

		<b>AGENDA ITEM 4</b>
		<b>ES/018/12</b>
<b>Committee:</b>	<b>Executive Scrutiny Committee</b>	
<b>Date:</b>	<b>5 November 2012</b>	
<b><u>2012/13 FINANCIAL OVERVIEW AS AT THE HALF YEAR STAGE</u></b>		
<b>Enquiries to:</b>	<b>Margaret Lee, Executive Director for Finance 01245 431010 Margaret.lee@essex.gov.uk</b>	

The attached report (FP/693/11/11) was considered at Cabinet on 30 October 2012. 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?

Cabinet	<b>FP/693/11/11</b>
Date: 30 October 2012	

## 2012/13 FINANCIAL OVERVIEW AS AT THE HALF YEAR STAGE

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

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### Enquiries to:

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

### 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 half year stage.

### Decision Areas and Recommendations

- (i) That Cabinet Members note the current revenue outturn forecast, which is a projected under spend for the year of **£11.750m** as detailed in Appendix A (ii). Cabinet Members should also note a projected under spend of **£41.423m** against the approved capital payments guideline, after proposed adjustments. Within the projections the Emergency Contingency of **£8m** is currently assumed fully spent, whilst no usage has as yet been proposed or agreed.
- (ii) That approval is given to appropriate:
  - a. **£750,000** from the Transformation Reserve to the Highways and Transportation Portfolio
  - b. **£47,000** from the Grant Equalisation Reserve to the Community and Planning Portfolio.
  - c. **£321,000** from the Health and Safety Reserve to the Deputy Leader Portfolio.
  - d. **£178,000** from the Transformation Reserve to the Deputy Leader Portfolio.
  - e. **£500,000** to the Transformation Reserve from Other Operating Costs.
  - f. **£113,475** to the Partnership Reserve from the Transformation Reserve.
  - g. **£60,000** from the General Balance to the Deputy Leader Portfolio.
  - h. **£890,000** from the General Balance to the Customer Services, Environment and Culture Leader Portfolio.

- (iii) That approval is given to draw down carry forward of **£389,000** from the General Balance to Customer Services, Environment and Culture Leader Portfolio.
- (iv) That approval is given to set trading targets for the Slough Libraries contract, as shown on page 5 and to appropriate **£400,000** into the revenue budget to support a supplementary estimate to the Libraries service from the trading reserve.
- (v) That approval is given to vire **£957,000** from the Older People Care and Support Service to the Working Age Adults Care and Support Service within the Adult Social Care Portfolio.
- (vi) That approval is given to vire **£3.399m** from Recycling to Civic Amenity sites. This adjustment is between policy lines within the same portfolio.
- (vii) Within the Capital Programme approval is sought for slippage of **£32.864m**, budget additions of **£5.734m**, budget reductions of **£16.169m** and advanced works of **£28,000**. These are in addition to the budget changes approved in the 2012/13 First Quarter Cabinet Report.  
The impact upon the capital payment profile of making these changes is summarised in **Appendix C**.

# 1. Financial Overview

## 1.1 Revenue

An assessment of the Revenue budget, at the half year stage of the 2012/13 financial year, shows a net residual under spend of **£11.750m** 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 - £2.690m under spend (compared to £1.604m over spend at quarter 1)**

The under spend is predominantly due to the Child Placement Strategy being updated to reflect a revised and reduced projection of Children in Care, lower spend on High Level Family Support and External Supervised Contact.

### **Other operating costs - £7.400m under spend (compared to £4.567m under spend at quarter 1)**

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 as it is currently more cost effective to use internal cash resources to defer borrowing than to hold the balances for investment.

### **Education and 2012 Games - £699,000 over spend (compared to £3.318m over spend at quarter 1)**

This over spend is predominately in two areas: Essex Property and Facilities due to additional vacant buildings and the restrictions around how they are dealt with; and Director of Transformation and Performance, due to a delay in improvements to Protocol, the records management system for child care records.

### **Communities and Planning - £471,000 under spend (compared to £191,000 over spend at quarter 1)**

The under spend is within Children's Policy - Anti Social and Community Safety due to reduction to third party payments with some payments not now being made at all and Corporate Policy - Big Society making the links project; funding claims are lower than budgeted.

### **Recharged Support Services – Deputy Leader (Procurement) - £ 397,000 under spend (compared to an on line position at quarter 1)**

This under spend is predominantly as a result of the time taken to recruit to the new staffing structure along with lower than budgeted travel and supplies and services costs.

### **Recharged Support Services - Customer Services, Environmental and Culture (Customer Services)**

The customer excellence project is projected to over spend by £837,000 as project timing, scope and assumptions around capitalisation of IT costs have moved on from the original project specification. The service will be submitting a Change Control Notice

to Outcomes Board in October which will request funding of **£652,000** to help mitigate against these pressures. Although this adjustment appears on the variance plan no approval is being sought in this forum.

**Approval is sought in relation to the following actions:**

To draw down funds from reserves as follows:

- Highways and Transportation - **£750,000** from the Transformation Reserve, in relation to the Automatic Vehicle Location Project.
- Community and Planning - **£47,000** from the Grant Equalisation Reserve to fund the new smart meters required by the Gypsy and Traveller Service.
- Deputy Leader - **£321,000** from the Health and Safety Reserve to enable the asset management service to ensure all ECC sites are maintained fit for purpose. **£178,000** from the Transformation Reserve to enable the Transformation Support Unit to fund resources on the Systematic Review and Single Commissioning Hub Projects.

To appropriate funds to reserves as follows:

- Other Operating Costs - **£500,000** to the Transformation Reserve in relation to under spends on the interest budget which will be set aside to cover further costs relating to Welfare Reform Support and Health and Safety.

To withdraw funds from the General Balance as follows:

- Customer Services, Environment and Culture - **£890,000** in respect of the Carbon Reduction Credit within Spatial Planning and regeneration; **£180,000** carry forward in respect of Heritage and Arts Treasurers of China and Essex Ancestors; **£209,000** carry forward in respect of Community Services Projects.
- Deputy Leader - **£60,000** from the General Balance to enable the Transformation Support Unit to commission Proteus to support the development of the Transformation Mark 2 Programme.

To approve a virement within the Adult Social Care Portfolio:

- A forecast under spend of **£957,000** due to inflation efficiencies within the Older People Care and Support service are proposed to be vired to Working Age Adults Care and Support to help mitigate pressures that have arisen within the service.

To approve a virement within the Economic Growth and Waste & Recycling portfolio:

- It is proposed to vire **£3.399m** from Recycling to Civic Amenity Sites to correct the alignment of savings. This adjustment is between policy lines within the same portfolio.

To appropriate between reserves:

- Surplus partner contributions of **£113,475** for 2011/12 were moved to the Transformation Reserve, approval is sought to appropriate them to the Partnership Reserve.

To set trading targets (expenditure target of **£1.894m** and Income target of **£2.140m**) for the Slough Libraries contract and to appropriate **£400,000** into the revenue budget to support a supplementary estimate to the Libraries service.

**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.

## 1.2 Trading activities

At this stage, it is anticipated that the Trading Activities' will underachieve their planned surplus by **£74,000** as shown in **Appendix C**. Essex Legal Services are showing a deficit of **£263,000**, although the Head of Service believes there is an opportunity to recover this position. Slough libraries are projecting a net surplus of **£246,000**, and there are various other small variances making up the balance of this position.

Commission and Traded Services in the Education, Lifelong Learning & 2012 Games Portfolio are declaring a risk in their trading account of **£500k**; it is anticipated that this will be drawn down in 2012/13 from the Traded Service reserve.

**Appendix B** summarises the traded services position as at the half year stage.

## 1.3 Capital

The projected under spend on the capital programme totals **£41.423m (20%)** against the latest capital budget of **£204.371m**. Excluding Cash Balances Held by Schools and Devolved Formula Capital, the projected under spend totals **£40.513m (21%)** against a latest budget of **£191.793m**. Budget approvals totalling **£43.272m** are sought in report, as detailed in Appendix C. After accounting for proposed amendments to the programme the residual variance is a projected over spend of **£2.759m** against the latest capital budget of **£191.793m (1%)**. This over spend relates to budget changes that are not being requested as part of this report.

Approval is sought for slippage of **£32.864m**, budget additions of **£5.734m**, budget reductions of **£16.169m** and advanced works of **£28,000**. These are in addition to the budget changes approved in the 2012/13 First Quarter Cabinet Report.

The key points to note are:

#### **Deputy Leader and Finance and Transformation**

- Property Transformation – Approval is sought to re-profile current year forecast under spend of **£677,000** into 2013/14 due to several factors including political challenge, technical, legal and decisions surrounding the target operating model.
- BDUK Essex Next Generation Access – Award of contract is currently anticipated to take place in February 2013, with project expenditure occurring in 2013/14. Approval is sought to re-profile **£2.860m** into 2013/14.
- Corporate Systems Upgrade – Maximum budget required in current financial year is **£200,000**. Approval is hence sought to re-profile **£2.300m** into 2013/14.
- ICT Modernisation – Over 3,000 users have been migrated to End User Computing to date, with overall spend forecast to be in line with budget. Approval is sought to reduce the budget by **£363,000** to correct the budget and bring it in line with project requirements.
- Social Care IT – Approval is sought to re-profile the budget of **£5.200m** into 2013/14. A final Business Case is due to be completed later this financial year.

#### **Education and 2012 Games**

- BSF Schemes – Overall budget covers named schemes, investment in the Special Purpose Vehicle (SPV) and capital contributions to Wave 4 Schools to cater for affordability gap. Total budget reductions of **£3.418m** are sought due to procurement savings and budgets for capital contribution expenditure already being included within the main BSF schemes.
- Capitalised Building Maintenance – Current forecasts exceed budget due to recent bad weather. A Business Case to request an additional **£2.000m** to be added to the education capitalised building maintenance programme budget has been approved by the Capital Programme Board. The Key Decision is expected to be approved by Cabinet Members shortly.
- Edith Borthwick Relocation – There is a proposed reduction of **£998,000** (grant funding) to the budget as the project build will be provided and procured via the Priority Schools Building Programme (PSBP). The remaining budget of **£1.500m** (ECC funding) will be used for the site acquisition.

## Highways and Transportation

- NAR3 Northern Approaches Road – Following a recent tender exercise, the scheme currently has insufficient funding to cover implementation costs. The Homes and Communities Agency (HCA) and Mental Health Trust (MHT) will consult their respective Boards in October and November with options to proceed. Construction start date is anticipated to be early 2013, hence approval will be sought to re-profile **£7.000m** into 2013/14.
- South Essex Rapid Transit (SERT) – Currently awaiting DfT decision on overall funding for the scheme, with further delays expected due to change in Cabinet Minister. Forecast outturn for 2012/13 is **£683,000**. Approval is sought to re-profile **£2.500m** into 2013/14. The 2012/13 budget is mainly funded by proposed grant funding.
- Street Lighting Central Management System (CMS) – Projected current year under spend of **£2.000m** for the three-year CMS programme, for which approval to re-profile into 2013/14 is sought.
- Colchester Park & Ride, Cuckoo Farm – Design work is continuing, with increased spend expected from Quarter Three onwards. Approval is sought to re-profile **£1.500m** into 2013/14.

## Economic Growth, Waste and Recycling

- Waste Strategy – The overall budget has been re-profiled to take account of changes to its ongoing requirements since the 2012/13 budget approval. Budget reduction of **£9.259m**, addition of **£1.446m** and slippage of **£4.015m** is sought to reflect latest requirements, including re-profiled costs associated with land acquisitions for the remaining transfer station sites, the re-profiled spend for the Courtauld Road scheme and the removal of the Biowaste scheme budget (£3.137m). The Biowaste scheme will no longer require any capital contribution due to the revised procurement strategy, whereby future treatment capacity will be secured through service provision contracts.

Approval is sought for other requests, totalling **£4.812m** for slippage, **£4.288m** additions, **£2.131m** reductions and **£28,000** 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.

## 1.4 Balance Sheet

### 1.4.1 Reserves

**Appendix D** provides a year end estimate of the position on the General

Balance, the Emergency Contingency and earmarked revenue reserves as at the end of August 2012.

#### **1.4.2 Treasury Management and Prudential Indicators**

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

#### **Relevance to ECC's corporate plan and other Strategic Plans**

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.

#### **Internal and External Consultation**

Portfolio holders have been consulted in preparing the proposed budget actions within the report. External consultation is not appropriate in relation to this report.

#### **Legal Implications (Monitoring Officer)**

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.

#### **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 into the winter and are subject to season specific pressures.

#### **Human Resources Implications**

There are no human resource implications associated with this report.

#### **Equality Impact Assessment**

Not appropriate for this report

#### **Background papers**

Not applicable for this report

# APPENDIX A (i)

REVENUE										
2012/13										
	Year to Date			Budget Movement			Forecast Outturn			RAG Status
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Outturn Forecast	Forecast Variance		
	£000	£000	£000	£000	£000	£000	£000	£000		
<b>Health and Wellbeing</b>	6,564	5,520	(1,044)	22,772	1,249	24,021	24,123	102	❖	
<b>Adults Social Care</b>	133,484	134,752	1,268	319,126	1,784	320,910	320,744	(166)	■	
<b>Children's Services</b>										
Dedicated Schools Budget	13,807	16,223	2,416	29,387	3,750	33,137	34,789	1,652	❖	
Non dedicated Schools Budget	62,832	58,074	(4,758)	155,616	(5,213)	150,403	147,713	(2,690)	■	
<b>Education and 2012 Games</b>										
Dedicated Schools Budget	(14,616)	(23,627)	(9,011)	(32,171)	(3,422)	(35,593)	(38,695)	(3,102)	●	
Non dedicated Schools Budget	26,908	26,168	(740)	56,013	12,175	68,188	68,885	697	❖	
Lee Valley Park and 2012 Games	2,116	2,195	79	3,302	(166)	3,136	3,138	2	❖	
<b>Highways and Transportation</b>	38,364	39,036	672	90,651	2,952	93,603	94,347	744	❖	
<b>Economic Growth &amp; Waste &amp; Recycling</b>	27,321	27,340	19	64,813	379	65,192	64,940	(252)	■	
<b>Customer Services, Environment and Culture Leader</b>	5,042	5,298	256	13,502	(1,131)	12,371	13,735	1,364	◆	
Leader	4,200	3,258	(942)	7,986	2,034	10,020	10,079	59	❖	
<b>Communities and Planning</b>	3,136	1,512	(1,624)	6,238	291	6,529	6,105	(424)	●	
<b>Fire Reinstatement Works</b>	-	(172)	(172)	-	-	-	-	-	■	
<b>Deputy Leader</b>	8,255	7,441	(814)	17,965	(502)	17,463	17,493	30	❖	
<b>Recharged Support Services</b>										
Highways and Transportation										
Car Provision Scheme	-	142	142	(5)	5	-	58	58	◆	
Transport Coordination Centre	512	390	(122)	1,228	-	1,228	1,109	(119)	●	
Customer Services, Environment and Culture										
Customer Services	2,312	3,122	810	3,366	2,145	5,511	6,167	656	◆	
Leader										
Communications and Customer Relations	782	1,065	283	1,954	1,330	3,284	3,074	(210)	●	
Equality and Diversity	85	53	(32)	209	(5)	204	154	(50)	●	
Deputy Leader										
Asset Management	882	341	(541)	2,283	(165)	2,118	2,297	179	◆	
Democratic Services	288	290	2	592	53	645	655	10	❖	
Essex Legal Services	254	263	9	609	-	609	699	90	◆	
Facilities Management Services	8,527	7,995	(532)	18,421	2,373	20,794	20,676	(118)	■	
Finance	5,636	4,644	(992)	11,452	2,073	13,525	13,255	(270)	■	
Human Resources	2,365	1,846	(519)	6,407	(267)	6,140	6,041	(99)	■	
Information Services	6,363	5,506	(857)	11,712	3,944	15,656	15,490	(166)	■	
Insurance Cost Recovery Account	1,551	(897)	(2,448)	4,644	-	4,644	4,811	167	❖	
Performance	937	814	(123)	1,524	724	2,248	2,200	(48)	■	
Procurement	1,223	824	(399)	2,184	750	2,934	2,537	(397)	●	
Transformation Support Unit	1,796	2,148	352	2,275	2,036	4,311	4,219	(92)	■	
Other Operating Costs	7,919	5,138	(2,781)	113,852	(12,825)	101,027	93,127	(7,900)	●	
<b>Net Expenditure</b>	<b>358,845</b>	<b>336,702</b>	<b>(22,143)</b>	<b>937,907</b>	<b>16,351</b>	<b>954,258</b>	<b>617,054</b>	<b>(10,293)</b>	<b>■</b>	
DSG offset								1,270		
<b>ECC Projected Outturn</b>								<b>(9,023)</b>	<b>■</b>	
<b>Financed by</b>										
General government grant				(79,764)	(9,211)	(88,975)	(88,975)	-		
General Balance - contribution/(withdrawal)				(2,356)	(6,648)	(9,002)	(9,002)	-		
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	-		
<b>Total Financing</b>				<b>(937,907)</b>	<b>(16,351)</b>	<b>(954,256)</b>	<b>(954,256)</b>	<b>-</b>		

## Rag Status

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

## APPENDIX A (ii)

### REVENUE VARIANCE PLAN

	Unadjusted Variance	Virement Requests	Amounts (to) / from reserve	Residual Variance	Quarter 1 Residual Variance
	£000	£000	£000	£000	£000
<b>Health and Wellbeing</b>	102			102	555
<b>Adults Social Care</b>	(166)			(166)	(866)
<b>Children's Services</b>					
Non dedicated Schools Budget	(2,690)			(2,690)	1,604
<b>Education and 2012 Games</b>					
Dedicated Schools Budget	(180)			(180)	-
Non dedicated Schools Budget	697			697	3,070
Lee Valley Park and 2012 Games	2			2	248
<b>Highways and Transportation</b>	744		750	(6)	472
<b>Economic Growth &amp; Waste &amp; Recycling</b>	(252)			(252)	113
<b>Customer Services, Environment and Culture</b>	1,364		1,279	85	420
<b>Leader</b>	59			59	36
<b>Communities and Planning</b>	(424)		47	(471)	191
<b>Fire Reinstatement Works</b>	-			-	-
<b>Deputy Leader</b>	30			30	(139)
<b>Recharged Support Services</b>					
Highways and Transportation					
Car Provision Scheme	58			58	-
Transport Coordination Centre	(119)			(119)	(68)
Customer Services, Environment and Culture					
Customer Services	656		652	4	(3)
Leader					
Communications and Customer Relations	(210)			(210)	117
Equality and Diversity	(50)			(50)	-
Deputy Leader					
Asset Management	179		321	(142)	(243)
Democratic Services	10			10	37
Essex Legal Services	90			90	(2)
Facilities Management Services	(118)			(118)	658
Finance	(270)			(270)	144
Human Resources	(99)			(99)	(74)
Information Services	(166)			(166)	(3)
Insurance Cost Recovery Account	167			167	-
Performance	(48)			(48)	(36)
Procurement	(397)			(397)	-
Transformation Support Unit	(92)		178	(270)	(87)
<b>Total</b>	<b>(1,123)</b>	<b>-</b>	<b>3,227</b>	<b>(4,350)</b>	<b>6,144</b>
Other Operating Costs	(7,900)		(500)	(7,400)	(4,567)
<b>Total (including Other Operating Costs)</b>	<b>(9,023)</b>	<b>-</b>	<b>2,727</b>	<b>(11,750)</b>	<b>1,577</b>

# APPENDIX B

## REVENUE

### TRADING ACTIVITIES

2011/12 Actual		Original Budget	Latest Budget	2012/13 Outturn Forecast	Variance	Forecast Variance
£000		£000	£000	£000	£000	%
(24,389)	Income	(18,218)	(21,545)	(23,427)	(1,882)	9%
22,767	Expenditure	16,303	19,630	21,586	1,956	10%
<b>(1,622)</b>	<b>(Surplus) / Deficit</b>	<b>(1,915)</b>	<b>(1,915)</b>	<b>(1,841)</b>	<b>74</b>	<b>(4%)</b>
	Appropriations					
(23)	to County Revenue Account	1,876	1,876	1,862	(14)	(1%)
1,645	to Trading Activity Reserves	39	39	439	400	1026%
-	<b>Net movement on the reserve</b>	-	-	<b>460</b>	<b>460</b>	-

# APPENDIX C

## CAPITAL

2012/13

	Year to date		Original Budget £000	Budget Movement		Revised Budget £000	Forecast outturn			RAG status
	Actual	% spend vs forecast		Approved changes from 2011/12	Approved changes		Outturn forecast	Forecast variance	Forecast variance	
	£000	%		£000	£000		£000	£000	%	
Adult Social Care	-	-	5,200	333	-	5,533	5,533	-	-	■
Children's Services	65	-	-	1,809	(330)	1,479	1,476	(3)	(0.2%)	■
Communities & Planning	513	-	1,500	413	-	1,913	1,913	0	0.0%	■
Customer Services, Environment & Culture	229	-	625	1,322	506	2,453	2,104	(349)	(14.2%)	●
Economic Growth, Waste & Recycling	254	-	21,339	11,015	(16,288)	16,066	4,066	(12,000)	(74.7%)	●
Education, Lifelong Learning & 2012 Games	23,929	-	40,773	27,459	(11,027)	57,205	53,105	(4,101)	(7.2%)	●
Finance & Transformation	2,113	-	10,550	4,359	3,290	18,199	6,802	(11,397)	(62.6%)	●
Highways & Transportation	12,818	-	52,594	26,241	8,081	86,916	74,261	(12,656)	(14.6%)	●
Leader	-	-	2,000	27	-	2,027	2,020	(7)	(0.3%)	■
<b>sub-total ECC Capital Programme</b>	<b>39,920</b>	<b>4.6%</b>	<b>134,581</b>	<b>72,979</b>	<b>(15,767)</b>	<b>191,793</b>	<b>151,280</b>	<b>(40,513)</b>	<b>(21.1%)</b>	●
<b>School Balances</b>										
Cash balance held by schools	2,236	-	-	2,236	0	2,236	4,472	2,236	100.0%	◆
Devolved formula capital	3,098	11.2%	-	2,393	7,949	10,342	7,196	(3,146)	(30.4%)	●
<b>sub-total School Balances</b>	<b>5,334</b>	<b>9.2%</b>	<b>-</b>	<b>4,629</b>	<b>7,949</b>	<b>12,578</b>	<b>11,668</b>	<b>(910)</b>	<b>(7.2%)</b>	●
<b>Total ECC &amp; Schools Capital Programmes</b>	<b>45,254</b>	<b>4.9%</b>	<b>134,581</b>	<b>77,608</b>	<b>(7,818)</b>	<b>204,371</b>	<b>162,948</b>	<b>(41,423)</b>	<b>(20.3%)</b>	●

### Financed by

<b>ECC Capital Programme</b>					
Grants		76,891	32,862	(3,190)	106,563
Reserves		1,255	56	(9)	1,302
Developer contributions		18,875	8,198	(6,857)	20,216
Capital receipts		-	1,472	(619)	853
Unsupported borrowing		37,560	30,391	(5,093)	62,858
Borrowing funded by revenue		0	-	-	0
<b>sub-total ECC Capital Programme</b>		<b>134,581</b>	<b>72,979</b>	<b>-15,768</b>	<b>191,792</b>
<b>School Balances</b>					
Grants		-	4,630	3,500	8,130
Unsupported borrowing		-	-	4,449	4,449
<b>sub-total School Balances</b>		<b>-</b>	<b>4,630</b>	<b>7,949</b>	<b>12,579</b>
<b>Total ECC &amp; Schools Capital Funding</b>		<b>134,581</b>	<b>77,608</b>	<b>(7,818)</b>	<b>204,371</b>

### Variance plan

Directorate	Approved changes					Variance Plan				
	Slippage	Additions	Reductions	Advanced Works	2012/13 Approved changes	Slippage	Additions	Reductions	Advanced Works	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	-	-	-	-	-	-	-	-	-	-
Children's Services	(301)	122	(151)	-	(330)	-	-	(3)	-	(3)
Communities & Planning	-	-	-	-	-	-	-	-	-	-
Customer Services, Environment & Culture	-	506	-	-	506	(349)	-	-	-	(349)
Economic Growth, Waste & Recycling	-	-	(16,436)	-	(16,436)	(4,015)	1,464	(9,449)	-	(12,000)
Education, Lifelong Learning & 2012 Games	(10,532)	2,636	(2,982)	-	(10,878)	(3,770)	6,268	(6,625)	28	(4,099)
Finance & Transformation	-	3,299	(9)	-	3,290	(11,037)	84	(447)	-	(11,400)
Highways & Transportation	(120)	23,974	(15,773)	-	8,081	(13,750)	7,436	(6,153)	-	(12,467)
Leader	-	-	-	-	-	-	-	(7)	-	(7)
Archived Capital Codes	-	-	-	-	-	-	-	(188)	-	(188)
<b>Total ECC Capital Programme</b>	<b>(10,953)</b>	<b>30,537</b>	<b>(35,351)</b>	<b>-</b>	<b>(15,767)</b>	<b>(32,921)</b>	<b>15,252</b>	<b>(22,872)</b>	<b>28</b>	<b>(40,513)</b>
<b>School Balances</b>										
Cash balance held by schools	-	-	-	-	-	-	2,236	-	-	2,236
Devolved formula capital	-	7,949	-	-	7,949	(3,360)	5,199	(4,985)	-	(3,146)
<b>Total School Balances</b>	<b>-</b>	<b>7,949</b>	<b>-</b>	<b>-</b>	<b>7,949</b>	<b>(3,360)</b>	<b>7,435</b>	<b>(4,985)</b>	<b>-</b>	<b>(910)</b>
<b>Total ECC &amp; Schools Capital Programmes</b>	<b>(10,953)</b>	<b>38,486</b>	<b>(35,351)</b>	<b>-</b>	<b>(7,818)</b>	<b>(36,281)</b>	<b>22,687</b>	<b>(27,857)</b>	<b>28</b>	<b>(41,423)</b>

### Rag Status

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

# APPENDIX C

## CAPITAL PROGRAMME DETAILED VARIANCE PLAN

### Approval Sought in this Report

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2012/13 Changes £000
<b>Leader</b>					
Essex Insight Information Systems	-	-	(7)	-	(7)
	-	-	(7)	-	(7)
<b>Deputy Leader</b>					
Lan Infrastructure		84			84
WAN Replacement			(81)		(81)
IS Development			(4)		(4)
ICT Modernisation			(363)		(363)
BDUK Essex Next Generation Access	(2,860)				(2,860)
Corporate Systems Upgrade	(2,300)				(2,300)
	<b>(5,160)</b>	<b>84</b>	<b>(447)</b>	-	<b>(5,523)</b>
<b>Finance &amp; Transformation</b>					
Property Transformation	(677)			-	(677)
Social Care IT	(5,200)	-	-	-	(5,200)
	<b>(5,877)</b>	-	-	-	<b>(5,877)</b>
<b>Children's Services</b>					
Minor Works - Leverton Secure			(3)	-	(3)
	-	-	(3)	-	(3)
<b>Economic Growth, Waste &amp; Recycling</b>					
Waste Strategy	(4,015)	1,446	(9,259)		(11,828)
Waste & Recycling		19	(190)	-	(171)
	<b>(4,015)</b>	<b>1,465</b>	<b>(9,449)</b>	-	<b>(11,999)</b>
<b>Education, Lifelong Learning &amp; 2012 Games</b>					
Hadleigh 2012 Games		607			607
Brentwood Endeavour School	(124)	-	-	-	(124)
Broomfield Primary School		-	-	1	1
St John's Primary School		278			278
Capitalised Building Maintenance 2012/13		150	(47)		103
Edith Borthwick Relocation			(998)		(998)
Essex Academies - Witham		559			559
Harlow Primary Additional Places			(14)		(14)
St Johns Abbeyfield Primary	(60)				(60)
St Marys Foundation School Stansted	(180)				(180)
Takeley Primary School Relocation				10	10
Basic Need	(1,427)	274	(140)	17	(1,276)
Primary Capital Programme		32	(293)		(261)
Temporary Accommodation	(434)	402	(54)		(85)
Other Projects	(826)	448	(746)		(1,124)
James Hornsby High BSF	(20)		(548)		(568)
De La Salle BSF	(533)		(1,522)		(2,055)
Shorefields BSF	(109)	842			733
Other BSF		1	(1,348)		(1,347)
Canvey Skills Centre			(402)		(402)
	<b>(3,713)</b>	<b>3,593</b>	<b>(6,112)</b>	<b>28</b>	<b>(6,204)</b>
<b>Highways &amp; Transportation</b>					
Highways Maintenance - schemes completing 2012/13				-	-
Localism - schemes completing 2012/13				-	-
Network Management - schemes completing 2012/13				-	-
Road Safety Asset Management - schemes completing 2012/13				-	-
Safety Camera Rollout				-	-
Passenger Transport				-	-
County Roads Maintenance				-	-
Footway Maintenance				-	-
Street Lighting Replacement				-	-
A130 Bypass PFI Improvement	(50)				(50)
County Bridges Maintenance and Strengthening					-
Safety Barrier Replacement					-
Street Lighting CMS	(2,000)				(2,000)
Section 106					-
Colchester Park & Ride, Cuckoo Farm	(1,500)				(1,500)
Colchester A134 St Botolphs	(500)				(500)
Basildon Enterprise Corridor		50			50
Harlow A414 Capacity Improvements	(200)	98			(102)
Hadleigh Farm Access Improvements		215			215
NAR3 Northern Approaches Road	(7,000)	51			(6,949)
South Essex Rapid Transit	(2,500)				(2,500)
Major Schemes Plan & Mgmt		177	(24)		153
Town Centre Improvements					-
Cycling Programme					-
Private Streetworks & PFI					-
Epping Forest Transport Strategy					-
Other Strategy & Engagement Group			(127)		(127)
	<b>(13,750)</b>	<b>591</b>	<b>(151)</b>	-	<b>(13,310)</b>
<b>Arts Heritage &amp; Culture</b>					
Public Realm	(349)				(349)
	<b>(349)</b>	-	-	-	<b>(349)</b>
<b>TOTAL APPROVAL REQUESTS</b>	<b>(32,864)</b>	<b>5,734</b>	<b>(16,169)</b>	<b>28</b>	<b>(43,272)</b>
<b>Not Requested</b>	<b>(57)</b>	<b>9,518</b>	<b>(6,703)</b>	-	<b>2,758</b>
<b>TOTAL VARIANCE</b>	<b>(32,921)</b>	<b>15,252</b>	<b>(22,872)</b>	<b>28</b>	<b>(40,513)</b>

# APPENDIX D

## BALANCE SHEET

### EARMARKED RESERVES

2012/13

	Balance at 1 April 2012	2012/13 movements						Net Movement	Balance at 31 March 2013 as at 12 September 2012
		Contributions agreed (on IFS)	Contributions agreed (not on IFS)	Contributions to reserves	Withdrawals agreed (on IFS)	Withdrawals agreed (not on IFS)	Withdrawals from reserves		
	£000	£000	£000	£000			£000	£000	£000
<b>General reserves</b>									
Transformation	(17,006)	(12,997)	(500)	(13,497)	10,082	928	11,010	(2,487)	(19,493)
Quadrennial Elections reserve	(506)	(500)		(500)			-	(500)	(1,006)
Capital receipts pump priming	(961)	(1,000)		(1,000)			-	(1,000)	(1,961)
Partnerships	(2,066)				186		186	186	(1,880)
Insurance	(6,883)								(6,883)
LAA Performance	(1,833)								(1,833)
Health and Safety Reserve	(969)					321	321	321	(648)
ESF Reserve	(2,805)								(2,805)
Carbon Reduction reserve	(1,536)	(1,419)		(1,419)				(1,419)	(2,955)
Highways Maintenance reserve	-	(2,000)		(2,000)	2,000		2,000		-
Essex Transport Reserve	(417)								(417)
Carry Forwards Reserve	-								-
Newton bequest reserve	(119)								(119)
Personal Care reserve	-	(3,483)		(3,483)				(3,483)	(3,483)
Severe weather reserve	(252)								(252)
Street Lighting reserve	(476)								(476)
Energy Inflation reserve	-	(1,200)		(1,200)				(1,200)	(1,200)
Building maintenance reserve	(713)								(713)
Procurement reserve	(24)								(24)
Redundancy reserve	(3,600)	(8,500)		(8,500)	76		76	(8,424)	(12,024)
Essex Crime and Police Panel reserve	-	(69)		(69)				(69)	(69)
Tending PPP	(422)								(422)
Trading activities	(3,381)	(39)		(39)				(39)	(3,420)
	<b>(43,969)</b>	<b>(31,207)</b>	<b>(500)</b>	<b>(31,707)</b>	<b>12,344</b>	<b>1,249</b>	<b>13,593</b>	<b>(18,114)</b>	<b>(62,083)</b>
<b>Future capital funding</b>									
General	(3,634)	(8,475)		(8,475)				(8,475)	(12,109)
Bellhouse landfill	(61)								(61)
Historic Building Reserve	(120)								(120)
	<b>(3,815)</b>	<b>(8,475)</b>	<b>-</b>	<b>(8,475)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,475)</b>	<b>(12,290)</b>
<b>Equalisation reserves</b>									
PFI equalisation reserves									
A130 PFI	(57,399)				634		634	634	(56,765)
Clacton secondary schools' PFI	(3,824)	(188)		(188)				(188)	(4,012)
Debden PFI	(4,683)				251		251	251	(4,432)
Building schools for the future PFI	(2,185)								(2,185)
Waste reserve	(44,054)	(17,550)		(17,550)	391		391	(17,159)	(61,213)
Grants equalisation reserve	(10,148)				688	47	735	735	(9,413)
	<b>(122,293)</b>	<b>(17,738)</b>	<b>-</b>	<b>(17,738)</b>	<b>1,964</b>	<b>47</b>	<b>2,011</b>	<b>(15,727)</b>	<b>(138,020)</b>
<b>Schools</b>	<b>(50,320)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,320)</b>
<b>Total</b>	<b>(220,397)</b>	<b>(57,420)</b>	<b>(500)</b>	<b>(57,920)</b>	<b>14,308</b>	<b>1,296</b>	<b>15,604</b>	<b>(42,316)</b>	<b>(262,713)</b>

**GENERAL BALANCE - Movement Analysis**

	<b>£000</b>
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
<b>Actual Balance 1 April 2012</b>	<b>(56,809)</b>
<b>Subsequent movements</b>	
Property Transformation Revenue Investment	1,040
Carry Forwards drawn down:	
AHCW	1,545
ESH	845
SCF	3,690
Strategic Services	581
Grant Variations	(1,546)
<b>Estimated balance at 31st March 2013</b>	<b>(50,654)</b>
<b>Proposals</b>	
<b>Contributions</b>	
<b>Withdrawals</b>	
Sustainable Environment and Enterprise Service (CRC budget reduction)	890
Carry Forward requests:	
ESH	389
<b>Updated Estimated Balance at 31 March 2013</b>	<b>(49,375)</b>

**Emergency Contingency**

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

# APPENDIX E

## PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

### PRUDENTIAL INDICATORS

		Approved Indicator	Latest Estimate
<b>1 Affordability</b>			
Incremental impact on Council Tax	£	0.52	n/a
Ratio of financing costs to net revenue streams (revenue streams relate to Council tax, NNDR and general revenue grants)	%	5.5%	4.6%
<b>2 Prudence</b>			
Net borrowing v Capital Financing Requirement			Net borrowing is well within the medium term forecast of the Capital Financing Requirement.
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	194	166
Capital financing requirement (excluding credit arrangements)	£m	779	731
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	570	n/a
Operational boundary (borrowing only)	£m	470	n/a
Actual external borrowing ( <b>maximum level of debt during year to date</b> )	£m	n/a	368
<b>5 Treasury Management</b>			
Interest rate exposures :			
Upper limit for exposure to fixed rates			
Net exposure	£m	820	286
Debt		100%	100%
Investments		100%	55%
Upper limit for exposure to variable rates			
Net exposure	£m	240	(63)
Debt		30%	2%
Investments		100%	69%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40%	6%
12 months & within 24 months	%	40%	5%
24 months & within 5 years	%	60%	14%
5 years & within 10 years	%	60%	8%
10 years & within 25 years	%	60%	8%
25 years & within 40 years	%	50%	14%
40 years & within 50 years	%	50%	46%
50 years & above	%	10%	0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	n/a
Actual sums invested ( <b>maximum position during year to date</b> )	£m	n/a	-

### 6 Summary

All Treasury Management activities have been undertaken in accordance with approved policies and procedures.

External debt is within prudent and sustainable limits.

Credit arrangements have been undertaken within approved indicators

Maturity Structure of borrowing : the maturity dates for market loans are based on the next review date, not the final maturity date.