

**Committee:** Cabinet

**Agenda Item**

**Date:** 13 September 2012

**8**

**Title:** 2012/13 Budget Monitoring

**Portfolio Holder:** Cllr Robert Chambers

Key decision: Yes

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## Summary

1. This report details financial performance relating to the General Fund, Housing Revenue Account, Capital Programme and Treasury Management. It is based upon actual expenditure and income from April to July and forecasts for the end of the financial year.

## Recommendations

2. The Committee is recommended to:
  - a. Note and approve this report.
  - b. To approve the Capital Programme increases for the Vehicle Fleet Workshop and Holloway Crescent.
  - c. Subject to Housing Board's decision on 10 September 2012 endorse the addition of £500,000 to the HRA Capital Programme for the Rewiring Programme.
  - d. Endorse the funding transfer of £40,000 from the Community Partnership and Engagement Portfolio to the HRA to finance apprenticeships.

## Financial Implications

3. The relevant financial implications are included in the body of the report.

## Background Papers

[2012/13 Budget Book](#)

## Impact

Communication/Consultation	Budget holders and members of Senior Management Board have been consulted.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None

Sustainability	None
None Ward-specific impacts	None
Workforce/Workplace	None

## General Fund – Summary

**Net favourable variance £274,000 is forecast**

On the bottom line, a net favourable variance of £274,000 is now forecasted for the financial year.

The Net Operating Expenditure line has a forecasted favourable variance of £72,000.

After allowing for reserves transfers, there is a net favourable variance of £274,000 as summarised below.

**Details in Appendix A**

Adverse Variances above 20k as itemised below	97
Favourable variances above 20k as itemised below	-176
Minor variances (net)	7
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<b>Sub total – net operating expenditure</b>	<b>-72</b>
Use of Change Mgt Reserve more than budgeted	-73
Transfer to Local Government Review Reserve	99
Use of Waste Reserve	-74
Use of Homelessness Reserve	-30
Use of New Homes Bonus Reserve(net)	-69
Use of S106 Reserve	-51
Other Reserves transfers not budgeted (net)	-4
<b>Bottom line</b>	<b>-274</b>

**Variances above £20,000**

**Adverse variances**

£000	Portfolio	Service	Description
28	Housing	Homelessness	Forecast outturn now includes grant expenditure financed from reserves. It is proposed that the majority of the grant will be spent an outreach service for victims of domestic violence.
69	New Homes Bonus: Community Projects 2011/12 and 2012/13	N/A	Slippage of remaining 2011/12 New Homes Bonus expenditure into 2012/13(£109K). Slippage of 2012/13 New Homes Bonus expenditure to 2013/14(£40,000).

## Favourable variances

£000	Portfolio	Service	Description	
32	Community Partnerships & Engagement	Community Information Centres/Leisure Private Finance Arrangement	Slippage of Stansted Information Centre grant payment to 2013/14. Leisure Private Finance budget now includes an inflationary increase in Licence Fee payable by contractor.	
38	Environment	Waste Management/Vehicle Maintenance	Additional costs associated with delay in implementation of waste Strategy.	104
			Increase in take of new Green Waste Kerbside collection(net)	6
			Trade Waste – Small containers income. Reduction in income due to increased competition from private sector.	50
			Trade Waste Impact of establishment changes not implemented to date.	23
			Waste Strategy: Increased take up of glass.	(45)
			ECC compensation forecast to be higher than expected due to as waste transported further than planned.	(95)
			Waste Strategy budget assumptions update	(52)
			Other minor variances(net)	8
			Total	(1)
		Land Drainage	Duties of vacant post absorbed into existing staff arrangements. Post not required	(45)
			Other Minor variances(net)	8
106	Finance and Administration	Corporate Management	Audit fees projected saving	(60)
			Consultancy savings	(13)
			Pay Award not to be utilised	(30)
			Other minor variances(net)	14
			Total	(89)
		Housing Benefit	Improvement in Housing Benefit Overpayments recovery.	(172)
		Information Technology	Additional costs of IDOX.	49

£000	Portfolio	Service	Description	
		Local Tax Collection	Review of Council Tax aged debt being undertaken. Provision made for the write off of court costs.	95
		Other minor Variances.		11

### Use of budget growth items in 2012/13

Service managers have been asked to comment on the use of additional budget items that were approved by the Council in February 2012. The aim is to assess whether the intended outcomes have been achieved and within budget.

Service	Purpose	£000	Service manager's comment
Economic Development	Economic Development Capacity	30	Economic Development Category: As a result of this money (and other funding from NHB and Central Government) we have employed an Economic Development Officer for 2 years. A new Economic Development Strategy is being produced which will be subject to general consultation before being adopted. This strategy will set out the Councils objectives for future years.
Local Amenities	Fritch Green Community Centre sound alterations works	30	.Work to be carried out towards end of year.
Non Domestic Rates	Increased demand for Discretionary Business Rate Relief	23	We are forecasting that the additional budget will be fully utilised.
Grants and Contributions	Additional Voluntary sector support	20	Fund set aside for Voluntary Organisations who are struggling in economic climate.
Leisure & Administration	Access to services project	20	Project ongoing money will be spent by the end of the financial year.
Sports Development	Olympics events	20	Events taken place. Total cost £22,648.
Housing Strategy	RCCE Community Led Planning	20	RCCE Community Led Planning: This additional funding has enabled us to procure an increase in independent support to Parish and Town Councils to assist in the production of Parish and Neighbourhood Plans. The RCCE have approached a range of Parish and Town Councils and are now working with 8 Councils across the District.
Corporate Management	Equalities Officer	18	Arrangements with South Cambs District Council are progressing.
Financial Services	Finance Team – Extra Capacity needed	17	Current delay in recruiting Finance Assistant post - expecting to be filled within one to two months.
Central Services	Scanning for Planning Service	17	On budget; salary to be funded from Planning Reserve. Originally, two employees for half a year each, now one for

<b>Service</b>	<b>Purpose</b>	<b>£000</b>	<b>Service manager's comment</b>
			one full year.
Planning Policy	Planning Policy consultancy	15	Planning Policy Consultancy: This funding has allowed outsourcing of study work as part of the ongoing work programme.
Business Improvement & Performance	Additional capacity for Scrutiny support	13	On budget; represents salary for returning member of staff following maternity leave. Reinstatement of a budget item omitted in oversight.
Planning Policy	Staff capacity to help deliver LDF programme	12	Staff capacity to delivery LDF programme: This funding has allowed appointment of additional officer support for the Local Plan process as part of the ongoing work programme.
Community Safety	Special Constables training	10	No plans in place at present (and no spend to date).
Corporate Management	Interim Change Manager costs	10	Interim Change Manager has been engaged to facilitate Corporate Plan Review in the autumn.
Central Services	Mail Room equipment	9	Equipment purchased at start of financial year through a finance lease arrangement.
Environmental Management & Admin	Temporary Environmental Health administrative staffing	8	Staff member to remain in post until January 2013.
Planning Policy	Contribution to county wide Gypsy & traveller Unit	7	Contribution to county wide Gypsy and Traveller unit: The Council has been an integral part of the operational group and Cllr Barker represents the Council on the Steering Group. This funding will support a County wide approach to dealing with the issues surrounding unauthorised Gypsy and Traveller encampments.
Grants & Contribution	Inflationary increase in grants to the voluntary sector	6	Money has been allocated.
Leisure administration	Uttlesford Futures	5	Will be spent by end of financial year, partnership continuing.
Street Cleansing	Highways Ranger (£60k costs, funded by ECC)	0	Service has now commenced with costs feeding through to the budget - timing of ECC funding to be clarified. £60k in funding still fully expected.

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**Updated Risk Analysis**

It is too early to assess whether some of the risks originally identified when setting the budget have reduced. Appendix B.

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**Actions agreed by SMB**

None at this stage.

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## Housing Revenue Account – Summary

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### **Favourable variance of £136,000 is forecast**

The forecast is for an overall net in year surplus of £150,000, which is an £136,000 favourable variance as compared with the budgeted surplus of £14,000.

Income is forecasted to be £108,000 (0.8%) above budget due to Sheltered service charges which is netted off by transitional relief costs of £75,000.

Expenditure is £972,000 above budget due to the additional capital contributions required to finance the Mead Court development, additional demolition costs for Holloway Crescent, Cladding for HRA oil heated properties and an electrical rewiring programme as detailed below. Of the cost for these projects £892,000 has been funded from HRA headroom.

### **Details at Appendix C**

The increase in expenditure has been reduced by a favourable variance of £136,000 in relation to utility budgets.

Other favourable variances total £47,000(net).

The Housing Business Plan agreed by Cabinet in February 2012 identified £2.7 million headroom in the HRA as a result of the HRA Self Financing changes. As at the end of July 2012 £1.808 million in headroom remains available to deliver the requirements of the HRA business plan.

£892,000 of financial headroom has been applied as follows:

- £244,000 to finance Cladding for oil heated properties.
- £148,000 to finance the additional costs of demolition for Holloway Crescent. As detailed in the HRA capital programme below. A separate report will be considered at Housing Board on 10 September in relation to the project.
- £500,000 to finance a programme of Electrical Rewiring. A separate report will be considered at Housing Board on 10 September in relation to the project.

An update on the headroom position is detailed at Appendix D.

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### **HRA Loan Portfolio**

On 28 March 2012 the Council made a self financing payment of £88,407,000, funded by PWLB loans in accordance with the funding strategy approved by the Council on 23 February 2012.

The HRA budget now includes £2.6 million in interest payments for the loan portfolio. The first repayment of interest totalling £1.3 million will take place on 28 September 2012.

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## Capital Programme - Summary

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**Net adverse variance of £187,000 is forecast**

**Details are in Appendix E.**

On 23 February 2012 the Council approved a Capital budget of £10,633,000 for 2012/13.

Cabinet in June received the 2011/12 Capital outturn report and agreed £228,000 of carry over from 2011/12 into the 2012/13 budget. In addition, in line with various reports, the Capital budget has increased by £888,000. The total programme approved to date being £11,747,000.

As at the end of July 2012 total expenditure of £11,933,000 is forecasted, a net adverse variance of £187,000.

This comprises material overspends (greater than £20,000) of £811,000 and expenditure reprofiled to 2013/14 of £631,000.

The overspend relates to the following three schemes:

- Waste Strategy – Vehicle Workshop - £74,000 to reflect the additional cost of groundwork's on the site. It is proposed that this expenditure be funded from the Waste Reserve. The General fund budget includes this assumption.
- HRA – Holloway Crescent - £148,000 to reflect the additional cost of demolition. A separate report to Housing Board on 10 September will report the progress of the scheme and proposed funding from the HRA headroom.
- HRA – Electrical Rewiring Programme - £500,000. A separate report to Housing Board on 10 September will report the progress of the scheme and proposed funding from the HRA headroom.
- Environmental Services – Elizabeth Way Culvert - £89,000. The Capital Strategy included a cheaper option for the project of lining the Culvert without excavation at a total cost of £111, 000. The outcome of a survey conducted in the latter part of 2011/12 has resulted in this option being aborted. A separate report to Cabinet will detail the progress on the scheme and the proposed cost over the financial years 2012/13 and 2013/14.

Expenditure reprofiled to 2013/14 includes New Build Garden sites (£600,000) and the delay in the purchase of the white goods vehicle for fleet (£31,000).

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## Treasury Management – Summary

<b>Landsbanki latest</b>	On 29 May 2012 a second distribution of £285,661 was received from the Landsbanki administrators to add to the £682,665 received in February 2012. A small sum (£16,051 as at 31 <sup>st</sup> March 2012) of the monies released to date is held in escrow in Icelandic Krona pending the resolution of legal difficulties regarding the movement of Icelandic currency. Lawyers are exploring various schemes to extract this sum. Interest is accruing on this deposit.
<b>Credit ratings</b>	Credit ratings have been subject to fewer instances of downgrading or negative outlooks during the start of the financial year. The Council continues to operate a cautious investment policy in close liaison with Arlingclose. Details of deposits are set out at Appendix F.
<b>Investment Outlook</b>	Continued economic uncertainty both in the UK and abroad continues to influence a slight downward trend in investment returns. Indications from Central Government are that the UK Treasury DMO may resort to paying no interest on investments. The potential loss from this element of the Council's investment portfolio is estimated to be immaterial for 2012/13 due to the probably part year implementation.
<b>HRA Self Financing</b>	As detailed above for the HRA commentary the first payment of interest (£1.3 million approximately) on the HRA's loan portfolio under 'Self Financing' will take place on 28 September 2012.




### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Actual income and expenditure will vary from forecast, requiring adjustments to budget and/or service delivery	2 – some variability is inevitable	2 – budget will be closely monitored and prompt action taken to deal with variances	Budgetary control framework linked to Performance Management framework.

### Performance Analysis

To assist the link between the financial position and the Councils' performance framework, the Quarter 1 progress for all key (KPI) and Performance Indicators (PI) has been aligned to the relevant service area.

The KPI and PI status symbols are summarised below:

-  This is more than 10% below target.
-  This PI is between 0.01 and 10% below target.
-  This PI is on target.





## APPENDIX A

### GENERAL FUND SUMMARY

£000	2011/12 Outturn	2012/13						
		April to July			Full Year			
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Community Partnerships & Engagement - <i>Cllr H Rolfe</i>	1,434	232	130	-102	1,609	1,053	1,021	-32
Community Safety - <i>Cllr A Walters</i>	228	117	105	-12	316	321	320	-1
Environmental Services - <i>Cllr S Barker</i>	2,466	638	558	-80	1,796	1,830	1,792	-38
Finance & Administration - <i>Cllr R Chambers</i>	3,972	1,631	1,418	-213	4,372	4,372	4,266	-106
Housing (General Fund) - <i>Cllr J Redfern</i>	78	-71	-143	-72	-56	-129	-101	28
<b>Sub-total – Portfolio and Committee budgets</b>	<b>8,178</b>	<b>2,547</b>	<b>2,068</b>	<b>-479</b>	<b>8,037</b>	<b>7,447</b>	<b>7,298</b>	<b>-149</b>
Recharge to HRA	-1,091	0	0	0	-1,121	-1,054	-1,052	2
HRA share of corporate core	-233	0	0	0	-200	-200	-187	13
Investment Income	-83	-23	-24	-1	-70	-70	-80	-10
Pension Fund	431	230	226	-4	463	463	474	11
Capital Financing Costs	1,139	110	111	1	999	1,015	1,006	-9
New Homes Bonus - Community Projects 11/12	391	0	20	20	0	0	109	109
New Homes Bonus - Community Projects 12/13	0	4	0	-4	708	40	0	-40
Landsbanki	-269	0	0	0	0	0	0	0
Revenues & Benefits Implementation	0	0	0	0	250	250	250	0
Collection Fund Balance	-42	0	0	0	10	10	10	0
Council Tax Freeze Grant	-123	-125	-124	1	-125	-125	-124	1
Formula Grant	-3,206	-1,041	-1,041	0	-2,889	-2,889	-2,889	0
New Homes Bonus - Grant	-714	0	0	0	-1,248	0	0	0
<b>Sub-total – Net Operating Expenditure</b>	<b>4,377</b>	<b>1,702</b>	<b>1,236</b>	<b>-466</b>	<b>4,814</b>	<b>4,887</b>	<b>4,815</b>	<b>-72</b>
Transfer to (+) / from (-) Business Development Reserve	-25	0	0	0	0	0	0	0
Transfer to (+) / from (-) Change Management Reserve	-431	0	0	0	-250	-253	-326	-73
Transfer to (+) / from (-) Council Tax Freeze Reserve	0	0	0	0	125	125	124	-1
Transfer to (+) / from (-) Elections Reserve	-35	0	0	0	20	20	20	0
Transfer to (+) / from (-) Energy Efficiency Reserve	-9	0	0	0	0	0	0	0
Transfer to (+) / from (-) Homelessness Reserve	50	0	0	0	20	20	-10	-30
Transfer to (+) / from (-) Landsbanki Contingency Reserve	121	0	0	0	0	0	0	0
Transfer to (+) / from (-) LGRR Contingency Reserve	712	0	0	0	0	0	99	99
Transfer to (+) / from (-) Licensing Reserve	-37	0	0	0	-51	-51	-46	5
Transfer to (+) / from (-) NHB Community Projects Reserve	109	0	0	0	0	0	-109	-109
Transfer to (+) / from (-) NHB Contingency Reserve	214	0	0	0	540	530	570	40
Transfer to (+) / from (-) Planning Reserve	-34	0	0	0	-29	-79	-87	-8
Transfer to (+) / from (-) Voluntary Sector Grants Reserve	0	0	0	0	0	-10	-10	0
Transfer to (+) / from (-) Waste Reserve	-22	0	0	0	-70	-70	-144	-74
Transfer to (+) / from (-) Working Balance	0	0	0	0	33	33	33	0
Draw down from Section 106 Reserve	0	0	0	0	0	0	-51	-51
<b>Sub-total - Net Expenditure</b>	<b>4,990</b>	<b>1,702</b>	<b>1,236</b>	<b>-466</b>	<b>5,152</b>	<b>5,152</b>	<b>4,878</b>	<b>-274</b>
Transfer to (+) / from (-) Budget Equalisation Reserve	-69	0	0	0	-179	-179	-179	0
<b>BOTTOM LINE</b>	<b>4,921</b>	<b>1,702</b>	<b>1,236</b>	<b>-466</b>	<b>4,973</b>	<b>4,973</b>	<b>4,699</b>	<b>-274</b>
<b>Funding Available</b>								
Council Tax	-4,921	0	0	0	-4,973	-4,973	-4,973	0
<b>Total Funding Available</b>	<b>-4,921</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,973</b>	<b>-4,973</b>	<b>-4,973</b>	<b>0</b>
<b>OVERALL NET POSITION</b>							<b>-274</b>	

**APPENDIX A (continued)**

**COMMUNITY PARTNERSHIPS & ENGAGEMENT PORTFOLIO**

£000	2011/12 Outturn	April to July			Full Year				Service Performance
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance	
Assisted Travel	3	6	6	0	3	3	3	0	
Committee Administration	159	48	47	-1	143	143	143	0	
Communications	128	44	39	-5	137	137	132	-5	
Community Information Centres	56	22	17	-5	69	69	51	-18	
Community & Leisure Management	47	15	14	-1	47	47	47	0	
Customer Services Centre	273	93	94	1	286	286	287	1	
Democratic Representation	333	131	131	0	350	354	355	1	
Economic Development	29	14	-90	-104	30	70	70	0	
Grants & Contributions	208	221	214	-7	227	247	247	0	
Leisure & Administration	37	23	22	-1	98	98	98	0	
Leisure PFI	-108	-17	2	19	-30	-30	-43	-13	
Museum Saffron Walden	244	67	74	7	197	197	201	4	
New Homes Bonus 12/13 - Jubilee Fund	0	0	0	0	0	500	500	0	
New Homes Bonus 12/13 - Other	0	15	10	-5	0	88	88	0	
New Homes Bonus 12/13 - Funding	0	-483	-483	0	0	-1,208	-1,208	0	
Sports Development	25	33	33	0	52	52	50	-2	
<b>Portfolio Total</b>	<b>1,434</b>	<b>232</b>	<b>130</b>	<b>-102</b>	<b>1,609</b>	<b>1,053</b>	<b>1,021</b>	<b>-32</b>	




**APPENDIX A (continued)**

**COMMUNITY SAFETY PORTFOLIO**

£000	2011/12 Outturn	April to July			Full Year				Service Performance
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance	
Community Safety	111	50	53	3	172	172	172	0	
Emergency Planning	42	13	12	-1	42	42	42	0	
Enforcement	162	56	60	4	172	172	178	6	
Highways	0	1	2	1	0	5	5	0	
Licensing	-87	-3	-22	-19	-70	-70	-77	-7	
<b>Portfolio Total</b>	<b>228</b>	<b>117</b>	<b>105</b>	<b>-12</b>	<b>316</b>	<b>321</b>	<b>320</b>	<b>-1</b>	





**APPENDIX A (continued)**

**ENVIRONMENT PORTFOLIO**

£000	2011/12 Outturn	April to July			Full Year				Service Performance
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance	
Animal Warden	30	10	9	-1	30	30	30	0	
Car Parking	-494	-108	-121	-13	-566	-582	-594	-12	
Conservation & Enhancement	88	26	18	-8	79	79	81	2	
Depots	55	24	18	-6	54	54	54	0	
Development Control	47	-105	-62	43	-229	-171	-167	4	
Environmental Management & Admin	85	33	32	-1	97	97	97	0	
Grounds Maintenance	206	60	58	-2	179	179	179	0	
Housing Strategy	75	44	42	-2	103	103	103	0	
Land Drainage	70	16	2	-14	47	47	2	-45	
Local Amenities	10	9	9	0	46	46	46	0	
Pest Control	25	2	12	10	22	22	28	6	
Planning Access	15	9	10	1	28	28	28	0	
Planning Grants	5	0	0	0	5	5	5	0	
Planning Management & Admin	400	161	159	-2	542	484	484	0	
Planning Policy	318	87	91	4	271	321	323	2	
Planning Research	12	13	13	0	38	38	38	0	
Public Health	381	127	105	-22	358	358	353	-5	
Street Cleansing	283	94	87	-7	288	288	287	-1	
Street Services Management & Admin	280	94	99	5	292	292	283	-9	
Vehicle Management	362	118	103	-15	313	313	335	22	
Waste Management - Expenditure	2,206	564	581	17	1,714	1,714	1,930	216	
Waste Management - Income	-1,993	-640	-707	-67	-1,915	-1,915	-2,133	-218	
<b>Portfolio Total</b>	<b>2,466</b>	<b>638</b>	<b>558</b>	<b>-80</b>	<b>1,796</b>	<b>1,830</b>	<b>1,792</b>	<b>-38</b>	




**APPENDIX A (continued)**

**FINANCE & ADMINISTRATION PORTFOLIO**

£000	2011/12 Outturn	April to July			2011/12 Financial Year				Service Performance
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance	
Benefit Administration	-337	-109	-109	0	-328	-328	-328	0	
Business Improvement & Performance Team	142	59	52	-7	176	176	176	0	
Central Services	335	115	131	16	321	346	327	-19	
Conducting Elections	53	2	7	5	4	4	5	1	
Conveniences	40	26	27	1	39	39	36	-3	
Corporate Management	866	338	230	-108	908	963	874	-89	
Council Tax Benefits	-29	-19	-26	-7	-58	-58	-71	-13	
Electoral Registration	23	6	0	-6	23	23	23	0	
Financial Services	851	338	319	-19	898	873	847	-26	
Housing Benefits	-170	-184	-263	-79	261	241	99	-142	
Human Resources	168	51	100	49	190	190	192	2	
Information Technology	904	505	473	-32	952	922	946	24	
Internal Audit	93	35	35	0	104	104	104	0	
Leased Cars	0	10	49	39	0	0	0	0	
Legal Services	104	35	27	-8	105	105	108	3	
Local Tax Collection	-101	0	0	0	-145	-145	-50	95	
Non Domestic Rates	-39	0	0	0	-74	-74	-70	4	
Offices	286	183	160	-23	314	314	315	1	
Resources Miscellaneous	-62	-17	-15	2	-50	-50	-50	0	
Revenues Administration	845	257	221	-36	732	727	783	56	
<b>Portfolio Total</b>	<b>3,972</b>	<b>1,631</b>	<b>1,418</b>	<b>-213</b>	<b>4,372</b>	<b>4,372</b>	<b>4,266</b>	<b>-106</b>	

**APPENDIX A (continued)**

**HOUSING GENERAL FUND PORTFOLIO**

£000	2011/12 Outturn	April to July			Full Year				Service Performance
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance	
Building Surveying	83	-30	-38	-8	-99	-105	-105	0	
Day Centres	41	25	11	-14	52	52	60	8	
Energy Efficiency	44	13	7	-6	49	49	49	0	
Homelessness	78	27	15	-12	80	38	60	22	
Housing Grants	11	10	10	0	10	10	10	0	
Land Charges	-85	-26	-34	-8	-52	-52	-50	2	
Life Line	-94	-90	-114	-24	-96	-121	-125	-4	
<b>Portfolio Total</b>	<b>78</b>	<b>-71</b>	<b>-143</b>	<b>-72</b>	<b>-56</b>	<b>-129</b>	<b>-101</b>	<b>28</b>	

Note: the Housing Portfolio also includes the Housing Revenue Account; see Appendix C (below)

**APPENDIX A (continued)**

**GENERAL FUND RESERVES**

<b>Reserve £000</b>	<b>Balance 01-Apr-12</b>	<b>Forecast Transfer from General Fund</b>	<b>Transfers between Reserves</b>	<b>Forecast Transfer to General Fund</b>	<b>Forecast Balance 31-Mar-13</b>
Budget Equalisation	1,430			-179	1,251
Business Development	17				17
Change Management	698			-326	372
Council Tax Freeze Grant Reserve	0	124			124
Elections	27	20			47
Emergency Response	90				90
Hardship Fund	100				100
Homelessness	75	20		-30	65
Landsbanki Contingency	121				121
Local Government Resource Review	867	99			966
Licensing	102			-46	56
New Homes Bonus - Community Projects	109			-109	0
New Homes Bonus - Contingency	214	580		-10	784
Planning Development	500			-87	413
Voluntary Sector Grants	10			-10	0
Waste Management	200			-144	56
Working Balance	1,181	33			1,214
<b>Total</b>	<b>5,741</b>	<b>876</b>	<b>0</b>	<b>-941</b>	<b>5,676</b>



## APPENDIX B

### General Fund – risk analysis

This is an update of the risk analysis reported to the Council at the time that the 2012/13 budget was set.

Risk Area	Original Risk Level	Current Status	Current Risk Level
<b>Refuse &amp; Recycling</b>	High (adverse)	<p>In 2012/13 a new waste service is to be implemented involving a new working week, new vehicles and new rounds, and a new garden waste service. The budget includes estimates of one off costs, expenditure and income under the new arrangements. There is a high level of estimation involved. The budget has been prepared before key variables are resolved, and the outcome of a tender exercise involving vehicle provision and maintenance.</p> <p>There is a specific risk item relating to the planned tender of the recyclables contract, which is expected to secure a significant income stream. Such markets are volatile so there is a risk that the expected income levels will not be secured.</p> <p>In addition there is an inherent volatility of costs and income in the waste service, with a high degree of variability experienced in recent years.</p> <p><i>Risk Mitigation to date:</i> Refuse and Recycling budgets are consistently monitored to test the initial budget assumptions and funding impact. One significant change to the Waste Strategy is the purchase of the Refuse Fleet outright through the use of Internal Financing; this will provide reduced interest cost to the service compared to Leasing.</p>	High (adverse)
<b>Revenues and Benefits</b>	High	<p>The setting up of the partnership with Harlow and the Council being required to establish a new localised scheme of Council Tax Support by January 2013, for implementation in April 2013, to replace the existing Council Tax Benefit scheme will bring significant challenges for the service.</p> <p>The risks need to be mitigated through ensuring there is strong project management resource available and strong attention to performance management. Use of temporary staffing resources to overcome any short term performance issues will be imperative. Nevertheless even with mitigation the scale of challenges upon the service render this a high risk area in</p>	High

Risk Area	Original Risk Level	Current Status	Current Risk Level
		<p>budget terms.</p> <p><i>Risk Mitigation to date:</i> The resource requirements for the service are continually monitored. The Local Government Resource Review Reserve currently standing at £966,000 and the Change management Reserve make financial provision to fund any adverse financial impact in the short to medium term.</p>	
<b>Efficiency Savings</b>	High	<p>The 2012/13 budget includes approximately £1m of efficiency savings and additional income generation (including car parks and recyclables. However there is inherent risk of outcomes being different to expectation. Work is actively underway on all workstreams which will result in further projects being approved and budget savings being made. It is likely, based on prior experience, that some savings opportunities will be realized earlier than expected with unbudgeted savings arising in 2012/13. In addition, the budget does not include the implementation costs that may arise, on the basis that these will be funded from the Change Management Reserve and/or external funding support. It is probable that unbudgeted costs will arise.</p> <p><i>Risk Mitigation to date:</i> Too early to assess mitigation arrangements.</p>	High
<b>Supplies and Services contracts</b>	Medium	<p>Where contracts have indexation clauses, estimates have been made of the inflationary increase that will be applied. Inflation is falling however so the risk is not felt to be high at this stage. In addition some contracts are due to be re-tendered during the year which could affect the base price. Accordingly there is an inherent risk of price volatility.</p> <p><i>Risk Mitigation to date:</i> To mitigate the risks in relation to key material construction contracts a partnering form of agreement as opposed to traditional procurement will be employed which uses a target fixed price thus reduce the risk of additional costs on development schemes.</p>	Medium
<b>Fees &amp; Charges Income</b>	Medium	<p>Attempts have been made to ensure that realistic estimates of income are included in the budget, but if economic conditions deteriorate there may be unbudgeted loss of income. Future charging arrangements for Licensing and Planning are under review by Government, adding uncertainty.</p> <p><i>Risk Mitigation to date:</i> Although some service areas have included higher income levels in this period forecast outturn it is too early in the financial year to assess the</p>	Medium

Risk Area	Original Risk Level	Current Status	Current Risk Level
		mitigation impact.	
<b>Capital Financing costs</b>	Medium	<p>These are influenced by variable factors such as cash flow, variations in the Capital Programme and availability of capital receipts.</p> <p><i>Risk Mitigation to date:</i> The opportunity to reduce capital financing for the Refuse Fleet has been taken through the internal financing of the vehicle purchase. The financing of the Capital Programme and the impact on the General Fund and HRA revenue budgets is continually monitored with remedial action taken as required.</p>	Medium)
<b>New Homes Bonus</b>	Medium	In line with the experience on New Homes Bonus spending for 2011/12 the expenditure is slow to be spent.	Medium
<b>Instability of Banking Industry</b>	Medium	<p>The Council has an investment strategy that minimizes the risk to funds on deposit. Reliance is placed on UK banks systemically important to the UK economy and the Government's deposit account facility. Nevertheless if a banking failure occurs, there could be a serious impact on the Council.</p> <p><i>Risk Mitigation to date:</i> The Council continues to operate a cautious approach to investment of surplus funds as detailed at Appendix F.</p>	Medium
<b>Car parks Income</b>	Medium	Car park income continues to meet budgeted expectations.	Low
<b>Landsbanki</b>	Low	As reported earlier it is currently expected that the Council will receive 100% the initial investment in Landsbanki.	Low

## APPENDIX C

### HOUSING REVENUE ACCOUNT

£000	2011/12 Outturn	April to July			2012/13			
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Dwelling Rents	-12,043	-4,314	-4,286	28	-12,942	-12,942	-12,925	17
Garage Rents	-201	-64	-69	-6	-191	-191	-210	-19
Other Rents etc	-2	-1	-1	0	-3	-3	-2	1
Charges for Services & Facilities	-606	-244	-293	-49	-629	-629	-731	-102
Investment Income	-11	-2	0	2	-5	-5	-10	-5
<b>Total Income</b>	<b>-12,863</b>	<b>-4,625</b>	<b>-4,650</b>	<b>-25</b>	<b>-13,770</b>	<b>-13,770</b>	<b>-13,878</b>	<b>-108</b>
<u>Housing Finance &amp; Business Management</u>								
Business & Performance Management	66	118	116	-2	374	374	379	5
Negative Housing Subsidy	5,201	0	0	0	0	0	0	0
Interest/Costs re HRA Loan	64	0	-32	-32	2,645	2,645	2,645	0
Rents, Rates & Other Property Charges	32	45	30	-14	45	45	35	-9
	5,363	163	115	-48	3,064	3,064	3,059	-5
<u>Housing Maintenance &amp; Repairs Service</u>								
Common Service Flats	319	111	52	-59	446	446	310	-136
Estate Maintenance	134	49	58	9	148	148	166	18
Housing Repairs	1,808	755	625	-130	2,028	2,068	2,082	15
Housing Sewerage	56	24	27	2	52	52	51	-1
Newport Depot	8	6	0	-6	11	11	8	-3
Property Services	576	119	89	-30	421	421	408	-13
	2,901	1,064	850	-214	3,105	3,145	3,025	-120
<u>Housing Management &amp; Homelessness</u>								
Housing Services	288	101	95	-6	307	349	296	-53
Sheltered Housing Services	336	152	129	-24	492	517	483	-34
	624	253	224	-30	799	866	779	-87
<u>Other Costs</u>								
Depreciation - Land & Buildings	2,011	0	0	0	2,873	2,873	2,873	0
Depreciation - Other Assets	102	0	0	0	21	21	21	0
Bad Debt Provision	46	0	0	0	65	65	65	0
Supporting People	112	0	0	0	0	0	75	75
Capitalised Salaries/Supervision Charges	-250	0	0	0	-250	-250	-250	0
Contribution to Capital Programme	778	0	0	0	250	250	1,222	972
Recharge from General Fund	1,091	0	0	0	1,121	1,054	1,052	-2
HRA Share of Corporate Core	233	0	0	0	200	200	187	-13
Pension Costs	102	0	0	0	51	51	100	49
Major Repairs Reserve Interaction	-102	0	0	0	0	0	0	0
Pay Award	0	0	0	0	6	6	0	-6
	4,123	0	0	0	4,337	4,270	5,345	1,075
<b>Total Expenditure</b>	<b>13,011</b>	<b>1,480</b>	<b>1,189</b>	<b>-291</b>	<b>11,304</b>	<b>11,344</b>	<b>12,208</b>	<b>863</b>
<b>OPERATING (SURPLUS)/DEFICIT</b>	<b>148</b>	<b>-3,145</b>	<b>-3,461</b>	<b>-316</b>	<b>-2,466</b>	<b>-2,426</b>	<b>-1,670</b>	<b>756</b>
<u>Use of Reserves/Funding</u>								
Transfer to the Major Repairs Reserve	0	0	0	0	500	500	0	-500
Transfer to the Change Management Reserve	0	0	0	0	200	200	200	0
Transfer to the Potential Projects Reserve	0	0	0	0	732	732	732	0
Transfer from the Potential Projects Reserve	0	0	0	0	0	0	-392	-392
Funding of Action Plan Capital Items 2012/13	0	0	0	0	1,020	1,020	420	-600
Transfer to reserves for Capital Action Plan Slippage 2012/13	0	0	0	0	0	0	600	600
New Homes Bonus - Grant	0	0	0	0	0	-40	-40	0
	0	0	0	0	2,452	2,412	1,520	-892
<b>(SURPLUS)/DEFICIT</b>	<b>148</b>	<b>-3,145</b>	<b>-3,461</b>	<b>-316</b>	<b>-14</b>	<b>-14</b>	<b>-150</b>	<b>-136</b>

**HRA RESERVES**

		Forecast	Transfers	Forecast	Forecast
Reserve	Balance	Transfer from	between	Transfer to	Balance
£000	01-Apr-12	HRA	Reserves	HRA	31-Mar-13
Working Balance	649				649
Major Repairs Reseve	0	0			0
Change Management Reserve	0	200			200
Potential Projects Reserve	0	732		-392	340
Capital Projects Reseve	0	600			600
<b>Total</b>	<b>649</b>	<b>1,532</b>	<b>0</b>	<b>-392</b>	<b>1,789</b>

## CAPITAL PROGRAMME

£'000	Actuals April to July 2012	Original Budget	Slippage from 2011/12	Budget adjustment as agreed by Cabinet	Current Budget	Forecast Outturn	Forecast to Budget Variance
<b>Community and Engagements</b>							
Community Project Grants	12	70	0	0	70	70	0
CCTV Saffron Walden	0	60	0	0	60	60	0
CCTV Stansted	0	42	0	0	42	42	0
CCTV Felsted	0	0	13	0	13	13	0
Museum Storage Facility	0	127	0	0	127	125	(2)
Leisure Centre Initiatives	0	0	9	0	9	9	0
S106 Forest Hill Park (Rochford Nurseries)	310	826	0	0	826	826	0
Community Fund							
S106 Sports Facilities - Bell College	251	316	0	0	316	316	0
S106 Takeley/Little Canfield	0	0	0	203	203	203	0
S106 Priors Green Community Centre	0	0	0	15	15	15	0
<b>Total Community Partnerships and Engagement</b>	<b>573</b>	<b>1,441</b>	<b>22</b>	<b>218</b>	<b>1,681</b>	<b>1,679</b>	<b>(2)</b>
<b>Environmental Services</b>							
Elizabeth Way Culvert	0	100	9	0	109	198	89
Security Fencing - Shire Hill	0	0	3	0	3	3	0
Faircroft Car Park Repairs	0	50	0	0	50	50	0
Swan Meadow Footbridge	1	0	0	16	16	16	0
Household Bins Replacement Programme	20	30	0	0	30	30	0
Trade Waste Bins Replacement Programme	9	10	0	0	10	10	0
Garden Waste Bins	11	20	0	0	20	20	0
Kitchen Caddies and Slave Bins	77	120	0	0	120	120	0
Vehicle Replacement Programme	0	31	0	0	31	0	(31)
Vehicle Workshop	140	353	0	0	353	427	74
New Fleet - Refuse Vehicles	0	1,995	0	0	1,995	1,995	0
In-cab Technology - Vehicles	0	50	0	0	50	50	0
<b>Total Environmental Services</b>	<b>258</b>	<b>2,759</b>	<b>12</b>	<b>16</b>	<b>2,787</b>	<b>2,919</b>	<b>132</b>
<b>Finance Admin</b>							
Home Working	0	20	4	0	24	24	0
Minor Items IT	0	20	0	0	20	20	0
Network Replacement	36	130	26	(35)	121	121	0
HR System	18	0	30	0	30	30	0
Content Mgt System	0	0	10	0	10	10	0
Revs and Bens	0	250	0	(50)	200	200	0
Council Offices Improvements	1	165	0	155	320	320	0
Council Offices Contingency	0	0	0	15	15	15	0
Car Park Improvements	0	0	0	35	35	35	0
Customer Services Remodelling	0	50	0	0	50	50	0
Upgrade Microphone System	40	40	0	0	40	40	0
Exchange Upgrade	0	35	0	0	35	35	0
Replacement of 32 Bit Servers	0	25	0	0	25	25	0
Windows 7 Upgrade	7	30	0	0	30	30	0
Replacement Projector	9	15	0	0	15	10	(5)
Energy Efficiency	4	53	0	0	53	50	(3)
Day Centres Cyclical Improvements	0	19	0	0	19	20	1
Guildhall Thaxted Cyclical Improvements	8	14	0	0	14	12	(2)
<b>Total Finance Admin</b>	<b>123</b>	<b>866</b>	<b>70</b>	<b>120</b>	<b>1,056</b>	<b>1,047</b>	<b>(9)</b>
<b>Housing</b>							
<b>General Fund</b>							
Disabled Facilities Grants	12	120	0	0	120	120	0
Empty Dwellings	0	70	0	0	70	70	0
Private Sector Renewal Grants	2	40	0	0	40	50	10
Stansted Hsg Partnership - Social Hsg Properties	0	700	0	0	700	700	0
<b>Total</b>	<b>14</b>	<b>930</b>	<b>0</b>	<b>0</b>	<b>930</b>	<b>940</b>	<b>10</b>
<b>HRA</b>							
HRA Repairs	609	2,669	0	0	2,669	2,680	11
Mead Court Development	0	0	0	80	80	80	0
Energy Efficiency Schemes	0	300	0	452	752	750	(2)
Holloway Crescent	48	678	124	0	802	950	148
Electrical Re-wiring	0	0	0	0	0	500	500
Cash Incentive Scheme Grants	3	20	0	0	20	18	(2)
Supervision	0	250	0	0	250	250	0
<b>Business Plan Items</b>							
Sheltered Hsg Alarms Equip	0	100	0	0	100	100	0
New Build Garden Sites	0	600	0	0	600	0	(600)
Internet Caf�s in Sheltered Hsg	16	20	0	0	20	20	0
<b>Total HRA</b>	<b>676</b>	<b>4,637</b>	<b>124</b>	<b>532</b>	<b>5,293</b>	<b>5,348</b>	<b>55</b>
<b>Total General Fund</b>	<b>968</b>	<b>5,996</b>	<b>104</b>	<b>354</b>	<b>6,454</b>	<b>6,585</b>	<b>132</b>
<b>CAPITAL PROGRAMME TOTAL</b>	<b>1,644</b>	<b>10,633</b>	<b>228</b>	<b>886</b>	<b>11,747</b>	<b>11,933</b>	<b>187</b>

## TREASURY MANAGEMENT

DEPOSITS MADE 1 APRIL TO 28 AUGUST 2012				
Deposit Date	Amount £m	Institution	Interest Rate	Return Date
02-Apr-12	4.4	Government DMO	0.25%	18-Apr-12
02-Apr-12	1.0	Bank of Scotland	1.40%	02-Jul-12
05-Apr-12	1.0	Bank of Scotland	1.43%	13-Jul-12
16-Apr-12	2.0	Government DMO	0.25%	19-Apr-12
18-Apr-12	1.0	Government DMO	0.25%	23-Apr-12
24-Apr-12	1.8	Government DMO	0.25%	03-May-12
24-Apr-12	0.5	Government DMO	0.25%	10-May-12
01-May-12	3.8	Government DMO	0.25%	18-May-12
01-May-12	2.2	Government DMO	0.25%	22-May-12
04-May-12	0.6	Government DMO	0.25%	21-May-12
04-May-12	1.8	Government DMO	0.25%	07-Jun-12
15-May-12	4.3	Government DMO	0.25%	18-Jun-12
30-May-12	0.6	Government DMO	0.25%	20-Jul-12
01-Jun-12	1.7	Government DMO	0.25%	19-Jun-12
01-Jun-12	1.2	Government DMO	0.25%	04-Jul-12
01-Jun-12	1.0	Nationwide BS	0.90%	03-Sep-12
11-Jun-12	1.7	Government DMO	0.25%	18-Jul-12
15-Jun-12	1.0	Government DMO	0.25%	21-Jun-12
15-Jun-12	0.5	Government DMO	0.25%	04-Jul-12
15-Jun-12	2.0	Government DMO	0.25%	18-Jul-12
15-Jun-12	1.2	Government DMO	0.25%	19-Jul-12
21-Jun-12	1.0	Nationwide BS	0.61%	28-Sep-12
29-Jun-12	0.5	Government DMO	0.25%	16-Jul-12
02-Jul-12	0.6	Government DMO	0.25%	19-Jul-12
02-Jul-12	2.0	Government DMO	0.25%	02-Aug-12
02-Jul-12	1.2	Government DMO	0.25%	17-Aug-12
05-Jul-12	1.0	Government DMO	0.25%	16-Jul-12
16-Jul-12	2.5	Government DMO	0.25%	17-Aug-12
16-Jul-12	2.2	Government DMO	0.25%	22-Aug-12
16-Jul-12	1.0	Government DMO	0.25%	01-Aug-12
01-Aug-12	1.6	Government DMO	0.25%	04-Sep-12
01-Aug-12	2.7	Government DMO	0.25%	18-Sep-12
02-Aug-12	2.0	Bank of Scotland	1.38%	09-Nov-12
06-Aug-12	1.0	Government DMO	0.25%	18-Sep-12
06-Aug-12	0.6	Government DMO	0.25%	13-Aug-12
15-Aug-12	0.6	Government DMO	0.25%	19-Sep-12
15-Aug-12	0.8	Government DMO	0.25%	20-Sep-12
15-Aug-12	1.6	Government DMO	0.25%	02-Oct-12
15-Aug-12	0.5	Government DMO	0.25%	18-Oct-12

**APPENDIX F****DEPOSITED BALANCES AS AT 28 AUGUST 2012**

Deposit	Amount	Institution	Interest	Return
Date	£m		Rate	Date
17-Oct-07	1.232	Landsbanki	n/a	n/k
08-Dec-11	0.016	Landsbanki (in escrow)	3.35%	n/k
01-Jun-12	1.0	Nationwide BS	0.90%	03-Sep-12
21-Jun-12	1.0	Nationwide BS	0.61%	28-Sep-12
01-Aug-12	1.6	Government DMO	0.25%	04-Sep-12
01-Aug-12	2.7	Government DMO	0.25%	18-Sep-12
02-Aug-12	2.0	Bank of Scotland	1.38%	09-Nov-12
06-Aug-12	1.0	Government DMO	0.25%	18-Sep-12
15-Aug-12	0.6	Government DMO	0.25%	19-Sep-12
15-Aug-12	0.8	Government DMO	0.25%	20-Sep-12
15-Aug-12	1.6	Government DMO	0.25%	02-Oct-12
15-Aug-12	0.5	Government DMO	0.25%	18-Oct-12
<b>TOTAL</b>	<b>14.048</b>			

**BALANCES WITH ON CALL DEPOSIT & CURRENT ACCOUNTS  
AS AT 28 AUGUST 2012**

Institution	Amount	Interest
	£m	Rate
Royal Bank of Scotland	2.00	0.80%
Barclays deposit account	1.25	0.60%
Barclays current accounts	0.33	1.50%
<b>TOTAL</b>	<b>3.58</b>	