forecasted.	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Area and partnership coordination	580	580	-	■
Developing partnerships with Districts	899	899	-	■
Sustainable development	1,153	922	(231)	●
Making the link	249	249	-	■
Rural issues	293	293	-	■
Travellers	(4)	6	10	◆
Environmental planning	1,613	1,619	6	◆
TOTAL	4,783	4,568	(215)	■

An under spend of **£231,000** is forecast in relation to sustainable development, and it is proposed that this is utilised to offset budget pressures on Highways and Transportation. Partially offsetting this under spend are small over spends on travellers (**£10,000**) and environmental planning (**£6,000**). These result from having to replenish the General Balance as a consequence of over spending in 2008/09. Actions are being taken to mitigate this position.

Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Area and partnership coordination	-	-	-	-	-	-
Developing partnerships with Districts	-	-	-	-	-	-
Sustainable development	(231)	-	-	-	-	(231)
Making the link	-	-	-	-	-	-
Rural issues	-	-	-	-	-	-
Travellers	-	-	-	10	-	10
Environmental Planning	-	-	-	6	-	6
TOTAL	(231)	-	-	16	-	(215)

CENTRAL SERVICES

REVIEW	COMMENTARY	RAG status
REVENUE	It is currently anticipated that spending will be contained within the latest approved budget.	■
TRADING	It is anticipated that performance will be in accordance with the latest approved financial target.	■
RECHARGED STRATEGIC SUPPORT SERVICES	<p>This portfolio covers a number of services which are detailed in the 'Recharged Strategic Support Services' section of the report, which commences on page 41. These are:</p> <ul style="list-style-type: none"> ▪ Human Resources; ▪ Information Services; ▪ Facilities Management; and ▪ Procurement and Car Provision Scheme. <p>These Services are currently forecast to come in on line, with the exception of Information Services which is forecasting an over spend of £9.243m in relation to the transition of the IT managed service from BT. Approval is sought for supplementary funding to offset these additional costs.</p>	◆
CAPITAL	<p>This portfolio has an overview of the capital programme and capital schemes, including Building Schools for the Future (BSF).</p> <p>In addition, it has specific responsibility for Human Resources, Facilities Management and Information Services projects. Payments on these schemes are forecast to be £3.741m lower than the approved guideline as a consequence of not proceeding with various IT schemes. It is proposed that the capital financing resources released as a consequence of these under spends are transferred, via the Reserve for Future Capital Funding, to provide additional revenue financing to meet costs resulting from the transition of the IT managed service back in house.</p>	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Shared use buildings	25	25	-	■
TOTAL	25	25	-	■

Shared use buildings	It is currently anticipated that spending will be contained within the latest approved budget.
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Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Shared use buildings	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

REVENUE

TRADING ACTIVITIES




	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000
Smarte East			
Income	(166)	(166)	-
Expenditure	126	126	-
Financing Items	-	-	-
(Surplus) / Deficit	(40)	(40)	-
Appropriations	-	-	-
Extraordinary Items	-	-	-
NET	(40)	(40)	-
		Opening Balance £000	Estimated Closing Balance £000
Reserve Balance		(4)	(44)

Smarte East	It is currently anticipated that performance will be in accordance with the latest approved financial target.
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FINANCE AND CHANGE MANAGEMENT

REVIEW	COMMENTARY	RAG status
REVENUE	It is currently anticipated that spending will be contained within the latest approved budget.	■
CAPITAL	There are no forecasted variances at this time.	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Assets				
Surplus and Managed Properties	(72)	(72)	-	■
Other Property Services	63	63	-	■
Central Services				
Other services	35	35	-	■
Second Homes Discount Scheme	995	995	-	■
Registration of births, death & marriages	411	411	-	■
Coroners' courts	1,229	1,229	-	■
Non distributed pension costs				
Past service costs / (gains)	-	-	-	■
Curtailment	-	-	-	■
Precepts				
Environment Agency	1,126	1,126	-	■
Kent & Essex Sea Fisheries	215	215	-	■
TOTAL	4,002	4,002	-	■


It is currently anticipated that spending will be contained within the latest approved budget.

Variance Plan







	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Assets						
Surplus and Managed Properties	-	-	-	-	-	-
Other Property Services	-	-	-	-	-	-
Central Services						
Other services	-	-	-	-	-	-
Second Homes Discount Scheme	-	-	-	-	-	-
Registration of births, death & marriages	-	-	-	-	-	-
Coroners' courts	-	-	-	-	-	-
Non distributed pension costs						
Past service costs / (gains)	-	-	-	-	-	-
Curtailment	-	-	-	-	-	-
Precepts						
Environment Agency	-	-	-	-	-	-
Kent & Essex Sea Fisheries	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

RECHARGED STRATEGIC SUPPORT SERVICES

REVIEW	COMMENTARY	RAG status
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REVENUE	<p>An overall over spend of £10.430m is forecast in respect of the Recharged Strategic Support Services.</p> <ul style="list-style-type: none"> ▪ Highways and Transportation An under spend is forecast by the Transport Coordination Centre (£40,000). ▪ Central Services £9.243m of the over spend relates to transition of the IT managed service from BT. Approval is sought for supplementary funding to offset these additional costs. ▪ Finance and Change Management An over spend of £1.295m is forecast by Finance, which mainly relates to the transformation programme; approval is sought to utilise an under spend on external interest payable to offset this over spend. <p>Partially offsetting this is an under spend of £68,000 in respect of Asset Management.</p>	
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RAG status and direction of travel definitions:

	Under spend of less than 5% of the budget		Improvement
	Under spend greater than 5% of the budget		No change
	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Highways and Transportatio				
Transport Co-ordination Centre	1,472	1,432	(40)	■
Chief Whip & Environment and Waste				
Democratic Services	1,029	1,029	-	■
Leader				
Communications and customer relations	2,582	2,582	-	■
Customer Contact Centre	1,954	1,954	-	■
Central Services				
Human Resources	10,612	10,612	-	■
Information Services	24,546	33,789	9,243	◆
Facilities Management Service	13,829	13,829	-	■
Procurement and Car Provision Scheme	1,913	1,913	-	■
Finance and Change Management				
Essex Legal Services	3,695	3,695	-	■
Asset Management	3,874	3,806	(68)	■
Finance	10,867	12,162	1,295	◆
Performance, Planning and Programmes	2,776	2,776	-	■
Insurance Cost Recovery Account	5,377	5,377	-	■
TOTAL	84,526	94,956	10,430	◆

Highways and Transportation	<p><u>Transport Coordination Centre</u></p> <p>An under spend of £40,000 is forecast. Approval is sought to vire this to partially offset budget pressures in Highways and Transportation.</p>
Central Services	<p><u>Information Services</u></p> <p>An over spend of £9.243m predominately results from transition of the IT managed service back in house. Approval is sought for supplementary funding to offset these additional costs, to be financed by withdrawing £3.741m from the Reserve for Future Capital Funding and by withdrawing £5.502m from the IMT Reserve.</p>
Finance and Change Management	<p><u>Asset Management</u></p> <p>The forecast under spend of £68,000 relates to the use of consultants. Consideration is being given to the recruitment of fixed term contract staff; it is therefore proposed that the current under spend is retained by the Service.</p> <p><u>Finance</u></p> <p>An over spend of £1.295m is forecast, largely as a result of an extension of the Transformation programme. Approval is sought to utilise £1.227m of the under spend on external interest payable to partially offset these additional costs. The Service will identify savings to offset the remainder of the forecast over spend.</p>




Variance Plan

	Virement Requests	Returns (to) / from General Balance	Amounts to be retained	Savings to be identified to offset pressures	Appns (to)/from earmarked revenue reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000
Highways and Transportation						
Transport Co-ordination Centre	(40)	-	-	-	-	(40)
Chief Whip & Environment and Waste						
Democratic Services	-	-	-	-	-	-
Leader						
Communications and customer relations	-	-	-	-	-	-
Customer Contact Centre	-	-	-	-	-	-
Central Services						
Human Resources	-	-	-	-	-	-
Information Services	-	-	-	-	9,243	9,243
Facilities Management Service	-	-	-	-	-	-
Procurement and Car Provision Scheme	-	-	-	-	-	-
Finance and Change Management						
Essex Legal Services	-	-	-	-	-	-
Asset Management	-	-	(68)	-	-	(68)
Finance	1,227	-	-	68	-	1,295
Performance, Planning and Programmes	-	-	-	-	-	-
Insurance Cost Recovery Account	-	-	-	-	-	-
TOTAL	1,187	-	(68)	68	9,243	10,430

BUILDING MAINTENANCE

REVIEW	COMMENTARY	RAG status
REVENUE	It is currently anticipated that spending will be contained within the latest approved budget.	■
CAPITAL	There are no variances forecasted.	■

RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Building Maintenance	4,718	4,718	-	■
TOTAL	4,718	4,718	-	■

Building Maintenance	It is currently anticipated that spending will be contained within the latest approved budget.
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Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Total Variance Plan £000
Building Maintenance	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-


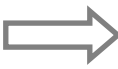

OPERATING COSTS

REVIEW	COMMENTARY	RAG status
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REVENUE	<p>An under spend of £3.5m is forecast in respect of interest payable. It is proposed that £1.227m of this under spend is vired to Finance to meet the costs of the transformation programme. It is proposed that the remainder of this under spend is appropriated into the Transformation Reserve</p> <p>Approval is sought elsewhere within the report to supplementary estimates that would be financed by withdrawals from the Service Improvement, IMT and Future Capital Funding reserves.</p>	<div style="color: green; font-size: 24px;">■</div>
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CAPITAL		
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RAG status and direction of travel definitions:

■	Under spend of less than 5% of the budget		Improvement
●	Under spend greater than 5% of the budget		No change
◆	Over spend		Adverse movement

REVENUE

REVENUE - Mitigating Actions / Plans for Forecast Variance

	Latest Budget £000	Outturn Forecast £000	Forecast Variance £000	RAG Status
Interest receivable	(1,400)	(1,400)	-	■
Interest payable	20,146	16,646	(3,500)	■
Capital financing	23,375	23,375	-	■
Retirement benefits	-	-	-	■
Emergency contingency	8,000	8,000	-	■
Appropriations to / from earmarked revenue reserves	-	-	-	■
Schools	-	-	-	■
Capital Financing	4,509	678	(3,831)	■
Equalisation reserves	21,302	21,302	-	■
General reserves	(21,241)	(25,996)	(4,755)	■
TOTAL	54,691	42,605	(12,086)	■

Interest payable	An under spend of £3.5m is forecast, as a consequence of prematurely repaying PWLB loans. It is proposed that £1.227m is utilised to offset additional costs by Finance in respect of the Transformation programme, and that the remainder is appropriated into the Transformation Reserve.
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Appropriations to / from earmarked revenue reserves	<p>Approval is sought to:</p> <ul style="list-style-type: none"> ▪ Withdraw £90,000 from the Reserve for Future Capital Funding to provide financing in respect of expenditure re-categorised from capital to revenue. ▪ Withdraw a further £3.741m from the Reserve for Future Capital Funding to enable Information Services to utilise resources originally earmarked for financing capital expenditure on IT related capital projects that will no longer proceed. ▪ Withdraw £1.526m from the Service Improvement Reserve to provide additional financing to Highways and Transportation for the concessionary fares scheme. ▪ Withdraw £5.502m from the IMT Reserve to meet costs related to the transition of the IT managed service back in house. ▪ Appropriate £2.273m into the Transformation Reserve, in respect of savings on external interest payable.
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Variance Plan

	Virement Requests £000	Returns (to) / from General Balance £000	Amounts to be retained £000	Savings to be identified to offset pressures £000	Appns (to)/from earmarked revenue reserves £000	Emergency Contingency £000	Total Variance Plan £000
Interest receivable	-	-	-	-	-	-	-
Interest payable	(1,227)	-	-	-	(2,273)	-	(3,500)
Capital financing	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-
Emergency contingency	-	-	-	-	-	-	-
Appropriations to / from earmarked revenue reserves	-	-	-	-	-	-	-
Schools	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	(3,831)	-	(3,831)
Equalisation reserves	-	-	-	-	-	-	-
General reserves	-	-	-	-	(4,755)	-	(4,755)
	(1,227)	-	-	-	(10,859)	-	(12,086)