

Cabinet	CAB / 015 / 10
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2010/11 FINANCIAL OVERVIEW AS AT THE FIRST QUARTER

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

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Purpose and recommendations

The purpose of this report is to provide a preliminary assessment of the financial position of the Council in 2010/11, 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, which commences on page 3, and explained in more detail within the appendices to the Report.
- (ii) That approval is given to the revenue virements set out within **Appendix C**.
- (iii) That approval is given to supplementary estimate requests, amounting to **£7.332m**, which it is proposed are financed by a withdrawal from the General Balance. These requests are set out within **Appendix G** (page 15).
- (iv) That **£8.1m** is returned to the General Balance in respect of savings identified by Services, including those necessary to mitigate the impact of the withdrawal of grant funding (see **Appendix G** (page 15)).
- (v) That approval is given to supplementary estimate requests, amounting to **£625,000**, which it is proposed are financed from the Emergency Contingency. These requests are set out in **Appendix G** (page 16).
- (vi) That approval is given to supplementary estimate requests, amounting to **£2.286m**, which it is proposed are financed by withdrawals from the following earmarked revenue reserves:
 - **£1.735m** for Information Services, to be financed by a withdrawal from the IMT Reserve.

- **£340,000** for Children's Services, to be financed by a withdrawal from the Children's Reserve.
 - **£100,000** for the Leader portfolio, **£56,000** for the Asset Management Recharged Support Service and **£28,000** for the Chief Whip and Environment and Waste portfolio to provide revenue financing for projects previously included within the Capital Programme, to be financed by a withdrawal from the Reserve for Future Capital Funding.
 - **£17,000** for the Leader portfolio, for the 'supporting diverse communities' initiative, to be financed by a withdrawal from the Service Improvement Reserve.
 - **£10,000** for the Leader portfolio, to provide capital financing for a specific capital project, to be financed by a withdrawal from the Carry Forwards reserve.
- (vii)** That **£347,000** is appropriated into the Service Improvement Reserve, in respect of an under spend on the Insurance Cost Recovery Account (**£226,000**) and in partial repayment of supplementary funding previously awarded to the Heritage, Culture and the Arts portfolio (**£121,000**), and that **£10,000** is appropriated into the Reserve for Future Capital Funding to provide capital financing for a specific capital project.
- (viii)** That the capital payments guideline and financing assumptions are amended, as outlined in **Appendix E**.
- (ix)** That, as a consequence of a review of the 2010/11 Capital Programme, the following actions are retrospectively approved:
- Capital scheme and payment approvals are reduced by **£26.529m**, as illustrated in **Appendix F**.
 - An additional increase to the scheme and payment approval for the Canvey Island vocational centre of **£1.525m**; this scheme is to be financed from the reductions identified within the Leader portfolio (as set out within **Appendix F**).
 - An additional increase to the scheme and payment approval for the Hadleigh Farm Park scheme of **£1.014m**; this scheme is to be financed from the reductions identified within the Education and 2012 Games Portfolio (as set out within **Appendix F**).
 - The transfer of capital scheme and payment approvals of **£2.868m** from schemes within the Education and 2012 Games (**£1.719m**) and Heritage, Culture and the Arts (**£1.149m**) portfolios to the Leader portfolio, in respect of the Canvey Vocational Centre.
 - The re-profiling of payment approvals of **£5.378m** into subsequent years, as set out within **Appendix F**.

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 2009/10, and amounts it is proposed to appropriate to or from earmarked reserves and draw from the Emergency Contingency, is a net over spend for the year of £12.770m. However, included within this total are under spends, amounting to £5.696m, which the relevant services have indicated that they wish to retain at this stage. It is also proposed that £768,000 is returned to the General Balance. Recovery plans are being developed for mitigating the underlying over spend, which amounts to £19.234m.</p> <p>Area Based, Performance Reward and other grants previously awarded to the Council have been withdrawn as part of a programme of national funding cuts announced by the Government in June 2010. In some cases, budgets have already been adjusted in line with the revised grant allocations. In other cases, expenditure plans have yet to be correspondingly reduced, and are therefore incorporated within this report as budget pressures.</p>	
Trading activities	<p>At this stage, it is anticipated that the Trading Activities' revenue reserves will increase from £2.885m to £3.430m as a consequence of performance in 2010/11.</p>	
Capital	<p>Capital payment approvals for 2010/11 originally amounted to £383.921m. The Council's Political and Corporate Leadership Teams subsequently considered options for reducing the capital programme, focusing specifically on projects due to start in 2010/11. As a consequence of this review, a number of schemes have been removed from the programme (amounting to £26.529m) or have been deferred until a later financial year (£5.378m). Partially offsetting these reductions, schemes totalling £2.539m were added to the Programme. Approval is sought, retrospectively, to these changes which are incorporated into the latest approved capital payments guideline.</p>	

<p>Capital (continued)</p>	<p>In addition to these changes, the capital payments guideline has been increased to take account of payments slippage from 2009/10 (£28.958m) and other additions (£1.712m), and then reduced by (£760,000). The latest approved capital payments guideline amounts to £384.463m.</p> <p>Capital expenditure is currently forecast to be £32.314m below the latest approved payments guideline.</p> <p>Approval is sought to:</p> <ul style="list-style-type: none"> ▪ Re-profile payment approvals of £2.549m into 2011/12 as a consequence of slippage in schemes; ▪ Bring forward payment approvals from 2011/12 of £600,000 as a consequence of schemes progressing ahead of schedule; ▪ Increase the starts and payment approvals in 2010/11 by £23.172m; and ▪ Reduce payment approvals by £53.537m. 	
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<p>Reserves and balances</p>	<p>General Balance</p> <ul style="list-style-type: none"> ▪ The General Balance amounted to £33.384m as at 1 April 2010. ▪ No further changes have been approved during the year to date. However, proposals are contained within this report for returning £8.1m to the General Balance, and for withdrawing £7.332m. ▪ The General Balance is estimated to amount to £34.152m at 31 March 2011 as a consequence of these proposals. ▪ The proposed movements in the General Balance are set out within Appendix G (see page 15). 	
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<p>Reserves and balances</p>	<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. 	
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Reserves and balances	<p>Earmarked revenue reserves (continued)</p> <ul style="list-style-type: none"> Proposals are contained within this report for appropriating funds to or from several of the earmarked revenue reserves. The proposals are brought together within the Operating Costs section of Appendix I (which commences on page 79 of the report); the resultant levels of reserves are set out within Appendix G (page 13). 	
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Reserves and balances	<p>Emergency Contingency</p> <ul style="list-style-type: none"> The Emergency Contingency was set at £8.0m for 2010/11. No amounts have been withdrawn from the Emergency Contingency during the year to date. However, requests for supplementary funding, which amount to £625,000, are contained within this report. These requests are detailed in Appendix G (page 16). 	
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RAG status	
	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

REVENUE

SUMMARY

2008-09 Actual		2010/11					Variance £000	RAG status
		Original Budget £000	Budget Movements		Latest Estimate £000	Forecast Outturn £000		
£000		£000	B/fwd from 2009/10 £000	Other £000	£000	£000	£000	
317,310	Adults, Health and Community Wellbeing	375,048	-	1,425	376,473	379,614	3,141	♦
	Children's Services							
(3,147)	Dedicated Schools Budget	(3,128)	-	(6,021)	(9,149)	(9,149)	-	■
133,518	Non Dedicated Schools Budget	148,754	-	(2,265)	146,489	145,973	(516)	●
	Education and 2012 Games							
1,197	Dedicated Schools Budget	721	-	7,211	7,932	7,932	-	■
43,588	Non Dedicated Schools Budget	52,891	-	(408)	52,483	46,489	(5,994)	●
2,395	Lee Valley Park and 2012 Games	2,508	-	-	2,508	2,496	(12)	■
74,463	Highways and Transportation	73,987	-	(141)	73,846	74,724	878	♦
62,827	Chief Whip and Environment and Waste	65,092	-	(23)	65,069	65,012	(57)	■
22,134	Heritage, Culture and the Arts	21,518	-	(59)	21,459	21,508	49	●
9,528	Leader	17,364	-	2,014	19,378	19,749	371	●
6,618	Communities and Planning	5,001	-	(2)	4,999	5,124	125	●
(56)	Major Projects and Commercial Services	1,891	-	(791)	1,100	1,211	111	♦
7,092	Deputy Leader, Finance and Transformation	2,667	(180)	180	2,667	2,637	(30)	■
	Recharged Support Services							
	Highways and Transportation							
1,375	Transport Coordination Centre	1,415	-	-	1,415	1,426	11	●
	Chief Whip and Environment and Waste							
881	Democratic Services	918	(22)	-	896	896	-	■
	Leader							
2,263	Communications & Customer Relations	2,275	-	8	2,283	2,283	-	■
1,664	Customer Contact Centre	1,525	-	-	1,525	1,618	93	♦
	Major Projects and Commercial Services							
14,192	Facilities Management Service	12,970	(96)	122	12,996	13,907	911	♦
4,113	Essex Legal Services	2,622	-	447	3,069	3,069	-	■
4,863	Asset Management	2,672	(16)	(1,038)	1,618	2,056	438	♦
2,354	Procurement & Car Provision Scheme	1,689	-	38	1,727	2,084	357	♦
	Deputy Leader, Finance and Transformation							
8,768	Human Resources	8,583	-	(333)	8,250	8,250	-	■
24,604	Information Services	15,807	-	(755)	15,052	16,787	1,735	♦
14,975	Finance	7,140	-	1,857	8,997	10,798	1,801	♦
2,279	Transformation Support Unit	6,019	-	(1,256)	4,763	4,763	-	■
1,554	Insurance Cost Recovery Account	5,354	-	-	5,354	4,685	(669)	●
5,129	Building Maintenance	2,652	-	-	2,652	2,652	-	■
766,481	Net cost of services (Portfolios)	835,955	(314)	210	835,851	838,594	2,743	♦
	Operating costs							
47,122	Appropriations	12,985	-	(210)	12,775	16,568	3,793	♦
33,989	Other operating costs	55,154	-	-	55,154	54,529	(625)	●
847,592	Net Cost of Services	904,094	(314)	-	903,780	909,691	5,911	♦
(51,416)	General government grant	(82,031)	-	-	(82,031)	(75,172)	6,859	♦
796,176	Net Expenditure	822,063	(314)	-	821,749	834,519	12,770	♦
(12,467)	General balance - contribution / (withdrawal)	-	314	-	314	1,082	768	♦
-	Net savings required to offset pressures	-	-	-	-	(19,234)	(19,234)	●
-	Under spends earmarked for future spend	-	-	-	-	5,696	5,696	♦
783,709	Budget Requirement	822,063	-	-	822,063	822,063	-	■
	Financed by							
(28,456)	Revenue Support Grant	(31,281)	-	-	(31,281)	(31,281)	-	■
(204,415)	National non-domestic rates	(215,423)	-	-	(215,423)	(215,423)	-	■
(547,316)	Council tax precept	(574,956)	-	-	(574,956)	(574,956)	-	■
(3,522)	Collection fund surpluses	(403)	-	-	(403)	(403)	-	■
(783,709)	Total Financing	(822,063)	-	-	(822,063)	(822,063)	-	■

REVENUE

VARIANCE PLAN

	Provisional Outturn Variance	Virements	Returns (to) / from General Balance	Over spends to be addressed	Under spends to be retained	Withdrawals from Emergency Contingency	Appns (to) / from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000	£000
Adults, Health and Community Wellbeing	3,141	12	-	3,787	(658)	-	-	3,141
Children's Services								
Dedicated Schools Budget	-	-	-	494	(494)	-	-	-
Non Dedicated Schools Budget	(516)	(1,115)	(2,234)	3,561	(1,068)	-	340	(516)
Education and 2012 Games								
Dedicated Schools Budget	-	-	-	27	(27)	-	-	-
Non Dedicated Schools Budget	(5,994)	974	(4,988)	216	(2,196)	-	-	(5,994)
Lee Valley Park and 2012 Games	(12)	-	(7)	-	(5)	-	-	(12)
Highways and Transportation	878	-	-	1,085	(207)	-	-	878
Chief Whip and Environment and Waste	(57)	6	-	925	(1,016)	-	28	(57)
Heritage, Culture and the Arts	49	(117)	-	287	-	-	(121)	49
Leader	371	147	132	-	(25)	-	117	371
Communities and Planning	125	-	-	-	-	125	-	125
Major Projects and Commercial Services	111	-	-	111	-	-	-	111
Deputy Leader, Finance and Transformation	(30)	-	(30)	-	-	-	-	(30)
Recharged Support Services								
Highways and Transportation								
Transport Coordination Centre	11	-	-	11	-	-	-	11
Chief Whip and Environment and Waste								
Democratic Services	-	-	-	-	-	-	-	-
Leader								
Communications & Customer Relations	-	-	-	-	-	-	-	-
Customer Contact Centre	93	93	-	-	-	-	-	93
Major Projects and Commercial Services								
Facilities Management Service	911	-	-	911	-	-	-	911
Essex Legal Services	-	-	-	-	-	-	-	-
Asset Management	438	-	-	382	-	-	56	438
Procurement & Car Provision Scheme	357	-	-	357	-	-	-	357
Deputy Leader, Finance and Transformation								
Human Resources	-	-	-	-	-	-	-	-
Information Services	1,735	-	-	-	-	-	1,735	1,735
Finance	1,801	443	-	1,358	-	-	-	1,801
Transformation Support Unit	-	-	-	-	-	-	-	-
Insurance Cost Recovery Account	(669)	(443)	-	-	-	-	(226)	(669)
Building Maintenance	-	-	-	-	-	-	-	-
Net cost of services (Portfolios)	2,743	-	(7,127)	13,512	(5,696)	125	1,929	2,743
Operating costs								
Appropriations	3,793	-	-	5,722	-	-	(1,929)	3,793
Other operating costs	(625)	-	-	-	-	(625)	-	(625)
Net Cost of Services	5,911	-	(7,127)	19,234	(5,696)	(500)	-	5,911
General government grant	6,859	-	6,359	-	-	500	-	6,859
Net Expenditure	12,770	-	(768)	19,234	(5,696)	-	-	12,770

REVENUE

VIREMENT REQUESTS

	2010/11			Full year effect		
	Increases £000	Decreases £000	Net movement £000	Increases £000	Decreases £000	Net movement £000
Adults, Health and Community Wellbeing						
Adult Social Care						
Access, Assessment and Care Management Countywide	662	(74)	588	662	(74)	588
Support facilitated (purchased and provided care) Physical & Sensory Impairment	-	(93)	(93)	-	(93)	(93)
Learning disabilities	-	(818)	(818)	-	(707)	(707)
Supporting people Programme costs	1,006	-	1,006	1,006	-	1,006
Supporting People ASC	-	(406)	(406)	-	(406)	(406)
Service management costs	74	(339)	(265)	74	(339)	(265)
Total Adults, Health and Community Wellbeing	1,742	(1,730)	12	1,742	(1,619)	123
Children's Services						
Non Dedicated Schools budget						
Schools LA Access (asset management)	-	(974)	(974)	-	(974)	(974)
Special School Improvement	-	(424)	(424)	-	(424)	(424)
Special Educational Needs - Home to school transport	111	-	111	-	-	-
Children's Services (Children looked after)	208	-	208	208	-	208
Children's Services (Care Management and Assessment)	-	(36)	(36)	-	-	-
Total Children's Services	319	(1,434)	(1,115)	208	(1,398)	(1,190)
Education and 2012 Games						
Non Dedicated Schools budget						
Building Schools for the Future (BSF)	1,039	(65)	974	1,039	(65)	974
Total Education and 2012 Games	1,039	(65)	974	1,039	(65)	974
Highways and Transportation						
Roads and footways	2,116	(2,116)	-	-	-	-
Total Highways and Transportation	2,116	(2,116)	-	-	-	-
Chief Whip, Environment and Waste						
Leisure - Marsh Farm Country Park	23	-	23	-	-	-
Leisure - Country Parks	-	(17)	(17)	-	-	-
Total Chief Whip, Environment and Waste	23	(17)	6	-	-	-
Heritage, Culture and the Arts						
Crossing Temple	-	(6)	(6)	-	-	-
Quality of life	-	(147)	(147)	-	(147)	(147)
Libraries and Information Services - Operational services	36	-	36	-	-	-
Total Heritage, Culture and the Arts	36	(153)	(117)	-	(147)	(147)
Leader						
Corporate Management - leadership	147	-	147	147	-	147
Essex initiatives	-	(6)	(6)	-	-	-
Economic regeneration	6	-	6	-	-	-
Total Leader	153	(6)	147	147	-	147
Deputy Leader, Finance and Transformation Project						
Precepts						
Environment Agency	-	(9)	(9)	-	(9)	(9)
Kent and Essex Sea Fisheries	9	-	9	9	-	9
Deputy Leader, Finance and Transformation Project	9	(9)	-	9	(9)	-
Recharged Strategic Support Services						
Customer Contact Centre	93	-	93	93	-	93
Finance	443	-	443	-	-	-
Insurance Cost Recovery Account	-	(443)	(443)	-	-	-
Total Recharged strategic support services	536	(443)	93	93	-	93
Total	5,993	(5,993)	-	3,238	(3,238)	-

REVENUE

TRADING ACTIVITIES

2009/10 Actual		2010/11			Variance £000	Variance %	Rag Status
		Original Budget £000	Latest Budget £000	Forecast Outturn £000			
(20,434)	Income	(15,308)	(15,130)	(15,130)	-	-	■
19,508	Expenditure	14,967	14,585	14,585	-	-	■
-	Financing Items	-	-	-	-	-	■
(926)	(Surplus)/Deficit	(341)	(545)	(545)	-	-	■
605	Appropriations	-	-	-	-	-	■
(321)	Net (increase) / decrease in revenue reserves	(341)	(545)	(545)	-	-	■
Net(increase)/decrease in Trading Activities reserves							
-	School Improvement & Advisory Service	(246)	(451)	(451)	-	-	■
-	School Support - Finance	(26)	(25)	(25)	-	-	■
-	Schools: Other	(1)	(1)	(1)	-	-	■
(399)	School staffing insurance scheme	-	-	-	-	-	■
83	Essex Equipment Service	-	-	-	-	-	■
(5)	Smarte East	(68)	(68)	(68)	-	-	■
-	Viking Community Transport	-	-	-	-	-	■
-	Essex Transport	-	-	-	-	-	■
-	Information Services infrastructure	-	-	-	-	-	■
-	Reprographics	-	-	-	-	-	■
(321)	Net (increase) / decrease in revenue reserves	(341)	(545)	(545)	-	-	■
2009/10 Closing Balance					2010/11		
					Opening Balance	Closing Balance	
£000					£000	£000	
(2,885)	Total Reserves Balance				(2,885)	(3,430)	

CAPITAL

SUMMARY OF PAYMENTS AND FINANCING

	2010-11		Outturn Forecast	Forecast variance	RAG status
	Original Budget	Latest Budget			
	£000	£000			
Adults, Health and Community Wellbeing	10,185	5,073	5,073	-	■
Children's Services	27,692	34,240	39,076	4,836	◆
Education and 2012 Games					
Schools	109,877	113,258	113,793	535	◆
Youth service	10,075	2,474	2,474	-	◆
2012 Games	700	1,848	1,957	109	◆
Highways and Transportation					
DFT Capital Maintenance	20,959	20,959	20,959	-	◆
DFT Integrated Transport	20,257	21,700	21,700	-	◆
DFT Direct Grants	31,613	31,680	34,170	2,490	◆
ECC Funded Capital	29,748	23,599	23,599	-	■
Community Infrastructure Grant	23,690	29,744	29,544	(200)	■
All other highways capital schemes	8,036	8,728	9,948	1,220	◆
Chief Whip, Environment and Waste	14,146	10,802	10,802	-	■
Heritage, Culture and the Arts	7,273	5,961	5,961	-	■
Leader	4,416	6,916	6,821	(95)	■
Communities & Planning	3,830	5,047	5,047	-	■
Major Projects & Commercial Services	48,299	49,292	7,583	(41,709)	●
Deputy Leader, Finance & Transformation Programme	11,825	13,325	13,825	500	◆
Building Maintenance	1,300	(183)	(183)	-	■
Total payments to be financed in 2010/11	383,921	384,463	352,149	(32,314)	●
Financed by					
Supported borrowing	(51,545)	(51,545)	(51,545)	-	■
Unsupported borrowing	(92,534)	(76,071)	(74,745)	1,326	●
Grants and contributions	(238,176)	(254,220)	(223,297)	30,923	●
Capital receipts	-	(1,822)	(1,931)	(109)	◆
Reserve for future capital funding	(1,666)	(805)	(631)	174	●
Total Financing	(383,921)	(384,463)	(352,149)	32,314	●

CAPITAL

VARIANCE PLAN

	Outturn Forecast Variance	Additions	Reductions	Advanced works	Slippage	2009/10 Changes	2010/11 Changes
	£000	£000	£000	£000	£000	£000	£000
Education and 2012 Games							
Schools	535	-	(65)	600	-	535	(600)
Youth Service	-	-	-	-	-	-	-
2012 Games	109	109	-	-	-	109	-
Deputy Leader	4,836	8,113	(3,277)	-	-	4,836	-
Adults, Health and Community Wellbeing	-	-	-	-	-	-	-
Highways and Transportation							
DFT Capital Maintenance	-	-	-	-	-	-	-
DFT Integrated Transport	-	-	-	-	-	-	-
DFT Direct Grants	2,490	2,490	-	-	-	2,490	-
ECC Funded Capital	-	366	(366)	-	-	-	-
Community Infrastructure Grant	(200)	-	(200)	-	-	(200)	-
All other highways capital schemes	1,220	1,920	-	-	(700)	1,220	700
Chief Whip and Environment and Waste Leader	(95)	33	(128)	-	-	(95)	-
Localism & Planning	-	-	-	-	-	-	-
Heritage, Culture and the Arts	-	-	-	-	-	-	-
Central Services	500	10,141	(9,641)	-	-	500	-
Finance and Change Management	(41,709)	-	(39,860)	-	(1,849)	(41,709)	1,849
Building Maintenance	-	-	-	-	-	-	-
Total Variance	(32,314)	23,172	(53,537)	600	(2,549)	(32,314)	1,949
Financed by							
Supported borrowing	-	-	-	-	-	-	-
Unsupported borrowing	1,326	(10,530)	10,007	-	1,849	1,326	(1,849)
Grants and contributions	30,923	(12,523)	43,346	(600)	700	30,923	(100)
Capital receipts	(109)	(109)	-	-	-	(109)	-
Reserve for future capital funding	174	(10)	184	-	-	174	-
	32,314	(23,172)	53,537	(600)	2,549	32,314	(1,949)

CAPITAL

CAPITAL REVIEW CHANGES

	2010-11 Approvals				Total changes	2011/12	2012/13	2013/14	2014/15
	Reductions	Reprofiled	Transfers	Additions					
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adults, Health and Community Wellbeing	(5,500)	-	-	-	(5,500)	-	-	-	-
Children's Services	(3,189)	-	-	-	(3,189)	-	-	-	-
Education and 2012 Games	-	(1,200)	(1,719)	-	(2,919)	1,200	-	-	-
Schools	(5,700)	(2,178)	-	-	(7,878)	2,050	113	15	-
Youth service	(200)	-	-	1,014	814	-	-	-	-
2012 Games	-	-	-	-	-	-	-	-	-
Highways and Transportation	-	-	-	-	-	-	-	-	-
DFT Capital Maintenance	-	-	-	-	-	-	-	-	-
DFT Integrated Transport	-	-	-	-	-	-	-	-	-
DFT Direct Grants	-	-	-	-	-	-	-	-	-
ECC Funded Capital	(2,530)	-	-	-	(2,530)	-	-	-	-
Community Infrastructure Grant	-	-	-	-	-	-	-	-	-
All other highways capital schemes	-	-	-	-	-	-	-	-	-
Chief Whip, Environment and Waste	(5,123)	-	-	-	(5,123)	-	-	-	-
Heritage, Culture and the Arts	(1,137)	(2,000)	(1,149)	-	(4,286)	500	500	500	500
Leader	(1,530)	-	2,868	1,525	2,863	-	-	-	-
Communities & Planning	(620)	-	-	(620)	(620)	-	-	-	-
Major Projects & Commercial Services	(940)	-	-	(940)	(940)	-	-	-	-
Deputy Leader, Finance & Transformation Programme	-	-	-	-	-	-	-	-	-
Building Maintenance	(60)	-	-	-	(60)	-	-	-	-
Total payments to be financed in 2010/11	(26,529)	(5,378)	-	2,539	(29,368)	3,750	613	515	500
Financed by									
Supported borrowing	-	-	-	-	-	-	-	-	-
Unsupported borrowing	(23,407)	(5,378)	-	2,539	(26,246)	3,750	613	515	500
Grants and contributions	(3,122)	-	-	-	(3,122)	-	-	-	-
Capital receipts	-	-	-	-	-	-	-	-	-
Reserve for future capital funding	-	-	-	-	-	-	-	-	-
Total Financing	(26,529)	(5,378)	-	2,539	(29,368)	3,750	613	515	500

RESERVES AND BALANCES

EARMARKED RESERVES

	2010/11 estimate			Balance at 31 March 2011	(Increase) / decrease in reserves during 2010/11
	Balance at 1 April 2010	2010/11 movements			
	£000	Contributions to reserves £000	Withdrawals from reserves £000		
General reserves					
Service improvements	(5,164)	(330)	4,329	(1,165)	3,999
Essex Pledges	(7,526)	-	7,526	-	7,526
Quadrennial Elections reserve	(594)	-	-	(594)	-
Capital receipts pump priming	(866)	-	-	(866)	-
IMT development	(1,947)	-	1,735	(212)	1,735
Partnerships	(968)	-	-	(968)	-
Insurance	(467)	-	132	(335)	132
Essex Art Fund	(258)	-	-	(258)	-
LAA Performance	(1,873)	(5,722)	7,595	-	1,873
Health and Safety Reserve	(1,087)	-	-	(1,087)	-
ExDRA partnership	(4,221)	-	-	(4,221)	-
Carbon Reduction reserve	(1,536)	-	-	(1,536)	-
Essex on-line partnership	(248)	-	-	(248)	-
Children's Reserve	-	(4,400)	340	(4,060)	(4,060)
Essex Transport Reserve	(1,398)	-	16	(1,382)	16
Carry Forwards Reserve	(6,044)	-	10	(6,034)	10
Developing Partnerships	(1,500)	-	-	(1,500)	-
Life Raft Pledge reserve	(728)	-	-	(728)	-
Newton bequest reserve	(118)	-	-	(118)	-
Personal Care reserve	-	(1,800)	-	(1,800)	(1,800)
Severe weather reserve	(252)	-	-	(252)	-
Tending PPP	(429)	-	-	(429)	-
Trading activities	(2,885)	(545)	-	(3,430)	(545)
	(40,109)	(12,797)	21,683	(31,223)	8,886
Future capital funding					
General	(3,517)	174	631	(2,712)	805
Bellhouse landfill	(61)	-	-	(61)	-
Historic Building Reserve	(120)	-	-	(120)	-
	(3,698)	174	631	(2,893)	805
Equalisation reserves					
PFI equalisation reserves					
A130 PFI	(51,863)	(1,915)	-	(53,778)	(1,915)
Clacton secondary schools' PFI	(4,685)	(172)	-	(4,857)	(172)
Debden PFI	(5,533)	(96)	-	(5,629)	(96)
Waste reserve	(35,428)	(23,990)	-	(59,418)	(23,990)
Landfill allowances equalisation	-	-	-	-	-
	(97,509)	(26,173)	-	(123,682)	(26,173)
Schools	(48,551)	-	-	(48,551)	-
Total	(189,867)	(38,796)	22,314	(206,349)	(16,482)

Explanations of the movement in reserve balances since 31 March 2010 are as follows:

- **Service improvement reserve** – a withdrawal of **£4.289m** was approved as part of the 2010/11 Original Budget. In addition, a withdrawal of **£40,000** has been agreed (via a Cabinet Member Action) for the Infopoint Partnership project. Proposals are also contained within this report to:
 - Appropriate an under spend on the Insurance Cost Recovery Account (**£226,000**) into the Reserve;

- Appropriate **£121,000** into the reserve, as partial repayment of supplementary funding awarded to Libraries and Information Services in a previous financial year; and
- Withdraw **£17,000** in respect of the 'supporting diverse communities' initiative.
- **Essex Pledges reserve** – a withdrawal of **£7.526m** was approved as part of the 2010/11 Original Budget.
- **IMT development reserve** – approval is sought, within this report, to withdraw **£1.735m** from this reserve, for use by Information Services.
- **Insurance reserve** – a withdrawal of **£132,000** was approved as part of the 2010/11 Original Budget.
- **LAA performance reward reserve** – a withdrawal of **£7.595m** was approved as part of the 2010/11 Original Budget. Due to a reduction in the amount of Performance Reward Grant receivable, there is now only **£1.873m** available to withdraw.
- **Children's reserve** - a contribution of **£4.4m** was approved as part of the 2010/11 Original Budget, and this is partially offset by a proposal, within this report, to withdraw **£340,000** from the reserve.
- **Essex Transport reserve** – a withdrawal of **£16,000** was approved as part of the 2010/11 Original Budget.
- **Carry forwards reserve** – approval is sought, within this report, to withdraw **£10,000** from this reserve.
- **Personal Care reserve** - a contribution of **£1.8m** was approved as part of the 2010/11 Original Budget.
- **Trading activities** – originally budgeted surplus amounted to **£341,000**. This has subsequently been forecast to increase by **£204,000**.
- **Future capital funding** – approval is sought, within this report, to withdraw **£184,000** from this reserve and to appropriate **£10,000** into the reserve to provide financing for a specific capital scheme. It is also proposed to finance capital expenditure of **£631,000** from the Reserve.
- **PFI reserves** – contributions amounting to **£2.183m** were approved as part of the 2010/11 Original Budget.
- **Waste reserve** – a contribution of **£24.160m** was approved as part of the 2010/11 Original Budget. Subsequently, approval has been given to withdraw **£170,000** (via a Cabinet Member Action) for use by Communications and Customer relations.

RESERVES AND BALANCES

GENERAL BALANCE

	£000
Actual Balance 31 March 2010	(33,070)
Repayment of over spends in 2009/10	(314)
2010/11 planned contribution	-
Actual Balance 1 April 2010	(33,384)
Subsequent movements	-
Estimated balance at 31st March 2011	(33,384)
First Quarter Report Proposals	
Withdrawals	
Withdrawals to mitigate impact of withdrawal of grant funding	
General Government Grant - withdrawal of Area Based Grant	6,359
Other withdrawals	
Education & 2012 Games - transfer of LSC funding to Area Based Grant (ABG)	710
Leader - Economic Regeneration	146
Leader - Skills and International Trade (transfer of LSC funding to ABG)	117
Contributions	
Savings due to loss of grant funding	
Children's Services - withdrawal of Area Based Grant	(2,234)
Education & 2012 Games - withdrawal of Area Based and other grants	(5,698)
Other contributions	
Education & 2012 Games - Lee Valley Country Park precept	(7)
Leader - Democratic representation & management	(33)
Leader - LAA pooled funds	(98)
Deputy Leader - Second homes discount and precepts	(30)
Updated estimated balance at 31 March 2011	(34,152)

RESERVES AND BALANCES

EMERGENCY CONTINGENCY

	£000
Actual Balance 1 April 2010	(8,000)
Approved Withdrawals	-
Estimated balance at 31 March 2011	(8,000)
First Quarter report - proposed withdrawals	
Communities and Planning - Development management	125
General Government Grants (LABGI)	500
Updated estimated balance at 31 March 2011	(7,375)

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Latest Estimate
1 Affordability			
Incremental impact on Council Tax	£	4.87	n/a
Ratio of financing costs to net revenue streams	%	5.7%	5.8%
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	384	352
Capital financing requirement	£m	784	674
4 External Debt			
Authorised limit for external debt	£m	670	n/a
Operational boundary for external debt	£m	550	n/a
Actual external debt (maximum level of debt during year to date)	£m	n/a	365
5 Treasury Management			
Interest rate exposures -			
Upper Limit - fixed rates	%	100%	89%
Upper Limit - variable rates	%	70%	30%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	20%	0%
12 months & within 24 months	%	40%	0%
24 months & within 5 years	%	60%	2%
5 years & within 10 years	%	80%	2%
10 years & above	%	100%	98%
Total sums invested for more than 364 days			
Authorised limit	£m	50	n/a
Actual sums invested (maximum position during year to date)	£m	n/a	10

Comments

- Activities have remained within the boundaries established by the approved prudential indicators.
- Actual borrowing has remained well below the operational boundary and authorised limit for external debt.
- The effects of bringing the Council's Public Finance Initiative (PFI) and Public Private Partnership (PPP) schemes onto the Balance Sheet in 2009/10 are not included either within the approved prudential indicators shown above or within the latest estimates.

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

TREASURY MANAGEMENT

	Opening Balance	Raised	Repaid	Balance	Movement	Interest payable / earned
	£000	£000	£000	£000	£000	£000
Borrowing						
Long Term	321,744	40,000	273	361,471	39,727	3,731
Temporary	1,618	1,197	303	2,512	894	2
	323,362	41,197	576	363,983	40,621	3,733
Investments						
Long Term	10,000	-	5,000	5,000	5,000	174
Temporary	91,979	20,600	386	112,193	(20,214)	375
	101,979	20,600	5,386	117,193	(15,214)	549
Net indebtedness	221,383	20,597	(4,810)	246,790	25,407	3,184
Average daily cash balance over period (£000)						144,829
Average interest earned over period						1.39%
Average long term borrowing over period (£000)						350,769
Average interest paid over period						4.27%

Comments

- Treasury management activities were undertaken in accordance with approved policies and procedures.
- The Borrowing Requirement was originally estimated at **£144m**, but has now been revised downwards to **£126m**. **£40m** of long term loans have been secured from the Public Works Loans Board during the year to date, at an average rate of **4.1%**. Decisions on further borrowing during the remainder of the financial year will be subject to prevailing interest rates and cash flow requirements.
- Pension Fund cash was previously consolidated and invested with the Council's own cash balances. With effect from 1 April 2010, the Pension Fund's cash has been invested independently so is not reflected in the above figures.

PORTFOLIO COMMENTARY

Adults, Health and Community Wellbeing	Cllr Ann Naylor	Pages 20 - 22
Children's Services	Cllr Sarah Candy	Pages 23 - 28
Education and 2012 Games	Cllr Stephen Castle	Pages 29 - 37
Highways and Transportation	Cllr Norman Hume	Pages 38 - 43
Chief Whip and Environment & Waste	Cllr Tracey Chapman	Pages 44 - 49
Heritage, Culture and the Arts	Cllr Jeremy Lucas	Pages 50 - 53
Leader	Cllr Peter Martin	Pages 54 - 59
Communities and Planning	Cllr John Jowers	Pages 60 - 63
Major Projects and Commercial Services	Cllr Derrick Louis	Pages 64 - 70
Deputy Leader, Finance and Transformation	Cllr David Finch	Pages 71 - 78

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

REVIEW	COMMENTARY	RAG STATUS
REVENUE	An over spend of £3.141m is currently forecast. The over spend is predominantly within Support Facilitated (£2.611m) in relation to the Older People's budget where there is pressure against both residential and domiciliary services.	
CAPITAL	All projects are expected to be online at this stage.	

RAG status	
	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

ADULTS, HEALTH AND COMMUNITY WELLBEING ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Access, Assessment and Care Management	27,710	27,710	-	■
Support Facilitated (purchased & provided care)	269,610	272,221	2,611	◆
Mental Health	21,456	21,456	-	■
Other Social Care	7,199	7,199	-	■
Supporting People	30,053	30,583	530	◆
Service Management costs	20,084	20,084	-	■
Corporate and Democratic Core	361	361	-	■
TOTAL	376,473	379,614	3,141	◆

Support Facilitated (purchased and provided care)

The most significant pressures relate to residential (£2.3m) and domiciliary (£2.0m) care for older people.

An under spend of £1.3m is forecast in relation to residential care for people with learning disabilities, mainly due to transition clients. Spending on community support for people with learning disabilities is forecast to exceed the budget by £2.1m, but this is largely offset by an under spending on direct payments of £1.7m.

Residential care for physical and sensory impairment clients is likely to exceed the budget by £400,000, but this is offset by under spends on community support (£400,000) and direct payments (£800,000).

Supporting People

An over spend of £530,000 is forecast. The withdrawal of Area Based Grant of £670,000 has caused a funding pressure. This has been partly offset by under spends on administrative expenses (£68,000) and provider payments (£72,000).

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Access, Assessment & Care Management	588	-	(588)	-	-	-	-
Support Facilitated (purchased & provided care)	(911)	-	-	3,522	-	-	2,611
Mental Health	-	-	-	-	-	-	-
Other Social Care	-	-	-	-	-	-	-
Supporting People	600	-	(70)	-	-	-	530
Service Management costs	(265)	-	-	265	-	-	-
Corporate and Democratic Core	-	-	-	-	-	-	-
TOTAL	12	-	(658)	3,787	-	-	3,141

ADULTS, HEALTH AND COMMUNITY WELLBEING ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
LD Residential Re-provision	1,713	1,713	-	■
Extra Care Housing - Shaftsbury	2,653	2,653	-	■
IT Infrastructure Grant	419	419	-	■
Adult Social Care Other - Misc	288	288	-	■
TOTAL	5,073	5,073	-	■

All schemes

It is currently anticipated that expenditure will be in line with the latest approved capital payments guideline.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
LD Residential Re-provision	-	-	-	-	-	-
Extra Care Housing - Shaftsbury	-	-	-	-	-	-
IT Infrastructure Grant	-	-	-	-	-	-
Adult Social Care Other - Misc	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

CHILDREN'S SERVICES ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	<p>The net position for the portfolio is an under spend of £516,000. However, after technical adjustments (sought as part of this report), the underlying operational over spend is £2.493m.</p> <p>Delivery plans to manage the full emergent pressures described below are not yet in place, but are being developed.</p> <p>The key driver for the over spend is the significant cuts in grant funding announced in June and July 2010 (in Area Based Grant, in particular). The Service continues to review all grant funding programmes and will provide an update at the Half Year stage. The major financial risk to the Service is that of mobilising quickly enough to realise in year savings. Given that the announcements were made during the first quarter, we have reduced time to affect the savings in year. The Service is balancing the cash benefit of making immediate severe cuts against a fuller managed position of service impact.</p> <p>Before the announcement of the cuts, a review was already in progress looking at all grant funding streams, with a budgeted income target to realise £2.9m to fund priority services in 2010/11. This income target is held within this portfolio, but relates to the Education and 2012 Games portfolio as well. By way of illustration, one third of the specific grants are retained within this Portfolio.</p> <p>There are technical adjustments sought as part of this report as follows:</p> <ul style="list-style-type: none"> ▪ £2.234m which it is proposed to return to the General Balance, due to reductions in forecast spending as a consequence of cuts to Area Based Grant (£2.012m) and LAA Performance Reward Grant (£222,000). Delivery plans are currently being worked through by the Service. ▪ £340,000 over spend, as a result of the staffing costs within Social Care as a result of the improvement agenda, which it is proposed is mitigated by a withdrawal from the Children's Reserve. ▪ £1.115m which it is proposed is vired to other Portfolios. 	●
CAPITAL	<p>The forecast outturn exceeds the latest approved capital payments guideline by £4.836m. Approval is sought to increase the capital payments guideline by this amount, on the basis that the net increase will be financed from additional grant funding.</p>	◆

RAG status	
	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

CHILDREN'S SERVICES ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Dedicated Schools Budget				
Schools Budget	59,885	60,379	494	●
Special educational needs	46,115	46,039	(76)	■
Dedicated Schools Grant	(115,149)	(115,567)	(418)	■
	(9,149)	(9,149)	-	■
Non Dedicated Schools Budgets				
Schools - LA	4,108	995	(3,113)	●
CYP Strategic Partnerships	831	714	(117)	●
Special educational needs (LA)	19,609	19,629	20	●
Children's Services	121,811	124,697	2,886	◆
TASCC teams	(1,919)	(2,057)	(138)	●
Youth offending teams	2,049	1,995	(54)	■
	146,489	145,973	(516)	●
TOTAL	137,340	136,824	(516)	●

Dedicated schools budget

There is a forecast pressure of **£494,000** relating to Learner Support payments to schools which is as a result of more pupils attracting these payments. This is partially offset by an under spend of **£76,000** in relation to special educational needs.

In the event that the net pressure cannot be mitigated, the additional expenditure will be financed by a greater draw down of Dedicated Schools Grant funding.

Schools - LA

Approval is sought to vire the budget of **£974,000** in relation to fees for the 'building schools for the future' PFI scheme, and for academies, to the Education and 2012 Games portfolio, to reflect a change in the management arrangements for these schemes. Further, approval is sought to vire **£424,000** to the Adults, Health and Community Wellbeing portfolio, in respect of the transfer of the Connexions team.

£933,000 of the underlying under spend results from the withdrawal of the Area Based Grant that supported Special Educational Needs activities. It is proposed that this amount is returned to the General Balance.

The remainder of the under spend (**£782,000**) relates predominantly to staffing under spends across Special Educational Needs and support services.

Special educational needs (LA)	Approval is sought to vire £111,000 from the Adults, Health and Community Wellbeing portfolio to provide funding for travel trainers. This is a technical virement to align budget management and service management responsibility; they do not affect the outturn position as both the expenditure and the budget are being moved between portfolios.
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Children's Services	<p>Approval is sought to vire £208,000 from the Adults, Health and Community Wellbeing portfolio to provide funding for minor revenue works at Children's Services premises and to vire £36,000 to the Heritage, Culture and the Arts portfolio, as a contribution towards the Inclusive Communication Essex (ICE) project which is Libraries initiative to support customers with learning disabilities. These are technical virements to align budget management and service management responsibility; they do not affect the outturn position as both the expenditure and the budget are being moved between portfolios.</p> <p>The Children's Services budget includes grant risk of some £2.9m due to a pending review of grant reprioritisation. The recent national cuts have significantly heightened the risk around grants, and it is proposed that £1.187m is returned to the General Balance, due to reductions in forecast spending as a consequence of cuts to Area Based Grant and LAA Performance Reward Grant.</p> <p>£340,000 of the over spend results from higher staffing costs within the Social Care teams. This cost pressure was identified at budget setting and funding was set aside within the Children's Reserve to help mitigate the impact. Approval is therefore now sought for supplementary funding of £340,000, to be financed from a withdrawal from the Children's Reserve.</p> <p>The underlying position, after adjusting for the proposed virements, supplementary estimate and reductions to base budgets to reflect the loss of grant funding, is an over spend of £3.561m. This position is due to the pressures around social care emergency response teams and ICS.</p>
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VARIANCE PLAN

	Virements £000	Transfers (to) / from General Balance £000	Under spends to be retained £000	Over spends to be addressed £000	Withdrawals from the Emergency Contingency £000	Appns (to)/from earmarked reserves £000	Total Variance Plan £000
Dedicated Schools Budget							
Schools Budget	-	-	-	494	-	-	494
Special educational needs	-	-	(76)	-	-	-	(76)
Dedicated Schools Grant	-	-	(418)	-	-	-	(418)
	-	-	(494)	494	-	-	-
Non Dedicated Schools Budgets							
Schools - LA	(1,398)	(933)	(782)	-	-	-	(3,113)
CYP Strategic Partnerships	-	-	(117)	-	-	-	(117)
Special educational needs (LA)	111	(67)	(24)	-	-	-	20
Children's Services	172	(1,187)	-	3,561	-	340	2,886
TASCC teams	-	-	(138)	-	-	-	(138)
Youth offending teams	-	(47)	(7)	-	-	-	(54)
	(1,115)	(2,234)	(1,068)	3,561	-	340	(516)
TOTAL	(1,115)	(2,234)	(1,562)	4,055	-	340	(516)

CHILDREN'S SERVICES ... CAPITAL

CAPITAL – PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Special Schools				
Basildon - Pioneer Special School	39	209	170	◆
School Access Improvements	2,144	2,144	-	■
Site Acquisition for Special School	2,500	2,330	(170)	●
Other Special Needs Projects	475	475	-	■
Other Projects	364	364	-	■
Early Years				
Early Years	15,057	23,000	7,943	◆
Children's Centres	10,462	7,355	(3,107)	●
Children & Families				
IS Related Schemes	-	-	-	■
Minor Works	318	318	-	■
Aiming High	2,266	2,266	-	■
Playbuilder Grant	615	615	-	■
TOTAL	34,240	39,076	4,836	◆

Basildon Pioneer special school

Settlement for loss and expense has now been agreed, resulting in an over spend of **£170,000**. It is proposed that the over spend is funded from the provision for the site acquisition for a special school.

Site acquisition for special school

The site to be acquired was part of the Building Schools for the Future (BSF) programme.

Approval is sought to transfer part of the capital payments provision to the Basildon Pioneer School. The remainder will be considered at the Half Year stage.

Early years	As a consequence of a higher number of applications being approved at the end of 2009/10, approval is sought to increase the starts and capital payments guideline by £7.943m . The additional expenditure will be financed by government grant.
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Children Centre Initiatives	The forecast under spend of £3.107m largely results from the withdrawal of Benfleet Jotmans Hall project from the Capital Programme.
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CAPITAL – VARIANCE PLAN						
	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Special Schools						
Basildon - Pioneer Special School	170	-	-	-	170	-
School Access Improvements	-	-	-	-	-	-
Site Acquisition for Special School	-	(170)	-	-	(170)	-
Other Special Needs Projects	-	-	-	-	-	-
Other Projects	-	-	-	-	-	-
Early Years						
Early Years	7,943	-	-	-	7,943	-
Children's Centres	-	(3,107)	-	-	(3,107)	-
Children & Families						
IS Related Schemes	-	-	-	-	-	-
Minor Works	-	-	-	-	-	-
Aiming High	-	-	-	-	-	-
Playbuilder Grant	-	-	-	-	-	-
TOTAL	8,113	(3,277)	-	-	4,836	-

EDUCATION AND 2012 GAMES ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	<p>The net position for the Portfolio is an under spend of £6.006m. However, after various technical adjustments, the underlying position is an operational under-spend of £1.985m. This is the result of a variety of under spends across support services, IT and management and Special Educational Needs.</p> <p>The technical adjustments sought as part of this report are as follows:</p> <ul style="list-style-type: none"> ▪ £5.705m which it is proposed to return to the General Balance, due to reductions in forecast spending as a consequence of decreases to Harnessing Technology (£1.3m), Area Based (£4.224m) and Performance Reward (£163,000) grants and as a consequence of other minor savings (£18,000). ▪ £710,000, which is sought as supplementary funding, in recognition of the transfer of LSC funding into the Area Based Grant. ▪ £974,000, which it is proposed is vired from other Portfolios. <p>Full impact assessments of the grant funding cuts are being completed and the detailed delivery plans to achieve these savings are being compiled. The major financial risk to the service is that of mobilising quickly enough to realise these in year savings. Given the announcements were made during the first quarter there is reduced time to effect the savings in year.</p> <p>Notes:</p> <ul style="list-style-type: none"> ▪ At the time of publication of this report further grant cuts were emerging that will affect the portfolio; these will be reported at the Half Year stage. ▪ The Schools, Children and Families Directorate have a budgeted income target to realise of £2.9m of grants to fund priority services in 2010/11. This is now high risk due to the government funding cuts. The whole of the income target is held within the Children's Services portfolio, but the grant review relates to the Education & 2012 Games portfolio as well. By way of illustration, two thirds of specific grants sit within the Education and 2012 Games portfolio. Whilst the current under achievement of this income target is reported within the Children's Services portfolio, a significant proportion may relate to Education and 2012 Games. The finalisation of the grant review will provide more certainty. 	●
TRADING ACTIVITIES	It is currently anticipated that the Portfolio's trading activities will achieve their approved financial targets for the year.	■

CAPITAL	An over spend of £644,000 is forecast, primarily as a consequence of schemes progressing ahead of schedule and due to an increase in the payments for a self financed scheme.	
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RAG status	
	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

EDUCATION AND 2012 GAMES ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Dedicated Schools Budget				
Dedicated schools budget	678,174	678,201	27	●
Dedicated schools grant	(670,242)	(670,269)	(27)	■
	7,932	7,932	-	■
Non Dedicated School budgets				
Schools - LA	34,862	31,449	(3,413)	●
Youth Service	14,309	11,841	(2,468)	●
Children's Services	3,312	3,199	(113)	■
	52,483	46,489	(5,994)	●
Lee Valley Park and 2012 Games				
Olympics and Sports Development				
Sports Development	770	770	-	■
Hadleigh Castle Country Park	116	111	(5)	■
Precepts - Lee Valley Regional Park	1,622	1,615	(7)	■
	2,508	2,496	(12)	■
TOTAL	62,923	56,917	(6,006)	●

Schools - LA

An over spend of **£216,000** is forecast in relation to Capital Programme and Building Development. A recovery plan is being developed to mitigate this position.

Approval is sought to vire the budget of **£974,000** for fees for academy schools, and for the Building Schools for the Future PFI, from the Children's Services portfolio, to reflect a change in the management arrangements for such schemes.

Savings, to mitigate the impact of losses of grant funding, are as follows:

- **£1.3m** as a result of a reduction to the Harnessing Technology Grant;
- **£1.756m** as a result of a reduction in Area Based Grant (ABG);
- **£163,000** as a result of a reduction in LAA Performance Reward Grant.

It is proposed that these amounts are returned to the General Balance.

In April 2010, the Learning and Skills Council responsibilities transferred to the Authority and the funding has been allocated via the ABG. Approval is therefore sought for supplementary funding of **£710,000**, to be financed by a withdrawal from the General Balance.

Schools – LA (continued)	There are various other under-spends (amounting to £1.980m) across the schools service, including staffing under-spends within Special Educational Needs, support services, management and IT.
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Youth Service	An under spend of £2.468m is forecast, which reflects the savings necessary to offset the loss of Area Based Grant for the Connexions Service. It is proposed that this amount is returned to the General Balance.
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Hadleigh Castle Country Park	It is forecast that an under spend of £5,000 will result from lower running costs of the site.
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Lee Valley Regional Park	The precept due in respect of Lee Valley Regional Park is £7,000 less than budgeted. It is proposed that this sum is returned to the General Balance.
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VARIANCE PLAN

	Virements £000	Transfers (to) / from General Balance £000	Under spends to be retained £000	Over spends to be addressed £000	Withdrawals from the Emergency Contingency £000	Appns (to)/from earmarked reserves £000	Total Variance Plan £000
Dedicated Schools Budget							
Dedicated schools budget	-	-	-	27	-	-	27
Dedicated schools grant	-	-	(27)	-	-	-	(27)
	-	-	(27)	27	-	-	-
Non Dedicated School budgets							
Schools - LA	974	(2,509)	(2,094)	216	-	-	(3,413)
Youth Service	-	(2,468)	-	-	-	-	(2,468)
Children's Services	-	(11)	(102)	-	-	-	(113)
	974	(4,988)	(2,196)	216	-	-	(5,994)
Lee Valley Park and 2012 Games							
Olympics and Sports Development	-	-	-	-	-	-	-
Sports Development	-	-	(5)	-	-	-	(5)
Hadleigh Castle Country Park	-	-	-	-	-	-	-
Precepts - Lee Valley Regional Park	-	(7)	-	-	-	-	(7)
	-	(7)	(5)	-	-	-	(12)
TOTAL	974	(4,995)	(2,228)	243	-	-	(6,006)

EDUCATION AND 2012 GAMES ... TRADING ACTIVITIES

School Improvement and Advisory Service

2009/10 Actual	2010/11			Variance £000	Variance %	Rag Status
	Original Budget £000	Latest Budget £000	Forecast Outturn £000			
(9,835) Income	(10,012)	(9,805)	(9,805)	-	-	■
8,897 Expenditure	9,766	9,354	9,354	-	-	■
- Financing Items	-	-	-	-	-	■
(938) (Surplus)/Deficit	(246)	(451)	(451)	-	-	■
938 Appropriations	-	-	-	-	-	■
- Net (increase) / decrease in revenue reserves	(246)	(451)	(451)	-	-	■
2009/10 Closing Balance				2010/11		
				Opening Balance	Closing Balance	
£000				£000	£000	
(332) Total Reserves Balance				(332)	(782)	●

Comments:

It is currently anticipated that spending will be in line with the latest approved financial target.

School Support - Finance

2009/10 Actual	2010/11			Variance £000	Variance %	Rag Status
	Original Budget £000	Latest Budget £000	Forecast Outturn £000			
(1,549) Income	(1,549)	(1,578)	(1,578)	-	-	■
1,444 Expenditure	1,523	1,553	1,553	-	-	■
- Financing Items	-	-	-	-	-	■
(105) (Surplus)/Deficit	(26)	(25)	(25)	-	-	■
105 Appropriations	-	-	-	-	-	■
- Net (increase) / decrease in revenue reserves	(26)	(25)	(25)	-	-	■
2009/10 Closing Balance				2010/11		
				Opening Balance	Closing Balance	
£000				£000	£000	
(449) Total Reserves Balance				(449)	(474)	●

Comments:

It is currently anticipated that spending will be in line with the latest approved financial target.

School staffing insurance scheme

2009/10		2010/11					Rag Status
Actual		Original Budget	Latest Budget	Forecast Outturn	Variance	Variance	
	£000	£000	£000	£000	£000	%	
(4,526)	Income	(3,437)	(3,437)	(3,437)	-	-	■
4,127	Expenditure	3,437	3,437	3,437	-	-	■
-	Financing Items	-	-	-	-	-	■
(399)	(Surplus)/Deficit	-	-	-	-	-	■
-	Appropriations	-	-	-	-	-	■
(399)	Net (increase) / decrease in revenue reserves	-	-	-	-	-	■
2009/10					2010/11		
Closing					Opening	Closing	
Balance					Balance	Balance	
	£000				£000	£000	
(1,422)	Total Reserves Balance				(1,422)	(1,422)	●

Comments:

It is currently anticipated that spending will be in line with the latest approved financial target.

EDUCATION AND 2012 GAMES ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest	Outturn	Variance	
	Budget	Forecast		
	£000	£000	£000	
Schools				
Hutton Willowbrook Primary School	4,591	4,591	-	■
Epping Primary School	601	601	-	■
Essex Academies - Witham	27,302	27,302	-	■
Basildon - Academies	9,883	9,883	-	■
Stansted Rochford Nurseries	1,710	1,710	-	■
Secondary Schools Sports Facilities Block	1,498	1,498	-	■
Primary Capital Programme 09/10	9,108	9,108	-	■
Other Projects	58,565	59,100	535	◆
Youth Service				
Mersea Outdoors Site Facility	169	169	-	■
Danbury Extension	1,365	1,365	-	■
Youth Capital Fund	629	629	-	■
Other youth schemes	311	311	-	■
2012 Games				
Basildon Sporting Village	-	109	109	●
Hadleigh Farm Country Park	1,364	1,364	-	■
Former Hadleigh Fire Station	334	334	-	■
Adizones	150	150	-	■
TOTAL	117,580	118,224	644	◆

Hutton Willowbrook Primary School

The start of the project was delayed as a consequence of negotiations with Brentwood Borough Council. The contractors did however start on site at the end of May, and work is progressing well. The overall cost of the scheme remains within the approved budget.

Epping Primary School

It is possible that additional expenditure will be necessary in relation to this project. If this proves to be the case, a contribution will be sought from the school, with the remainder being met from savings against other schemes within the Portfolio's capital programme.

Essex Academies – Witham	<p>The design and build contract for the New Rickstones Academy scheme has now been agreed. This scheme is now progressing to the agreed programme and budgets.</p>
Essex Academies - Basildon	<p>Work on the Upper Academy is ahead of schedule and the Lower Academy is progressing to the agreed programme. The costs of these schools are within the budgetary provision.</p>
Stansted Rochford nurseries	<p>This scheme has been delayed as a result of delays in the statutory consultations undertaken for the proposed relocation of the school.</p>
Other schools capital projects	<p>A decision was made in July 2009 to close to St Peter's Church of England and Specialist Art College from 31 August 2011, with the school's current admission area being re-designated to the Chelmer Valley High School and the Chelmsford Hyland's Foundation School. Capital investment was agreed to facilitate this, to improve facilities at both schools. Improvement works will commence at each school at the beginning of 2011 and approval is therefore sought to bring forward capital payments guideline of £600,000 from 2011/12 to 2010/11 to fund the commencement of works (£300,000 for each school).</p> <p>Partially offsetting this, it is proposed that the payments guideline is reduced by £65,000 as building lease and licence fees will be met from the Revenue budget.</p>
Basildon Sporting Village	<p>Approval is sought to increase scheme and payment approval by £109,000 to cover additional capital fees. It is proposed that the additional expenditure is financed from the capital receipt achieved through the sale of Fryerns.</p>

CAPITAL – VARIANCE PLAN						
	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Schools						
Hutton Willowbrook Primary School	-	-	-	-	-	-
Epping Primary School	-	-	-	-	-	-
Essex Academies - Witham	-	-	-	-	-	-
Basildon - Academies	-	-	-	-	-	-
Stansted Rochford Nurseries	-	-	-	-	-	-
Secondary Schools Sports Facilities Blo	-	-	-	-	-	-
Primary Capital Programme 09/10	-	-	-	-	-	-
Other Projects	-	(65)	600	-	535	(600)
Youth Service						
Mersea Outdoors Site Facility	-	-	-	-	-	-
Danbury Extension	-	-	-	-	-	-
Youth Capital Fund	-	-	-	-	-	-
Other youth schemes	-	-	-	-	-	-
2012 Games						
Basildon Sporting Village	109	-	-	-	109	-
Hadleigh Farm Country Park	-	-	-	-	-	-
Former Hadleigh Fire Station	-	-	-	-	-	-
Adizones	-	-	-	-	-	-
TOTAL	109	(65)	600	-	644	(600)

HIGHWAYS AND TRANSPORTATION ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	An over spend of £878,000 is forecast, largely related to an under recovery of income in relation to the Traffic Management Act. Efforts are underway to address this position.	
RECHARGED STRATEGIC SUPPORT SERVICES	An over spend of £11,000 is forecast on the Transport Coordination Centre budget, but it is anticipated that the service will be able to contain this position.	
CAPITAL	An over spend of £3.510m is forecast. Approval is sought to increase scheme and payment approvals by £4.776m in respect of self financed schemes and to re-profile capital payment guideline of £700,000 into 2011/12 as a consequence of slippage in schemes. The underlying position is a net under spend of £566,000 .	

RAG status

	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

HIGHWAYS AND TRANSPORTATION ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Roads and footways	28,109	28,071	(38)	■
Traffic Management Act	(470)	(70)	400	●
Bridges	1,787	1,787	-	■
Street lighting	8,724	8,732	8	●
Congestion	7,197	7,099	(98)	■
Road safety	6,822	6,797	(25)	■
Strategic development and transportation	1,484	1,513	29	●
Responsive accelerated maintenance initiative	-	-	-	■
Public rights of way	3,059	3,059	-	■
A130 Private Finance Initiative	235	217	(18)	●
Passenger transport	15,990	15,962	(28)	■
Support services	-	648	648	◆
Corporate and democratic core	909	909	-	■
TOTAL	73,846	74,724	878	◆

Traffic management Act

An over spend of **£400,000** results from an under recovery of income; efforts are underway to improve this position.

Road safety

The forecast outturn position does not yet reflect the reductions to road safety funding recently announced by the Government. It is anticipated that funding will be reduced by **£724,000**. Consideration is being given to how to reduce spending in line with loss of government funding without adversely affecting front line service delivery.

Responsive accelerated maintenance initiative (RAMI)

The Government has awarded the Council a grant of **£2.116m** in 2010/11 to address severe weather damage. This grant will be applied to fully offset the related expenditure. As the net effect is nil, it is proposed to absorb and manage the grant and related expenditure within the Roads and Footways policy budget.

Other headings

Various other variances largely result from reconsidering how the savings assumed in the 2010/11 budget will be achieved.

VARIANCE PLAN

	Virements £000	Transfers (to) / from General Balance £000	Under spends to be retained £000	Over spends to be addressed £000	Withdrawals from the Emergency Contingency £000	Appns (to)/from earmarked reserves £000	Total Variance Plan £000
Roads and footways	-	-	(38)	-	-	-	(38)
Traffic Management Act	-	-	-	400	-	-	400
Bridges	-	-	-	-	-	-	-
Street lighting	-	-	-	8	-	-	8
Congestion	-	-	(98)	-	-	-	(98)
Road safety	-	-	(25)	-	-	-	(25)
Strategic development and transportation	-	-	-	29	-	-	29
Responsive accelerated maintenance initiative	-	-	-	-	-	-	-
Public rights of way	-	-	-	-	-	-	-
A130 Private Finance Initiative	-	-	(18)	-	-	-	(18)
Passenger transport	-	-	(28)	-	-	-	(28)
Support services	-	-	-	648	-	-	648
Corporate and democratic core	-	-	-	-	-	-	-
TOTAL	-	-	(207)	1,085	-	-	878

HIGHWAYS AND TRANSPORTATION ... RECHARGED STRATEGIC SUPPORT SERVICES

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Transport Co-ordination Centre	1,415	1,426	11	●
TOTAL	1,415	1,426	11	●

Transport Coordination Centre

Whilst an over spend of **£11,000** is currently forecast, the Service is confident that management action will enable expenditure to be managed in line with budget.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Transport Co-ordination Centre	-	-	-	11	-	-	11
TOTAL	-	-	-	11	-	-	11

HIGHWAYS AND TRANSPORTATION ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
DFT Capital Maintenance	20,959	20,959	-	■
DFT Integrated Transport	21,700	21,700	-	■
DFT Direct Grants	31,680	34,170	2,490	◆
ECC Funded Capital	23,599	23,599	-	■
Community Infrastructure Grant	29,744	29,544	(200)	■
All other highways capital schemes	8,728	9,948	1,220	◆
TOTAL	136,410	139,920	3,510	◆

DfT Integrated Transport

The Government have announced cuts to grant funding, which have the effect of reducing the Integrated Transport capital block by **£3.490m** and the Road Safety Capital Grant by **£560,000**. The effects of these cuts to grant funding are currently being assessed. An update will be provided at the Half Year stage.

DfT Direct Grants

With regard to the Chelmsford Park and Ride scheme, we anticipate receiving Growth Area funding from Chelmsford Borough Council; If this funding is not forthcoming, the shortfall will need to be found from within existing funds.

Approval is sought to increase the scheme and payment approvals for the Basildon A13 / A130 Sadler's Farm project by **£2.490m**. This increase will be financed from additional government grant.

Community Infrastructure Grant

The First Avenue, Harlow, scheme will be completed at **£200,000** less than budgeted.

Other Highways Capital schemes

Approval is sought to increase the scheme and payment approvals by **£745,000** in relation to Private Street Works (Eastwood Rise). The capital payments will be financed by s106 funding.

Approval is also sought to increase the scheme and payment approval for the Moulsham Street improvements by **£300,000**. The additional payments will be funded by Chelmsford Borough Council.

<p>Other Highways Capital schemes (continued)</p>	<p>Approval is sought to reallocate capital payments guideline between schemes, as follows:</p> <p><u>Reductions:</u></p> <ul style="list-style-type: none"> ▪ Tackling congestion - £216,000; ▪ Chelmsford Park and Ride (Sandon) - £59,000; ▪ Chelmsford north east design - £45,000; ▪ Colchester Station travel plan - £26,000; and ▪ Harlow Town Centre Market quarter - £20,000. <p><u>Increases:</u></p> <ul style="list-style-type: none"> ▪ Moulsham Street improvements - £216,000; ▪ Chelmsford parking and land use - £60,000; ▪ Epping Forest transport plan phase 1 - £54,000; ▪ First Avenue Harlow Phase 2 - £31,000; ▪ Chelmer Valley Park and Ride - £5,000. <p>A request is also sought to add scheme and payment approvals of £875,000 for improvements at Harwich Quay. The additional works will be funded via the Haven Gateway Partnership.</p> <p>Finally, approval is sought to re-profile capital payment guideline of £700,000 into 2011/12 in relation to slippage in the Colchester St Botolph's Roundabout scheme.</p>
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CAPITAL – VARIANCE PLAN						
	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
DFT Capital Maintenance	-	-	-	-	-	-
DFT Integrated Transport	-	-	-	-	-	-
DFT Direct Grants	2,490	-	-	-	2,490	-
ECC Funded Capital	366	(366)	-	-	-	-
Community Infrastructure Grant	-	(200)	-	-	(200)	-
All other highways capital schemes	1,920	-	-	(700)	1,220	700
TOTAL	4,776	(566)	-	(700)	3,510	700

CHIEF WHIP, ENVIRONMENT AND WASTE ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	<p>A net under spend of £57,000 is forecast. This position takes account of:</p> <ul style="list-style-type: none"> ▪ Under spends of £1.016m, which services have indicated they wish to retain; ▪ Over spends of £925,000, for which mitigation is being sought. ▪ Virements, amounting to £6,000, from other portfolios; and ▪ Requests for supplementary funding of £28,000, in respect of projects transferred from the Capital Programme. 	
RECHARGED STRATEGIC SUPPORT SERVICES	It is currently anticipated that spending will be in line with the latest approved budget.	
CAPITAL	It is currently anticipated that capital payments will be in line with the latest approved capital payments guideline.	
RAG status		
	Under spend of less than £500,000 or 5% of the Budget	
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget	
	Over spend equal to, or greater than, £500,000 or 5% of the Budget	

CHIEF WHIP, ENVIRONMENT AND WASTE ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Environment & Commerce				
Waste management				
Waste disposal	24,319	24,960	641	◆
Trade waste income	(1,577)	(1,509)	68	●
Recycling initiatives	17,566	17,387	(179)	■
Tipping away payments	292	497	205	◆
Landfill aftercare	335	335	-	■
Civic amenity service	8,843	8,125	(718)	●
Exceptional Wastes	334	340	6	●
Waste Strategy	1,906	1,906	-	■
Waste Management and support services	2,727	2,704	(23)	■
Trading standards	3,316	3,316	-	■
Environmental strategy	394	394	-	■
Natural Environment	308	314	6	●
Management & support services	-	-	-	■
Leisure				
Country Parks	616	621	5	●
Marsh Farm	435	463	28	◆
Contributions to other bodies	102	102	-	■
Management & support services	-	(77)	(77)	■
Corporate & democratic core	172	172	-	■
Emergency planning	1,070	1,051	(19)	■
Community safety	1,187	1,187	-	■
Community policing	150	150	-	■
Anti-social behaviour	247	247	-	■
Members' support	2,327	2,327	-	■
TOTAL	65,069	65,012	(57)	■

Waste management

Overall, the outturn forecast is in line with the latest approved budget.

The tonnage driven elements of the forecast have been forecast at the budgeted level, although will continue to be reviewed.

All District IAA schemes that were planned to start have done so therefore it is a reasonable assumption that our recycling pledge will be achieved.

A number of pressures already identified in this year (including related to indexation, gypsum disposal, green waste tipping away and new RCHW site opening) have been absorbed mainly through securing lower gate fees for waste disposal.

<p>Waste management (continued)</p>	<p>Austerity savings built into the 2010/11 budget have mostly been achieved as a consequence of a number of initiatives. The remainder are still being sought.</p> <p>The Waste Strategy budget is forecast to be on line.</p>
<p>Natural Environment</p>	<p>Approval is sought for supplementary funding of £6,000, to be financed by a withdrawal from the Reserve for Future Capital Funding, for the Essex Grazing Project.</p>
<p>Leisure</p>	<ul style="list-style-type: none"> ▪ Country Parks A net over spend of £5,000 is forecast in relation to Country Parks. However, approval is sought for supplementary funding of £22,000, to be financed by a withdrawal from the Reserve for Future Capital Funding, for the Weald tree nursery project. Thus, the underlying position is an under spend of £17,000. It is proposed that this is vired to help offset the over spend forecast in respect of Marsh Farm. ▪ Marsh Farm It is forecast that Marsh Farm will be over spent by £28,000 due to a shortfall in income. Approval is sought to partially offset this by virement from Country Parks (£17,000) and from Cressing Temple (£6,000). Actions are being considered for mitigating the remainder of the forecast over spend.
<p>Management and support services</p>	<p>An under spend of £77,000 is forecast, which it is intended to transfer to the Highways and Transportation portfolio (Support Services).</p>
<p>Emergency planning</p>	<p>An under spend of £19,000 is forecast as a consequence of a staff vacancy.</p> <p>Discussions are currently being held regarding the possible transfer of part of the service to Essex Fire Service within this financial year.</p>

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Environment & Commerce							
Waste management							
Waste disposal	-	-	-	641	-	-	641
Trade waste income	-	-	-	68	-	-	68
Recycling initiatives	-	-	(179)	-	-	-	(179)
Tipping away payments	-	-	-	205	-	-	205
Landfill aftercare	-	-	-	-	-	-	-
Civic amenity service	-	-	(718)	-	-	-	(718)
Exceptional Wastes	-	-	-	6	-	-	6
Waste Strategy	-	-	-	-	-	-	-
Waste Management and support services	-	-	(23)	-	-	-	(23)
Trading standards	-	-	-	-	-	-	-
Environmental strategy	-	-	-	-	-	-	-
Natural Environment	-	-	-	-	-	6	6
Management & support services	-	-	-	-	-	-	-
Leisure							
Country Parks	(17)	-	-	-	-	22	5
Marsh Farm	23	-	-	5	-	-	28
Contributions to other bodies	-	-	-	-	-	-	-
Management & support services	-	-	(77)	-	-	-	(77)
Corporate & democratic core	-	-	-	-	-	-	-
Emergency planning	-	-	(19)	-	-	-	(19)
Community safety	-	-	-	-	-	-	-
Community policing	-	-	-	-	-	-	-
Anti-social behaviour	-	-	-	-	-	-	-
Members' support	-	-	-	-	-	-	-
TOTAL	6	-	(1,016)	925	-	28	(57)

CHIEF WHIP, ENVIRONMENT AND WASTE ... RECHARGED STRATEGIC SUPPORT SERVICES

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Democratic Services	896	896	-	■
TOTAL	896	896	-	■

Democratic Services

It is currently anticipated that spending will be in accordance with the latest approved budget.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Democratic Services	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-

CHIEF WHIP, ENVIRONMENT AND WASTE ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Country Park Schemes	2,123	2,123	-	■
Waste Strategy Schemes	6,684	6,684	-	■
Waste Schemes	1,995	1,995	-	■
TOTAL	10,802	10,802	-	■

All schemes

All schemes are currently anticipated to be in line with the latest approved capital payments guideline.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Country Park Schemes	-	-	-	-	-	-
Waste Strategy Schemes	-	-	-	-	-	-
Waste Schemes	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

HERITAGE, CULTURE AND THE ARTS ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	<p>An over spend of £49,000 is forecast.</p> <p>Approval is sought to various virements which have the net effect of reducing the Portfolio's budget by £117,000 and it proposed that £121,000 is repaid to the Service Improvement Reserve, as partial repayment of amounts advanced in a previous financial year.</p> <p>The underlying position, after adjusting for the virements and appropriations, is a net over spend of £287,000. A recovery plan is being produced to mitigate this position.</p>	
CAPITAL	It is currently anticipated that spending will be in accordance with the latest approved capital payments guideline.	

RAG status	
	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

HERITAGE, CULTURE AND THE ARTS ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Crossing Temple	129	123	(6)	■
Built Environment	904	904	-	■
Heritage & cultural services	2,255	2,255	-	■
Historic environment	565	605	40	◆
Quality of Life	147	-	(147)	●
Tourism	335	335	-	■
Adult Community Learning	(4)	243	247	●
Libraries and Information Services	17,128	17,043	(85)	■
TOTAL	21,459	21,508	49	●

Crossing Temple

An under spend of **£6,000** is forecast as a consequence of lower site running costs. It is proposed that this under spend is vired to help offset an over spend in respect of Marsh Farm (Chief Whip and Environment and Waste portfolio).

Built environment

It is currently anticipated that spending will be in line with the approved budget. However, in the current environment, there is a risk that the Service will find it difficult to achieve its income target this year.

Historic environment

An over spend of **£40,000** is forecast due to an under recovery of income by the Field Archaeology Unit. A recovery plan is currently being produced to mitigate this position.

Quality of life

Approval is sought to vire **£147,000** to Leader portfolio (Corporate Management), with full year effect.

Adult Community Learning

An over spend of **£247,000** is forecast and a recovery plan is being put in place to address this position.

Libraries and information services

An under spend of **£85,000** is forecast by Libraries and Information Services.

Approval is sought to a virement of **£36,000** from the Children's Services portfolio, as a contribution towards the Inclusive Communication Essex (ICE) project (an initiative aimed at supporting customers with learning disabilities).

The underlying position is an under spend of **£121,000**, which it is proposed is appropriated into the Service Improvement Reserve, as partial repayment of supplementary funding provided in a previous financial year for a restructuring of the Service and for the Radio Frequency Identification initiative.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Cressing Temple	(6)	-	-	-	-	-	(6)
Built Environment	-	-	-	-	-	-	-
Heritage & cultural services	-	-	-	-	-	-	-
Historic environment	-	-	-	40	-	-	40
Quality of Life	(147)	-	-	-	-	-	(147)
Tourism	-	-	-	-	-	-	-
Adult Community Learning	-	-	-	247	-	-	247
Libraries and Information Services	36	-	-	-	-	(121)	(85)
TOTAL	(117)	-	-	287	-	(121)	49

HERITAGE, CULTURE AND THE ARTS ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Built Environment Schemes	670	670	-	■
Colchester Visual Arts Centre	3,500	3,500	-	■
Adult Education Schemes	114	114	-	■
Community Services - Self Service in Libraries	780	780	-	■
Community Services - Wi-Fi through Libraries	13	13	-	■
New Library - Springfield	702	702	-	■
Libraries & Information Services - Misc	182	182	-	■
TOTAL	5,961	5,961	-	■

All schemes

It is currently anticipated that spending will be in line with the latest approved capital payments guideline.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Built Environment Schemes	-	-	-	-	-	-
Colchester Visual Arts Centre	-	-	-	-	-	-
Adult Education Schemes	-	-	-	-	-	-
Community Services - Self Service in Librar	-	-	-	-	-	-
Community Services - Wi-Fi through Librari	-	-	-	-	-	-
New Library - Springfield	-	-	-	-	-	-
Libraries & Information Services - Misc	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

LEADER ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	<p>An over spend of £371,000 is currently forecast, primarily related to Regeneration and Skills and International activities.</p> <p>It is proposed that a net virement of £147,000 is made from other Portfolios, and that supplementary funding of £380,000 is awarded.</p> <p>Partially offsetting these proposals, it is intended to return £131,000 to the General Balance.</p> <p>The underlying position, after allowing for these proposals, is an under spend of £25,000.</p>	
RECHARGED STRATEGIC SUPPORT SERVICES	<p>It is proposed that an over spend of £93,000 by the Customer Contact Centre is offset by a virement from the Adults, Health and Community Wellbeing portfolio.</p>	
CAPITAL	<p>An under spend of £95,000 is forecast. However, it is proposed that the Portfolio's scheme and payment approvals are increased by £33,000. The underlying position, after adjusting for this increase, is an under spend of £128,000.</p>	

RAG status

	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

LEADER ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Democratic Core				
Democratic representation & Management	4,665	4,607	(58)	■
Corporate Management - Leadership	3,697	3,844	147	●
Essex Initiatives	936	930	(6)	■
Contributions and subscriptions	160	160	-	■
Corporate Management - Resource Management	-	-	-	■
Publications	-	-	-	■
LAA Pooled Funds	1,350	1,252	(98)	●
LAA performance reward	3,491	3,491	-	■
Regeneration	1,654	1,923	269	◆
Inward Investment	501	501	-	■
International development	-	-	-	■
Skills and International	2,924	3,041	117	●
TOTAL	19,378	19,749	371	●

Democratic representation and management

An under spend of **£58,000** is forecast. **£25,000** of the under spend results from staff vacancies, and it is proposed that this sum is retained by the Service until the impact of grant funding cuts has been fully assessed. The remainder of the under spend (**£33,000**) results from savings that have already been determined for the Youth Service Performance Team as a consequence of a reduction in Area Based Grant.

Corporate management – leadership

It is proposed that **£147,000** is vired from the Heritage, Culture and the Portfolio, with a full year effect, in respect of Quality of Life.

Essex initiatives

It is proposed that **£6,000** is allocated from the Essex Initiatives budget for the supporting diverse communities' incentive (within the Regeneration policy line of this portfolio).

LAA pooled funds

Savings of **£98,000** have been made as a result of a reduction in the Council's Area Based Grant entitlement.

Regeneration	<p>An over spend of £269,000 is forecast. Approval is sought for supplementary funding to largely offset this position as follows:</p> <ul style="list-style-type: none"> ▪ £17,000 from the Service Improvement Reserve in respect of the Supporting Diverse Communities incentive; ▪ £146,000 from the General Balance to fund Regeneration projects (this proposal utilises the unspent element of Local Authority Business Growth Incentives grant, which was returned to the General Balance in 2009/10). ▪ £100,000 from the Future Capital Funding reserve for the rural broadband project (£50,000) and for the economic and social infrastructure of post offices (£50,000). <p>It is proposed that the remainder of the over spend (£6,000) is addressed by virement from the Essex Initiatives budget, to support diverse communities work.</p>
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Skills and international	<p>The Adult Skills project has recently been transferred from the Learning Skills Council. Area Based Grant has been reallocated to the Council for this project. Approval is therefore sought for supplementary funding of £117,000, to be financed by a withdrawal from the General Balance, to fully fund this service.</p>
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VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Democratic Core							
Democratic representation and Management	-	(33)	(25)	-	-	-	(58)
Corporate Management - Leadership	147	-	-	-	-	-	147
Essex Initiatives	(6)	-	-	-	-	-	(6)
Contributions and subscriptions	-	-	-	-	-	-	-
Corporate Management - Resource Management	-	-	-	-	-	-	-
Publications	-	-	-	-	-	-	-
LAA Pooled Funds	-	(98)	-	-	-	-	(98)
LAA performance reward	-	-	-	-	-	-	-
Regeneration	6	146	-	-	-	117	269
Inward Investment	-	-	-	-	-	-	-
International development	-	-	-	-	-	-	-
Skills and International	-	117	-	-	-	-	117
TOTAL	147	132	(25)	-	-	117	371

LEADER ... RECHARGED STRATEGIC SUPPORT SERVICES

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Communications and customer relations	2,283	2,283	-	■
Customer Contact Centre	1,525	1,618	93	◆
TOTAL	3,808	3,901	93	●

Communications and Customer Relations

It is currently anticipated that spending will be in accordance with the latest approved budget.

Customer Contact Centre

An over spend of **£93,000** is forecast in relation to the transfer of 'blue badge' scheme administration. It is proposed that this is addressed by virement from the Adults, Health and Community Wellbeing portfolio.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Communications and customer relations	-	-	-	-	-	-	-
Customer Contact Centre	93	-	-	-	-	-	93
TOTAL	93	-	-	-	-	-	93

LEADER ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Economic Participation	-	-	-	■
Jaywick Regeneration	623	623	-	■
Chelmsford Innovation Centre	900	900	-	■
Coastal Renaissance	750	750	-	■
Canvey Vocational Centre	4,393	4,393	-	■
Other Leader schemes	-	33	33	●
Rural Commission Implementation	250	122	(128)	●
TOTAL	6,916	6,821	(95)	■

Other Leader schemes

Approval is sought to add scheme and payments of **£33,000** to the Capital Programme to fund the acquisition of a car, to replace a leased vehicle. It is proposed that this purchase is financed from the Reserve for Future Capital Funding (**£10,000**) and from unsupported borrowing (**£23,000**). The Reserve for Future Capital Funding will be replenished by a corresponding withdrawal from the Carry Forwards Reserve.

Rural commission implementation

Approval is sought to reduce scheme and payment approval by **£128,000** as several of the schemes are now deemed to be revenue in nature. The financing for these projects will be released to revenue via the Future Capital Funding reserve.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Economic Participation	-	-	-	-	-	-
Jaywick Regeneration	-	-	-	-	-	-
Chelmsford Innovation Centre	-	-	-	-	-	-
Coastal Renaissance	-	-	-	-	-	-
Canvey Vocational Centre	-	-	-	-	-	-
Other Leader schemes	33	-	-	-	33	-
Rural Commission Implementation	-	(128)	-	-	(128)	-
TOTAL	33	(128)	-	-	(95)	-

COMMUNITIES AND PLANNING ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	An over spend of £125,000 is forecast. Approval is sought for supplementary funding to offset this position.	
CAPITAL	It is currently anticipated that spending will be in line with the latest approved capital payments guideline.	

RAG status

	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

COMMUNITIES AND PLANNING ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Area and partnership coordination	335	335	-	■
Developing partnerships with Districts	901	901	-	■
Making the link	236	236	-	■
Rural issues	281	281	-	■
Travellers	(26)	(26)	-	■
Sustainable development	860	860	-	■
Development management	1,317	1,442	125	◆
Environmental planning	1,095	1,095	-	■
TOTAL	4,999	5,124	125	●

Travellers

It is currently anticipated that spending will be in line with the latest approved budget. However, it is possible that additional expenditure will be necessary in order to clear rubbish from the Felsted site. The position will be confirmed by the Half Year stage, along with an action plan to fund this expenditure.

Sustainable development

It is currently anticipated that spending will be in line with the latest approved budget. However the impact of any changes to Regional Planning, and the likely new planning system to be announced when the government bill is published, have not yet been quantified.

Development management

An over spend of **£125,000** is forecast as a consequence of additional responsibilities placed upon the Council via the Flood and Water Management Act. Additional funding has been allocated to the Council via the Area Based Grant. Approval is therefore sought for supplementary funding, to be financed from the Emergency Contingency.

Environmental planning

It is currently anticipated that spending will be in line with the latest approved budget. However, no account has yet been taken of potential slippage in the Minerals and Waste development project, or of the possible loss of planning applications income.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Area and partnership coordination	-	-	-	-	-	-	-
Developing partnerships with Districts	-	-	-	-	-	-	-
Making the link	-	-	-	-	-	-	-
Rural issues	-	-	-	-	-	-	-
Travellers	-	-	-	-	-	-	-
Sustainable development	-	-	-	-	-	-	-
Development management	-	-	-	-	125	-	125
Environmental planning	-	-	-	-	-	-	-
TOTAL	-	-	-	-	125	-	125

COMMUNITIES AND PLANNING ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Travellers Schemes	2,264	2,264	-	■
Community Initiatives Fund	1,975	1,975	-	■
Youth Community Initiatives Fund	808	808	-	■
TOTAL	5,047	5,047	-	■

Community Initiatives Fund

It is currently anticipated that spending will be in line with the approved capital payments guideline, although this is dependent upon the success of suitable applications for funding.

Youth Community Initiatives Fund

It is currently anticipated that spending will be in line with the approved capital payments guideline, although this is dependent upon the success of suitable applications for funding.

Travellers

It is currently anticipated that spending will be in line with the approved capital payments guideline.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Travellers Schemes	-	-	-	-	-	-
Community Initiatives Fund	-	-	-	-	-	-
Youth Community Initiatives Fund	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

MAJOR PROJECTS AND COMMERCIAL SERVICES ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	An over spend of £111,000 is forecast in relation to Coroner's Courts. Actions are being considered for mitigating this position.	
RECHARGED STRATEGIC SUPPORT SERVICES AND BUILDING MAINTENANCE	Over spends are forecast by Facilities Management (£911,000), Asset Management (£438,000) and Procurement (£357,000). Both of these forecasts are primarily due to the under achievement of savings targets built into the base budget and recovery plans are being prioritised to reduce costs to offset these positions. There is also a risk that the reduction of Area Based Grant funding may create a further pressure of up to £173,000 .	
TRADING ACTIVITIES	It is currently anticipated that performance will be in line with the latest approved financial target.	
CAPITAL	Approval is sought to reduce the Portfolio's capital programme (starts provision and capital payments guideline) by £39.860m in respect of the Building Schools for the Future programme. This is simply a presentational change, as the Council will acquire the assets via a PFI arrangement rather than by constructing the schools itself. In addition, approval is sought to re-profile capital payment guideline of £1.849m into 2011/12 as a consequence of slippage in schemes.	

RAG status

	Under spend of less than £500,000 or 5% of the Budget
	Over spend of less than £500,000 or 5% of the Budget; or Under spend equal to, or greater than, £500,000 or 5% of the Budget
	Over spend equal to, or greater than, £500,000 or 5% of the Budget

MAJOR PROJECTS AND COMMERCIAL SERVICES ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Shared use buildings	7	7	-	■
Registration of births, death & marriages	17	17	-	■
Coroners' courts	1,076	1,187	111	◆
TOTAL	1,100	1,211	111	◆

Coroner's Courts service

An over spend of **£111,000** is forecast, mainly as a consequence of having to employ additional staff to clear a backlog of inquests following the transfer of Coroners from Essex Police.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Shared use buildings	-	-	-	-	-	-	-
Registration of births, death & marriages	-	-	-	-	-	-	-
Coroners' courts	-	-	-	111	-	-	111
TOTAL	-	-	-	111	-	-	111

MAJOR PROJECTS AND COMMERCIAL SERVICES ... RECHARGED STRATEGIC SUPPORT SERVICES AND BUILDING MAINTENANCE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Recharged Strategic Support Services				
Facilities Management Service	12,996	13,907	911	♦
Essex Legal Services	3,069	3,069	-	■
Asset Management	1,618	2,056	438	♦
Procurement and Car Provision Scheme	1,727	2,084	357	♦
Building Maintenance	2,652	2,652	-	■
TOTAL	22,062	23,768	1,706	♦

Facilities Management

A forecast over spend of **£911,000** is anticipated. This results from replenishing the General Balance as a consequence of an over spend in 2009/10 (**£96,000**), an under achievement of austerity savings (**£750,000**) which were assumed in the 2010/11 budget. There is a risk of a further pressure arising from the loss of Area Based Grant of up to **£173,000**.

Essex Legal Services

The service is currently forecasting to spend in line with budget. Work is ongoing to move the Service to 'trading activity' status during 2010/11. An update will be provided at the Half Year stage.

Asset Management

A net over spend of **£438,000** is forecast, of which **£386,000** is due to the under achievement of austerity savings targets which were built into the 2010/11 original budget.

The remaining **£56,000** is forecast in relation to the Basildon New Neighbourhood Centre. Approval is sought for supplementary funding, to be financed by a withdrawal from the Reserve for Future Capital Funding. This is proposed on the basis of a compensating under spend on the capital scheme.

Procurement and Car Provision Scheme

An over spend of **£357,000** is forecast as a consequence of staffing pressures. Management actions are being developed for mitigating this position.

Building Maintenance

It is currently anticipated that spending will be in line with the latest approved budget.

VARIANCE PLAN

	Virements £000	Transfers (to) / from General Balance £000	Under spends to be retained £000	Over spends to be addressed £000	Withdrawals from the Emergency Contingency £000	Appns (to)/from earmarked reserves £000	Total Variance Plan £000
Recharged Strategic Support Services							
Facilities Management Service	-	-	-	911	-	-	911
Essex Legal Services	-	-	-	-	-	-	-
Asset Management	-	-	-	382	-	56	438
Procurement and Car Provision Scheme	-	-	-	357	-	-	357
Building Maintenance	-	-	-	-	-	-	-
TOTAL	-	-	-	1,650	-	56	1,706

MAJOR PROJECTS AND COMMERCIAL SERVICES ... TRADING ACTIVITIES

Smarte East

2009/10		2010/11				Rag Status	
Actual		Original Budget	Latest Budget	Forecast Outturn	Variance		Variance
£000		£000	£000	£000	£000	%	
(221)	Income	(250)	(250)	(250)	-	-	■
216	Expenditure	182	182	182	-	-	■
-	Financing Items	-	-	-	-	-	■
(5)	(Surplus)/Deficit	(68)	(68)	(68)	-	-	■
-	Appropriations	-	-	-	-	-	■
(5)	Net (increase) / decrease in revenue reserves	(68)	(68)	(68)	-	-	■
2009/10		2010/11					
Closing Balance		Opening Balance		Closing Balance			
£000		£000		£000			
(9)	Total Reserves Balance	(9)		(77)			●

Comments:

It is currently anticipated that performance will be in accordance with the latest approved financial target.

MAJOR PROJECTS AND COMMERCIAL SERVICES ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Facilities Management Schemes	1,008	1,008	-	■
Asset Management Schemes	2,158	2,102	(56)	■
Legal	(8)	(8)	-	■
Building Schools for the Future	44,834	3,181	(41,653)	●
Building Maintenance	1,117	1,117	-	■
TOTAL	49,109	7,400	(41,709)	●

Asset Management schemes

Approval is sought to reduce the scheme and payment approvals in respect of the Basildon new Neighbourhood Centre by **£56,000** in order to release financing to meet the costs of this project which are revenue in nature.

Building Schools for the Future

Approval is sought to reduce the scheme and payment approvals for the Building Schools for the Future project (**£39.804m**). This is simply a presentational change, as the Council will acquire the assets via a PFI arrangement rather than by constructing the schools itself.

In addition, approval is sought to re-profile capital payment guideline of **£1.849m** into 2011/12 as a consequence of the contractor's plans for the design and build programme.

CAPITAL – VARIANCE PLAN

	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Facilities Management Schemes	-	-	-	-	-	-
Asset Management Schemes	-	(56)	-	-	(56)	-
Legal	-	-	-	-	-	-
Building Schools for the Future	-	(39,804)	-	(1,849)	(41,653)	1,849
Building Maintenance	-	-	-	-	-	-
TOTAL	-	(39,860)	-	(1,849)	(41,709)	1,849

DEPUTY LEADER, FINANCE AND TRANSFORMATION ... AT A GLANCE

REVIEW	COMMENTARY	RAG STATUS
REVENUE	An under spend of £30,000 is forecast, which it is proposed to return to the General Balance.	●
RECHARGED STRATEGIC SUPPORT SERVICES	An over spend of £2.867m is forecast, although this includes a proposal to appropriate an under spend of £226,000 into earmarked revenue reserves. The underlying position is an over spend of £3.436m . Actions are being taken to mitigate £1.701m of the over spend, and approval is sought for supplementary funding of £1.735m to address the balance.	◆
TRADING ACTIVITIES	It is currently anticipated that the Information Services Infrastructure Trading Activity will incur a loss in 2010/11. The trading activity has no accumulated revenue reserves. Options for mitigating / financing the loss are currently being considered, and an update will be provided at the Half Year stage.	◆
CAPITAL	An over spend of £500,000 is forecast, related to the e-Payroll project. Actions are being considered for addressing this position.	◆
OPERATING COSTS	Approval is sought elsewhere within this report for withdrawing £625,000 from the Emergency Contingency, and for making various appropriations into earmarked reserves or financing supplementary estimate requests from earmarked reserves.	◆
RAG status		
■	Under spend of less than £500,000 or 5% of the Budget	
●	Over spend of less than £500,000 or 5% of the Budget; or under spend equal to, or greater than, £500,000 or 5% of the Budget.	
◆	Over spend equal to, or greater than, £500,000 or 5% of the Budget	

DEPUTY LEADER, FINANCE AND TRANSFORMATION ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Central Services				
Other services	31	31	-	■
Second Homes Discount Scheme	1,100	1,077	(23)	■
Assets				
Surplus and Managed Properties	(72)	(72)	-	■
Other Property Services	63	63	-	■
Non distributed pension costs				
Past service costs / (gains)	-	-	-	■
Curtailment	-	-	-	■
Settlement	-	-	-	■
Precepts				
Environment Agency	1,315	1,299	(16)	■
Kent & Essex Sea Fisheries	230	239	9	●
Financial Reporting Council	-	-	-	■
TOTAL	2,667	2,637	(30)	■

Second homes discount scheme

The cost of the scheme is anticipated to be £23,000 less than budgeted. It is proposed that the under spend is returned to the General Balance.

Precepts

The Environment Agency precept is **£16,000** less than budgeted. It is proposed that **£9,000** is applied to offset a slightly higher precept for Kent and Essex Sea Fisheries and to return the remainder to the General Balance.

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Central Services							
Other services	-	-	-	-	-	-	-
Second Homes Discount Scheme	-	(23)	-	-	-	-	(23)
Assets							
Surplus and Managed Properties	-	-	-	-	-	-	-
Other Property Services	-	-	-	-	-	-	-
Non distributed pension costs							
Past service costs / (gains)	-	-	-	-	-	-	-
Curtailment	-	-	-	-	-	-	-
Settlement	-	-	-	-	-	-	-
Precepts							
Environment Agency	(9)	(7)	-	-	-	-	(16)
Kent & Essex Sea Fisheries	9	-	-	-	-	-	9
Financial Reporting Council	-	-	-	-	-	-	-
TOTAL	-	(30)	-	-	-	-	(30)

DEPUTY LEADER, FINANCE AND TRANSFORMATION ... RECHARGED STRATEGIC SUPPORT SERVICES

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Information Services	15,052	16,787	1,735	◆
Finance	8,997	10,798	1,801	◆
Human Resources	8,250	8,250	-	■
Insurance Cost Recovery Account	5,354	4,685	(669)	●
Transformation Support Unit	4,763	4,763	-	■
TOTAL	42,416	45,283	2,867	◆

Information Services

Many of the assets inherited by the Service are near to, or beyond, the end of their useful lives. Work has been undertaken to determine how to contain operational risks and much of the remedial work is now deemed to be urgent. Approval is therefore sought for supplementary funding of **£1.735m**, to be financed by a withdrawal from the IMT reserve, to improve existing infrastructure and disaster recovery arrangements, and to begin a modernisation programme for the Service. This funding is critical for IS to continue playing a key enabler role within ECC transformation programme.

Finance

An over spend of **£1.801m** is currently forecast. **£1.358m** of the over spend relates to Essex Shared Services, where delays in projects have impacted upon the Service's ability to achieve the savings assumed within the 2010/11 budget.

The remainder of the over spend (**£443,000**) relates to Internal Audit and Risk Management, as a consequence of actions being taken to reduce reliance on third party consultancy. Approval is sought to vire **£443,000** from the Insurance Cost Recovery Account to Internal Audit to partially offset this position.

Human Resources	It is currently anticipated that spending will be in line with the latest approved budget.
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Insurance Cost Recovery Account	<p>An under spend of £669,000 is forecast due to reduced premiums for insurance renewals in 2010/11.</p> <p>Approval is sought to vire £443,000 of this under spend to the Finance Recharged Strategic Support Service to support developments within Internal Audit and Risk Management.</p> <p>It is proposed that the remainder of the under spend of £226,000 is appropriated into the Service Improvement Reserve.</p>
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Transformation Support Unit	The service is currently forecasting to spend in line with budget.
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VARIANCE PLAN							
	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Information Services	-	-	-	-	-	1,735	1,735
Finance	443	-	-	1,358	-	-	1,801
Human Resources	-	-	-	-	-	-	-
Insurance Cost Recovery Account	(443)	-	-	-	-	(226)	(669)
Transformation Support Unit	-	-	-	-	-	-	-
TOTAL	-	-	-	1,358	-	1,509	2,867

DEPUTY LEADER, FINANCE & TRANSFORMATION ... TRADING ACTIVITIES

IS INFRASTRUCTURE

2009/10		2010/11				Rag Status	
Actual		Original Budget	Latest Budget	Forecast Outturn	Variance		Variance
£000		£000	£000	£000	£000	%	
(70)	Income	-	-	-	-	-	■
549	Expenditure	-	-	-	-	-	■
-	Financing Items	-	-	-	-	-	■
479	(Surplus)/Deficit	-	-	-	-	-	■
(479)	Appropriations	-	-	-	-	-	■
-	Net (increase) / decrease in revenue reserves	-	-	-	-	-	■
2009/10		2010/11					
Closing Balance					Opening Balance	Closing Balance	
£000					£000	£000	
-	Total Reserves Balance				-	-	■

Comments:

The Information Services Infrastructure Trading Activity was established towards the end of 2009/10. A financial plan for 2010/11 is currently being constructed, although it is currently anticipated that the activity will incur a loss in 2010/11. The trading activity has no accumulated revenue reserves. Options for mitigating / financing the loss are currently being considered, and an update will be provided at the Half Year stage.

DEPUTY LEADER, FINANCE AND TRANSFORMATION ... CAPITAL

CAPITAL - PROJECTS

	Forecast Outturn			Rag Status
	Latest Budget	Outturn Forecast	Forecast Variance	
	£000	£000	£000	
Human Resources Schemes	-	-	-	■
Information Services Schemes	12,738	12,738	-	■
Finance Projects	587	1,087	500	◆
TOTAL	13,325	13,825	500	◆

Information Services schemes

Approval is sought to add scheme and payment approvals to the capital programme for the following new projects:

- ICT Modernisation - **£5.8m**
- Disaster recovery - **£1.507m**
- ICT Stabilisation - **£2.0m**
- ICT procurement - **£43,000**

It is proposed that these new projects are financed by reducing the scheme and payment approvals for the following schemes:

- IS Development - **£4.350m**
- Virtual desk top infrastructure - **£3.5m**
- Wireless infrastructure - **£500,000**
- VOIP - **£1.0m**

Approval is sought to increase the scheme and payment approvals for the WAN replacement scheme by **£41,000**. This will be financed by a corresponding reduction in the scheme and payment approvals for the LAN infrastructure scheme.

Finance projects	<ul style="list-style-type: none"> ▪ Hierarchy project It is no longer intended to progress this project. It is therefore proposed that the scheme and payment approvals (£170,000) are removed from the capital programme. ▪ Abacus extranet software upgrade It is proposed that the scheme and payment approvals for this scheme are reduced by £80,000 as it is anticipated that the project will be completed below budget. ▪ E-Payroll An over spend of £750,000 is currently forecast. It is proposed that the under spends on the Hierarchy and the Abacus software upgrade projects are utilised to partially offset this position. Actions are being considered for addressing the remainder of the forecast over spend (i.e. £500,000).
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CAPITAL – VARIANCE PLAN						
	Additions	Reductions	Advanced works	Slippage	2010/11 Changes	2011/12 Changes
	£000	£000	£000	£000	£000	£000
Human Resources Schemes	-	-	-	-	-	-
Information Services Schemes	9,391	(9,391)	-	-	-	-
Finance Projects	750	(250)	-	-	500	-
TOTAL	10,141	(9,641)	-	-	500	-

OPERATING COSTS ... REVENUE

FORECAST OUTTURN POSITION

	Forecast Outturn			Rag Status
	Latest Estimate	Forecast Outturn	Variance	
	£000	£000	£000	
Interest receivable	(925)	(925)	-	■
Interest payable	19,571	19,571	-	■
Capital financing	28,508	28,508	-	■
Retirement benefits	-	-	-	■
Emergency contingency	8,000	7,375	(625)	●
Appropriations to / from earmarked revenue reserves				
Schools	-	-	-	■
Capital Financing	-	(174)	(174)	■
Equalisation reserves	26,173	26,173	-	■
General reserves	(13,398)	(9,431)	3,967	◆
TOTAL	67,929	71,097	3,168	◆

Emergency contingency

Proposals are contained elsewhere within this report for withdrawing **£625,000** from the Emergency Contingency – see **Appendix G** (page 16) for details.

Appropriations – capital financing

It is proposed that the following amounts are withdrawn from the Reserve for Future Capital Funding:

- **£100,000** for the rural broadband project and for the economic and social infrastructure of post offices (Leader portfolio);
- **£56,000** fund consultancy costs in relation to the Basildon New Neighbourhood Centre (Asset Management Recharged Support Service);
- **£22,000** for the Weald tree nursery (Chief Whip and Environment and Waste portfolio); and
- **£6,000** for the Essex grazing scheme (Chief Whip and Environment and Waste portfolio).

Partially offsetting these requests, it is proposed that **£10,000** is appropriated into the Reserve for Future Capital Funding (financed by a withdrawal from the Carry Forwards Reserve) to provide capital financing for a specific capital project.

**Appropriations -
General reserves**

- **Service improvement reserve**

It is proposed that **£226,000** of the under spend on the Insurance Cost Recovery Account is appropriated into the Service Improvement Reserve. Further, it is proposed that **£121,000** is repaid into the Reserve in respect of supplementary funding awarded to Libraries and Information Services (Heritage, Culture and the Arts portfolio) in a previous financial year.

Partially offsetting this, it is proposed that **£17,000** is withdrawn from the Service Improvement Reserve for the Supporting Diverse Communities incentive (Leader Portfolio).
- **Carry Forwards Reserve**

It is proposed that **£10,000** is withdrawn from the Carry Forwards Reserve in order to replenish the Reserve for Future Capital Funding in respect of the financing of the Chairman's Car (Leader portfolio).
- **IMT Reserve**

It is proposed that **£1.735m** is withdrawn from the IMT Reserve to improve existing information services infrastructure and disaster recovery arrangements, and to begin a modernisation programme for the IS Service.
- **LAA Performance Reward**

A withdrawal of **£7.595m** was approved as part of the 2010/11 Original budget. However, due to a reduction in the amount of Performance Reward Grant receivable, there is only **£1.873m** available to withdraw.
- **Children's Reserve**

It is proposed that **£340,000** is withdrawn from the Children's Reserve, in order to finance staffing costs within Social Care as a result of the improvement agenda (Children's Services portfolio).

VARIANCE PLAN

	Virements	Transfers (to) / from General Balance	Under spends to be retained	Over spends to be addressed	Withdrawals from the Emergency Contingency	Appns (to)/from earmarked reserves	Total Variance Plan
	£000	£000	£000	£000	£000	£000	£000
Interest receivable	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-
Capital financing	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-
Emergency contingency	-	-	-	-	(625)	-	(625)
Appropriations to / from earmarked revenue reserves							
Schools	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	(174)	(174)
Equalisation reserves	-	-	-	-	-	-	-
General reserves	-	-	-	5,722	-	(1,755)	3,967
TOTAL	-	-	-	5,722	(625)	(1,929)	3,168