

**Committee: Cabinet**

**Agenda Item**

**Date: 24 October 2013**

**9**

**Title: 2013/14 Budget Monitoring**

**Portfolio Holder: Cllr Robert Chambers**

Key Decision: No

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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 August and forecasts for the end of the financial year.
2. The **General Fund** is forecasting a net favourable variance of £370,000 which is due primarily to a temporary increase in planning fees income.
3. The **Housing Revenue Account** has a forecasted net favourable variance of £450,000 due to strong rent collection performance and saving in the repairs budget, with additional investment in capital projects.
4. The **Capital Programme** is forecasted to exceed the budget by £273,000. There is a request to reprofile £190,000 of planned expenditure from 2017/18 into 2013/14, in relation to the need to purchase an additional refuse collection vehicle.
5. **Treasury management** activity has been routine and in accordance with policy. A fourth repayment from Landsbanki has been received in this period. A correction to Strategy wording is needed. Alternative secure investment vehicles are being researched.

## **Recommendations**

6. The Cabinet is recommended to:
  - a. note and approve this report.
  - b. Approve the capital programme budget adjustments as set out in paragraphs 23-24.
  - c. Agree that the Treasury Management Strategy wording relating to restrictions on the upper limits for funds placed with banks, should be amended to make clear that this does not apply to the Council's use of the Government Deposit Account.

## Financial Implications

7. The recommendations relating to the capital programme constitute a net reduction in planned expenditure of £69,000 over a 5 year period, comprising a net increase of £121,000 in 2013/14 and a reduction of £190,000 in 2017/18. Reprofiting capital expenditure in this way means that the General Fund will incur a financing charge earlier than expected. As discussed in the report, work on developing an optimum capital financing strategy is being done, to minimise costs over the medium to longer term. Otherwise there are no direct financial implications arising from the recommendations.

## Background Papers















None.

## Impact


Communication/Consultation	Budget holders and CMT 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

8. On the bottom line, a **net favourable variance of £370,000** is forecasted.
9. The Net Operating Expenditure line has a forecasted favourable variance of £456,000 and is due primarily to a temporary boost in planning fees income. (Without this, the position would be a net favourable variance of £10,000).
10. After allowing for reserves transfers, including the earmarking of £200,000 of the planning fees income surplus, the net favourable variance is £370,000.
11. A summary is below and is set out in more detail in Appendix A.







	Budget	Outturn	Variance	
Community Partnerships & Engagement	2,001	2,005	4	
Community Safety	376	331	-45	
Environmental Services	1,552	1,110	-442	
Finance & Administration	4,776	4,831	55	
Housing	9	-2	-11	
<b>Sub total - service budgets</b>	<b>8,714</b>	<b>8,275</b>	<b>-439</b>	
<u>Corporate items</u>				
Recharge to HRA	-1,285	-1,208	77	
Capital financing	1,525	1,525	0	
Pension Fund	488	490	2	
Government funding	-5,557	-5,556	1	
Other items (net)	400	303	-97	
<b>Net expenditure</b>	<b>4,285</b>	<b>3,829</b>	<b>-456</b>	
Reserves transfers	362	448	86	
<b>Total</b>	<b>4,647</b>	<b>4,277</b>	<b>-370</b>	

12. The following are key **adverse variances** within service budgets:





- **Financial services - £112,000.**  Following the tender of the new insurance contract, the outcome was an increase in premiums of 15% and no prospect of realising savings by taking on more risk into the Council. This gives rise to an unbudgeted cost increase of £27,000 in 2013/14. This is offset by a saving of £100,000 as the budgeted setting up of a new insurance reserve is no longer required. Another issue has been the unavoidable use of agency staff and consultants to support the accounts production and audit process during a period of volatility and staff turnover, giving rise to a one-off unbudgeted cost of £75,000. These issues are now resolved with a new Accountancy Manager in post and full complement of permanent staff now in place.



- **Waste Management - £86,000.**  Waste service income is forecasted to be lower than budget for two main reasons. Firstly there has been an increase in the reported contamination of recyclable waste, which causes a reduction in recycling income estimated at £30,000. Secondly the number of garden waste customers is below the level assumed in the budget, giving rise to an estimated £50,000 shortfall.
- **Revenues & Benefits Administration - £35,000.**  The service has experienced a significant increase in the volume of work mainly associated with managing the introduction of welfare reforms (housing benefit reductions and LCTS). At the same time there has been staff turnover with three experienced benefits officers leaving. These issues have necessitated the use of temporary staff to keep on top of the workload. As a consequence an overspend of £35,000 has arisen.

13. The following are the key **favourable variances** within service budgets:

- **Development management - £446,000.**  A significant amount of one-off planning fees income has been received relating to major planning applications. The additional income over and above the budget is £520,000. This is partly offset by the additional costs that will be incurred in handling the applications.
- **Corporate Management - £80,000.**  The main saving arising here relates to the Corporate Team, where two staff have left and not been replaced. The net saving is £46,000. The Corporate Team is a valuable resource, necessary for managing change projects and strategic solutions. CMT are to review the composition of the team to ensure that appropriate capacity and capability exists to tackle identified tasks. There are a few smaller savings arising in Corporate Management including lower external audit fees and consultancy costs.
- **Public Health - £43,000.**  The service has earned additional income relating to the inspection of vegetables at Stansted Airport.
- **Planning Management - £41,000.**  Net savings arising from staff restructure.
- **Land Charges - £28,000.**  Additional income above the prudent estimate used in the budget.
- **Enforcement - £27,000.**  Delays in the recruitment of the additional temporary enforcement officer that was built into the budget as a growth item. An appointment has now been made so some of these costs will carry forward into 2014/15.




14. Within the **corporate items** on the General Fund, a number of issues arise, as summarised below.

- **Localisation of Business Rates**  2013/14 is the first year of the new business rates system. The Council retains a proportion of the business rates collected, and for the first time, there is a direct relationship between the total revenue and the amount retained by the Council. The Council receives a share of any income growth, and bears a share of any losses. There is an ongoing issue with the second largest rating assessment in the district, the Diamond Hangar within Stansted Airport. Following the write off of £1.2m unpaid rates in 2012/13 and action taken to wind up the previous occupant as insolvent, from June 2013 the new occupant has claimed six months empty property relief which means no business rates are currently being paid. There is a risk that once the empty relief expires, further problems will be encountered. As a result, the forecasted level of business rates income is below the baseline level assumed by Government. Through the complex mechanics of the business rates scheme, the estimated effect is that the Council will incur a shortfall of £68,000.
- **Transition Payments funding.**  The forecast includes £65,000 of unbudgeted income under this heading. As part of the flow of monies between the Council and DCLG, the Council is receiving money under the heading “Transition Protection Payments”. This was not included in the Government’s Local Government Finance Settlement and was therefore not expected or budgeted for. DCLG has been asked to explain what the figure relates to, but has been unable to do so. It is believed that the payments may relate in some way to business rates localisation. Officers continue to research this item with DCLG meanwhile there is some doubt about whether this is legitimate income that may be retained. By the time of the next budget monitoring report it is hoped that clarity will be available.
- **Community budgets.**  At the request of the County Council, UDC included the sum of £50,000 in its budget to meet the expected costs of contributing to the Community Budgets initiative. Thus far the Council’s involvement has been limited with no direct expenditure arising. Therefore a saving of £50,000 is anticipated.
- **Capital Financing Costs.**  This budget relates to the anticipated cost of funding the capital programme. The forecast assumes spend in line with budget. However, if an overall net favourable variance arises, it may be advantageous to increase revenue financing of capital projects, to reduce the need for borrowing and thus take pressure off future years’ budgets and save money in the long run. There will be a need to finance the reprofiling of planned expenditure from the 2017/18 capital programme into 2013/14, as discussed later in the report. Therefore, it is probable that there will be an increase in expenditure on this heading before the end of the financial year. Officers are working with Arlingclose to determine the optimum capital financing strategy, ensuring that costs are minimised over the medium to longer term.

- **Local Council Tax Support.**  For 2013/14 the Council adopted a 'transition' scheme in order to phase in the impacts on non-protected households. In order to preserve cost neutrality of the scheme for major preceptors (County, Police and Fire), the Council committed to funding the shortfall between LCTS costs and Government funding. LCTS costs are currently running at a lower level than anticipated so the forecasted UDC subsidy of the scheme is also smaller. The forecasted saving is £47,000.
  - **Recharge to Housing Revenue Account.**  The Council's overheads are apportioned to the HRA on a fair allocation basis, and is subject to many variables. Staff working in the Housing service have their costs apportioned between the General Fund and HRA according to the time they spend on various services. In the 2012/13 outturn it was identified that changes in time allocations caused a reduction in the costs to be charged to the HRA and a corresponding reduction in the credit to the General Fund. This issue was not known at the time of setting the 2013/14 budget so the same issue arises with an estimated impact on General Fund of £75,000. This will be corrected for in the 2014/15 budget.
15. General Fund reserves are currently forecasted to be £6.577m at the end of the financial year, an increase of £458,000 for the year. This excludes the forecasted net favourable variance.
16. Appendix B contains narrative on the risks that were identified when the budget was set in 2013/14. It shows that in some cases the risks have reduced, and in other cases, risks remain.
17. CMT have reviewed the position and have identified the priorities for action as follows:
- Continue to seek the support of MAG and the Valuation Office to maximise the prospects of collecting business rates income from the Diamond Hangar site.
  - Investigate the reasons for the waste contamination that is affecting recycling related income.
  - Consolidate the corporate team resource to ensure sufficient capacity and capability.
  - Review capital financing strategy to ensure costs minimised over the medium to longer term.

## Housing Revenue Account

18. On the bottom line, a **net favourable variance of £450,000** is forecasted.
19. The net surplus on HRA operational activity is £806,000. This includes better than expected rent collection of £480,000, and a saving in the repairs budget of £238,000.
20. After allowing for additional funding of Action Plan items of £356,000, the net favourable variance is £450,000. This is set out in more detail in Appendix C. The significant variances are set out below.

- **Rent collection.**  Forecasted to be £480,000 (3.5%) higher than budgeted levels because of improvements in void turn-round times, improvements in the rent arrears recovery process, and investment in providing advice on debt & money management to tenants.
- **Housing Repairs.**  A forecasted underspend of £238,000. The budget was prepared in January 2013 based upon the trend of expenditure that appeared to be in evidence in 2012/13. Experience in 2013/14 to date shows that the assumed trend was too high, and the budget is in fact overstated compared with the level of expenditure being experienced. This will need to be adjusted in the 2014/15 budget.
- **Recharge from General Fund.**  A reduction in the recharge of £75,000, for the reasons explained earlier in this report.

21. HRA reserves are forecasted to be £2.3m at the end of the year as shown below. The forecast assumes that £3.7m of HRA monies will be used to finance capital projects, including the Mead Court development, energy efficiency schemes and improvements to the Newport depot. If there is any slippage in these schemes, the reserves balances will be larger than the current forecast. It remains important for the Housing Board to ensure that HRA surplus monies are earmarked and committed for identified schemes; otherwise, debt repayment would need to be considered.

Reserve £000	Balance 01-Apr-13	Forecast Transfer from HRA	Transfers between Reserves	Forecast Transfer to HRA	Forecast Balance 31-Mar-14
Working Balance	680				680
Major Repairs Reserve	0				0
Change Management Reserve	200			-23	177
Potential Projects Reserve	800				800
Revenue Projects Reserve	60			-40	20
Capital Projects Reserve	1,223			-600	623
<b>Total</b>	<b>2,963</b>	<b>0</b>	<b>0</b>	<b>-663</b>	<b>2,300</b>

## Capital Programme



22. Forecasted capital expenditure is £9.959m against a budget of £9.686m, a difference of £273,000.

23. Of this difference, £190,000 relates to a request from the Head of Street Services to reallocate monies for planned vehicle replacements in 2017/18 no longer needed, to purchase a new refuse collection vehicle in 2013/14 as follows:

- Purchase of a 26 tonne refuse collection vehicle to act as a back up vehicle for green waste collections and domestic collections. Original intention was to use 10 vehicles, 6 on frontline service, 2 for shuttles leaving 2 spare. However there is a need for 3 shuttles which only allows one vehicle as "spare." Recently we have had one in for MoT and another off the road for 3 days so that we had to hire in a replacement vehicle. This proved very difficult as there is a small number of hire companies able to supply spilt bodied vehicles. The extra vehicle will also act as a back-up for the green waste vehicle.
- This to be financed by using the money allocated for the replacement of GN60GXM and GN60GXO in 2017/18 of £190,000. These 2 vehicles will not be required beyond 2013/14. . This will be financed from the capital programme bringing forward the money allocated to the 2 hook-lift vehicles that are no longer required as bottle banks are being removed.
- Additionally, realignment of vehicle provision in this way means that £69,000 allocated in the 2013/14 capital programme to replace a tipper vehicle is no longer required, therefore, the net additional spend in 2013/14 is £121,000 (£190,000 less £69,000).

24. The Cabinet is requested to endorse this request including the reprofiling of £190,000 from the 2017/18 capital programme to the 2013/14 capital programme and the deletion of the 2013/14 capital programme budget of £69,000 for the tipper vehicle replacement no longer required.

25. The following are additional variances arising in the Capital Programme:

- **Elizabeth Way Culvert.**  Overspend of £91,000. Dimensions of the culvert were underestimated resulting in additional excavation prior to the rebuild. Two additional manhole chambers have been added to the design contributing to the overspend. This has been partly offset by success in claiming £17,000 from the Government under the Bellwin scheme.
- **Faircroft Car Park.**  Budget saving of £50,000 as the planned repairs expenditure is no longer going ahead due to the Waitrose expansion.



## Treasury Management

26. Activity during the period 1 April to 31 August is set out in Appendix E.
27. A typographical error in the wording of the 2013/14 Treasury Management Strategy has been identified by Internal Audit. The wording of the strategy is intended to limit and spread the Council's exposure to the risk of **bank** defaults by specifying the maximum proportion of total funds that can be held in any one bank. The limit is 15% of the total or if the total is below £10m, then the limit is £2m per bank. Inadvertently the same restriction was applied to the use of the Government Deposit Account (DMO). The intention is for there to be no upward restriction on the DMO account because it is the safest place to deposit funds. The Cabinet is requested to agree therefore that the incorrect wording of the Strategy be amended.
28. Subject to the above all deposits placed complied with the Council's Treasury Management Strategy. Balances on 31 August totalled £17.9m and were being held at an average interest rate of 0.42%.
29. The Council is increasingly dependent upon the DMO account. Restrictions on the use of banks, both under the Council's Strategy and under temporary suspension arrangements applied by the Section 151 Officer, have reached unsustainable levels. It is necessary to consider secure alternatives such as UK domiciled Money Market Funds. Officers are researching the possibilities, in conjunction with Arlingclose, and recommendations for an amended Strategy will come to a future meeting.
30. In September a fourth distribution payment was made by Landsbanki administrators. The amount received was £116,000 and brings the total repaid to approx £1.22m or 52% of the amount due (£2.335m). It is still forecasted that eventually there will be full recovery although the process could take several years. Despite this the Council is still exposed to risks of losses due to exchange rate fluctuations, and the costs of accounting for the diminution in the value of the deposit arising from the ongoing delays.

## Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Actual income and expenditure will vary from forecast, requiring adjustments to budget and/or service delivery. Detailed risk analysis is set out in Appendix B.	2 – some variability is inevitable	2 – budget will be closely monitored and prompt action taken to deal with variances	Budgetary control framework

## APPENDIX A

### GENERAL FUND SUMMARY

£000	2013/14						
	April to August			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>	967	916	-51	2,028	2,001	2,005	4
Community Safety - <i>Cllr A Walters</i>	129	105	-24	378	376	331	-45
Environmental Services - <i>Cllr S Barker</i>	603	-307	-910	1,554	1,552	1,110	-442
Finance & Administration - <i>Cllr R Chambers</i>	2,073	2,225	152	4,653	4,776	4,831	55
Housing (General Fund) - <i>Cllr J Redfern</i>	-87	-106	-19	-65	9	-2	-11
<b>Sub-total – Portfolio and Committee budgets</b>	<b>3,685</b>	<b>2,833</b>	<b>-852</b>	<b>8,548</b>	<b>8,714</b>	<b>8,275</b>	<b>-439</b>
Council Tax Freeze Grant - 11/12 (year 3 of 4)	0	0	0	-123	0	0	0
Council Tax Freeze Grant - 13/14 (year 1 of 2)	-21	-25	-4	-50	-50	-50	0
Community Challenge	-9	-9	0	-8	-8	-9	-1
Community Right to Bid	-8	-8	0	-8	-8	-8	0
Formula Grant	-1,274	-1,274	0	-2,673	-2,038	-2,038	0
Business Rates Retention	0	0	0	0	-1,356	-1,288	68
Transition Protection Payments	0	-82	-82	0	0	-65	-65
New Homes Bonus - Adjustment Grant	-11	-11	0	-11	-11	-11	0
Efficiency Support for Services in Sparse Areas	-31	-31	0	-31	-31	-31	0
LCTS - Funding	0	0	0	-513	0	0	0
LCTS - Transition Grant	-13	-14	-1	-13	-13	-14	-1
New Homes Bonus - Grant	-851	-851	0	-2,042	-2,042	-2,042	0
<b>Sub-total – Government Funding</b>	<b>-2,217</b>	<b>-2,304</b>	<b>-87</b>	<b>-5,472</b>	<b>-5,557</b>	<b>-5,556</b>	<b>1</b>
Capital Financing Costs (see narrative in report)	148	147	-1	1,525	1,525	1,525	0
Collection Fund Balance	0	0	0	-6	-6	-6	0
Contribution to Community Budgets	0	0	0	50	50	0	-50
Investment Income	-25	-25	0	-50	-50	-50	0
LCTS - UDC Subsidy of Preceptors	0	0	0	212	212	165	-47
LCTS - UDC LCTS Parishes Grant	194	194	0	194	194	194	0
Pension Fund	239	240	1	488	488	490	2
Recharge to HRA	0	0	0	-995	-1,076	-1,001	75
HRA Share of Corporate Core	0	0	0	-209	-209	-207	2
<b>Sub-total – Corporate Items</b>	<b>556</b>	<b>557</b>	<b>0</b>	<b>1,209</b>	<b>1,128</b>	<b>1,110</b>	<b>-18</b>
<b>Sub-total - Net Operating Expenditure</b>	<b>2,024</b>	<b>1,086</b>	<b>-939</b>	<b>4,285</b>	<b>4,285</b>	<b>3,829</b>	<b>-456</b>
Change Management Reserve	0	0	0	-26	-26	-63	-37
Elections Reserve	0	0	0	20	20	20	0
Homelessness Reserve	0	0	0	20	20	20	0
Insurance Reserve	0	0	0	100	100	0	-100
LGRR Contingency Reserve	0	0	0	-252	-252	-237	15
Licensing Reserve	0	0	0	-55	-55	-38	17
Neighbourhood Front Runners	0	0	0	0	0	9	9
NHB Contingency Reserve	0	0	0	-40	-40	-40	0
Planning Development Reserve	0	0	0	249	249	458	209
Waste Reserve	0	0	0	134	134	107	-27
Budget Equalization Reserve	0	0	0	222	222	222	0
<b>Sub-total - Movement in Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>372</b>	<b>372</b>	<b>458</b>	<b>86</b>
Draw down from Section 106 Reserve	0	0	0	-10	-10	-10	0
<b>COUNCIL TAX REQUIREMENT</b>	<b>2,024</b>	<b>1,086</b>	<b>-939</b>	<b>4,647</b>	<b>4,647</b>	<b>4,277</b>	<b>-370</b>
<b>Funding Available</b>							
Council Tax	0	0	0	-4,647	-4,647	-4,647	0
<b>TOTAL FUNDING AVAILABLE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,647</b>	<b>-4,647</b>	<b>-4,647</b>	<b>0</b>
<b>OVERALL NET POSITION</b>						<b>-370</b>	

**APPENDIX A (continued)**

**COMMUNITY PARTNERSHIPS & ENGAGEMENT PORTFOLIO**

£000	2012/13 Outturn	April to August			Full Year			
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Assisted Travel	-1	1	3	2	0	0	0	0
Committee Administration	143	71	59	-12	174	175	175	0
Communications	134	58	46	-12	177	163	164	1
Community Information Centres	48	22	16	-6	66	59	56	-3
Community & Leisure Management	45	19	19	0	45	45	46	1
Customer Services Centre	285	123	119	-4	288	298	299	1
Democratic Representation	346	158	154	-4	351	351	351	0
Economic Development	-32	59	72	13	153	154	160	6
Grants & Contributions	243	300	295	-5	368	368	368	0
Leisure & Administration	87	24	28	4	97	94	94	0
Leisure PFI	-66	19	14	-5	-26	-26	-26	0
Museum Saffron Walden	188	77	71	-6	190	175	173	-2
New Homes Bonus	-681	22	13	-9	88	88	88	0
Sports Development	48	14	7	-7	57	57	57	0
<b>Portfolio Total</b>	<b>787</b>	<b>967</b>	<b>916</b>	<b>-51</b>	<b>2,028</b>	<b>2,001</b>	<b>2,005</b>	<b>4</b>

**APPENDIX A (continued)**

**COMMUNITY SAFETY PORTFOLIO**

£000	2012/13	April to August			Full Year			
	Outturn	Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Assisted Travel	-1	1	3	2	0	0	0	0
Committee Administration	143	71	59	-12	174	175	175	0
Communications	134	58	46	-12	177	163	164	1
Community Information Centres	48	22	16	-6	66	59	56	-3
Community & Leisure Management	45	19	19	0	45	45	46	1
Customer Services Centre	285	123	119	-4	288	298	299	1
Democratic Representation	346	158	154	-4	351	351	351	0
Economic Development	-32	59	72	13	153	154	160	6
Grants & Contributions	243	300	295	-5	368	368	368	0
Leisure & Administration	87	24	28	4	97	94	94	0
Leisure PFI	-66	19	14	-5	-26	-26	-26	0
Museum Saffron Walden	188	77	71	-6	190	175	173	-2
New Homes Bonus	-681	22	13	-9	88	88	88	0
Sports Development	48	14	7	-7	57	57	57	0
<b>Portfolio Total</b>	<b>787</b>	<b>967</b>	<b>916</b>	<b>-51</b>	<b>2,028</b>	<b>2,001</b>	<b>2,005</b>	<b>4</b>

**APPENDIX A (continued)**

**ENVIRONMENT PORTFOLIO**

£000	2012/13	April to August			Full Year			
	Outturn	Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Animal Warden	30	12	12	0	30	30	30	0
Car Parking	-579	-164	-196	-32	-566	-582	-582	0
Conservation & Enhancement	108	42	43	1	101	102	102	0
Depots	52	20	15	-5	50	37	50	13
Development Management	-59	-53	-725	-672	-252	-194	-640	-446
Environmental Management & Admin	101	41	40	-1	98	99	97	-2
Grounds Maintenance	157	72	56	-16	168	169	167	-2
Housing Strategy	103	48	42	-6	101	102	101	-1
Land Drainage	2	0	-17	-17	0	0	-17	-17
Local Amenities	-840	7	13	6	16	7	7	0
Pest Control	35	-1	2	3	23	23	22	-1
Planning Access	30	12	14	2	29	29	33	4
Planning Management & Admin	447	175	158	-17	466	418	377	-41
Planning Policy	290	103	85	-18	247	249	260	11
Planning Research	38	16	16	0	38	38	38	0
Public Health	249	172	149	-23	406	410	367	-43
Street Cleansing	266	130	105	-25	320	322	322	0
Street Services Management & Admin	285	142	107	-35	338	341	338	-3
Vehicle Management	313	126	119	-7	295	296	296	0
Waste Management - Expenditure	1,924	728	676	-52	1,871	1,867	1,870	3
Waste Management - Income	-2,239	-1,025	-1,021	4	-2,225	-2,211	-2,128	83
<b>Portfolio Total</b>	<b>713</b>	<b>603</b>	<b>-307</b>	<b>-910</b>	<b>1,554</b>	<b>1,552</b>	<b>1,110</b>	<b>-442</b>

**APPENDIX A (continued)**

**FINANCE & ADMINISTRATION PORTFOLIO**

£000	2012/13 Outturn	April to August			Full Year			
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Benefit Administration	-328	0	-122	-122	-293	-293	-293	0
Business Improvement & Performance Team	157	64	64	0	155	156	155	-1
Central Services	373	152	159	7	400	402	393	-9
Conducting Elections	1	8	-8	-16	1	1	-1	-2
Conveniences	47	0	17	17	48	38	38	0
Corporate Management	827	396	359	-37	1,010	935	855	-80
Council Tax Benefits	-88	0	0	0	0	0	0	0
Electoral Registration	25	1	-5	-6	22	22	19	-3
Financial Services	822	350	429	79	822	802	914	112
Housing Benefits	16	-348	-104	244	194	194	195	1
Human Resources	183	148	146	-2	244	246	237	-9
Information Technology	958	677	712	35	974	1,077	1,079	2
Internal Audit	105	45	45	0	109	109	109	0
Leased Cars	0	9	18	9	0	0	0	0
Legal Services	78	42	27	-15	103	104	92	-12
Local Council Tax Support	0	0	-1	-1	3	3	-5	-8
Local Tax Collection	-46	0	0	0	-73	-73	-50	23
Non Domestic Rates	-67	0	0	0	-67	-67	-54	13
Offices	298	161	184	23	326	315	308	-7
Office Cleaning	0	77	55	-22	0	186	186	0
Resources Miscellaneous	-45	-11	-11	0	-27	-27	-27	0
Revenues Administration	794	302	261	-41	702	646	681	35
<b>Portfolio Total</b>	<b>4,110</b>	<b>2,073</b>	<b>2,225</b>	<b>152</b>	<b>4,653</b>	<b>4,776</b>	<b>4,831</b>	<b>55</b>

**APPENDIX A (continued)**

**HOUSING PORTFOLIO**

£000	2012/13 Outturn	April to August			Full Year			
		Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
Building Surveying	-81	-48	-42	6	-67	-58	-53	5
Day Centres	55	14	17	3	59	36	38	2
Energy Efficiency	36	20	12	-8	48	49	49	0
Homelessness	88	74	78	4	85	171	181	10
Housing Grants	10	10	0	-10	10	10	10	0
Land Charges	41	-35	-50	-15	-65	-64	-92	-28
Life Line	-130	-122	-121	1	-135	-135	-135	0
<b>Portfolio Total</b>	<b>19</b>	<b>-87</b>	<b>-106</b>	<b>-19</b>	<b>-65</b>	<b>9</b>	<b>-2</b>	<b>-11</b>

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

**APPENDIX A (continued)**

**GENERAL FUND RESERVES**

<b>Reserve</b>	<b>Balance</b>	<b>Forecast</b>	<b>Transfers</b>	<b>Forecast</b>	<b>Forecast</b>
<b>£000</b>	<b>01-Apr-13</b>	<b>Transfer from</b>	<b>between</b>	<b>Transfer to</b>	<b>Balance</b>
		<b>General Fund</b>	<b>Reserves</b>	<b>General Fund</b>	<b>31-Mar-14</b>
Budget Equalisation	1,251	222			1,473
Business Development	117				117
Change Management	587	31		-94	524
Council Tax Freeze Grant Reserve	124				124
Elections	47	20			67
Emergency Response	90				90
Hardship Fund	100				100
Homelessness	81	20			101
Insurance	0	0			0
Landsbanki Contingency	165				165
Local Government Resource Review	962			-237	725
Licensing	63			-38	25
Municipal Mutual	51				51
Neighbourhood Front Runners	66	9			75
New Homes Bonus - Community Projects	26				26
New Homes Bonus - Contingency	830			-40	790
Planning Development	266	467		-9	724
Waste Management	79	184		-77	186
Working Balance	1,214				1,214
<b>Total</b>	<b>6,119</b>	<b>953</b>	<b>0</b>	<b>-495</b>	<b>6,577</b>

Excludes forecasted net favourable variance for 2013/14 of £370,000



**APPENDIX B****General Fund – risk analysis**

This is an update of the risk analysis reported to the Council at the time that the 2013/14 budget was set.

<b>Risk item</b>	<b>Original Risk Level</b>	<b>Current Status</b>	<b>Current Risk Level</b>
<b>a) Localisation of Business Rates.</b>	High	Due to ongoing issues relating to the second largest rating assessment in the district, the business rates yield is lower than expected and as a consequence the amount retained by UDC is forecasted to be less than budgeted for.	High
<b>b) Waste &amp; Recycling</b>	High	Recycling income is being affected by increased contamination levels. Expenditure and income remain variable.	High
<b>c) Reforms to Housing &amp; Council Tax Benefit.</b>	High	So far Local Council Tax Support (LCTS) expenditure is slightly below forecasted levels and collection of council tax from affected households is holding up well. Housing Benefit reforms are creating additional demand for discretionary support and significant extra work for the Benefits service. To cope with this temporary extra staff have been deployed, a modest overspend on staffing costs has arisen.	Medium
<b>d) Section 106 agreements.</b>	High	The anticipated risk of expenditure commitments exceeding available funds has not yet arisen.	Medium
<b>e) Efficiency Savings.</b>	Medium	Unbudgeted costs and savings on service reviews and spend to save projects have arisen for example investment in taxbase review, staff severance costs.	Medium

<b>Risk item</b>	<b>Original Risk Level</b>	<b>Current Status</b>	<b>Current Risk Level</b>
<b>f) Car Parks Income.</b>	Medium	The anticipated risk related to tariff changes during the year which would reduce income. No such changes have been promulgated.	Low
<b>g) Fees &amp; Charges income.</b>	Medium	Income levels are holding up well with a significant surplus of planning fees income in particular.	Low
<b>h) Planning appeals.</b>	Medium	At the present time no significant liabilities have arisen however the inherent risk remains.	Medium
<b>i) Instability of banking industry.</b>	Medium	Treasury management continues to be carried out prudently and there no current concerns about the security of council funds. There is a low probability of issues arising but the sums involved remain significant so the overall risk level remains.	Medium
<b>j) Local Plan</b>	Low	No significant financial issues have arisen.	Low
<b>k) External funding.</b>	Low	The anticipated risk related to County Council funding of services such as A120 cleaning and Highways Ranger. The risk is not currently expected to materialise during 2013/14.	Low
<b>l) Supplies &amp; Services contracts.</b>	Low	No significant issues have arisen. One area where potential for cost volatility is in relation to the cleaning contract which is currently being brought in house, necessitating for example the purchase of vehicles that were not budgeted for.	Low

Risk item	Original Risk Level	Current Status	Current Risk Level
<b>m) Capital Financing costs.</b>	Low	This remains a variable area, as discussed in the report. It is probable that revenue funding of capital expenditure will increase above the budgeted level, if a net favourable variance arises at the end of the financial year, in order to alleviate pressure on future years' budgets.	Medium
<b>n) Pay award.</b>	Low	The pay award was determined at 1% in line with the assumption used in the budget.	Low
<b>o) Landsbanki.</b>	Low	It continues to be forecasted that there will be a full eventual recovery although this will take several years. The cost of accounting for the delay in repayment is not anticipated to exceed the contingency reserve established for this purpose.	Low

## APPENDIX C

### HOUSING REVENUE ACCOUNT

£000	2013/14						
	April to Aug			Full Year			
	Current Budget	Actual to Date	Variance to Date	Original Budget	Current Budget	Forecast Outturn	Forecast Variance
<u>Housing Revenue Account Income</u>							
Dwelling Rents	-5,633	-5,787	-154	-13,520	-13,520	-14,000	-480
Garage Rents	-92	-87	5	-221	-221	-221	0
Other Rents	-1	-1	0	-3	-3	-4	-1
Charges for Services & Facilities	-346	-362	-16	-750	-750	-751	-1
Contributions towards Expenditure	0	-2	-2	0	0	-1	-1
Investment Income	0	0	0	-10	-10	-10	0
<b>TOTAL INCOME</b>	<b>-6,072</b>	<b>-6,239</b>	<b>-167</b>	<b>-14,504</b>	<b>-14,504</b>	<b>-14,987</b>	<b>-483</b>
<u>Housing Finance &amp; Business Management</u>							
Business & Performance Management	156	128	-28	372	375	356	-19
Self Financing Loan Costs	0	-29	-29	2,632	2,632	2,632	0
Rents, Rates & Other Property Charges	13	18	5	32	32	19	-13
	169	117	-52	3,036	3,039	3,007	-32
<u>Housing Maintenance &amp; Repairs Service</u>							
Common Service Flats	106	49	-57	354	274	274	0
Estate Maintenance	71	25	-46	170	171	171	0
Housing Repairs	853	679	-174	2,174	2,179	1,941	-238
Housing Sewerage	30	24	-6	51	51	51	0
Newport Depot	7	5	-2	11	10	11	1
Property Services	144	153	9	343	346	364	18
	1,211	935	-276	3,103	3,031	2,812	-219
<u>Housing Management &amp; Homelessness</u>							
Housing Services	134	134	0	321	324	323	-1
Sheltered Housing Services	231	243	12	578	579	588	9
	365	377	12	899	903	911	8
<b>Total Service Expenditure</b>	<b>1,745</b>	<b>1,429</b>	<b>-316</b>	<b>7,038</b>	<b>6,973</b>	<b>6,730</b>	<b>-243</b>
<u>Other Costs</u>							
Depreciation - Land & Buildings	0	0	0	3,081	3,081	3,081	0
Depreciation - Other Assets	0	0	0	37	37	37	0
Bad Debt Provision	0	0	0	130	130	130	0
Supporting People	19	5	-14	45	45	45	0
Recharge from General Fund	0	0	0	995	1,076	1,001	-75
HRA Share of Corporate Core	0	0	0	209	209	207	-2
Pension Costs	0	0	0	86	86	87	1
Pay Award	2	0	-2	20	4	0	-4
<b>Total Non-Service Expenditure</b>	<b>21</b>	<b>5</b>	<b>-16</b>	<b>4,603</b>	<b>4,668</b>	<b>4,588</b>	<b>-80</b>
<b>TOTAL EXPENDITURE</b>	<b>1,766</b>	<b>1,434</b>	<b>-332</b>	<b>11,641</b>	<b>11,641</b>	<b>11,318</b>	<b>-323</b>
<b>OPERATING SURPLUS</b>	<b>-4,306</b>	<b>-4,805</b>	<b>-499</b>	<b>-2,863</b>	<b>-2,863</b>	<b>-3,669</b>	<b>-806</b>
<u>Use of Self-Financing Headroom</u>							
Transfer from the Change Management Reserve	0	0	0	-23	-23	-23	0
Funding of Action Plan Capital Items	0	0	0	3,382	3,382	3,738	356
Transfer from reserves for Revenue Action Plan Slippage	0	0	0	-40	-40	-40	0
Transfer from reserves for Capital Action Plan Slippage	0	0	0	-600	-600	-600	0
	0	0	0	2,719	2,719	3,075	356
<b>SURPLUS</b>	<b>-4,306</b>	<b>-4,805</b>	<b>-499</b>	<b>-144</b>	<b>-144</b>	<b>594</b>	<b>-450</b>

## APPENDIX D

### CAPITAL PROGRAMME

£'000	Actuals April to End of August	Original Budget 2013-14	Slippage from 2012/13	Budget adjustment as agreed by Cabinet	Current Budget 2013-14	Forecast Outturn	Forecast to Budget Variance
<b>Community and Engagements</b>							
Community Project Grants	15	100	0	0	100	100	0
Museum Storage Facility	0	127	0	0	127	127	0
Leisure Centre Initiatives	0	0	9	0	9	9	0
S/W Motte & Bailey	6	200	0	0	200	200	0
<b>Total Community Partnerships and Engagement Excluding S106</b>	<b>21</b>	<b>427</b>	<b>9</b>	<b>0</b>	<b>436</b>	<b>436</b>	<b>0</b>
<b>Community Safety</b>							
CCTV Stansted	0	0	42	0	42	42	0
<b>Total Community Safety</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>0</b>	<b>42</b>	<b>42</b>	<b>0</b>
<b>Environmental Services</b>							
Elizabeth Way Culvert	135	241	0	0	241	332	91
Fairycroft Car Park Repairs	0	50	0	0	50	0	(50)
Household Bins Replacement Programme	27	30	0	0	30	30	0
Trade Waste Bins Replacement Programme	0	10	0	0	10	10	0
Garden Waste Bins	14	20	0	0	20	20	0
Kitchen Caddies and Slave Bins	0	10	0	0	10	10	0
New Grounds Maint Store	0	0	0	0	0	17	17
Vehicle Replacement Programme	0	236	0	0	236	237	1
New Waste vehicle bid	0	0	0	0	0	190	190
In-cab Technology - Vehicles	0	50	0	0	50	59	9
Noise monitoring equipment	6	12	0	0	12	12	0
<b>Total Environmental Services</b>	<b>182</b>	<b>659</b>	<b>0</b>	<b>0</b>	<b>659</b>	<b>917</b>	<b>258</b>
<b>Finance Admin</b>							
Home Working	6	20	0	0	20	20	0
Minor Items IT	0	20	0	0	20	20	0
Video conferencing	0	25	0	0	25	25	0
Network Replacement	47	0	59	0	59	59	0
Content Mgt System	10	0	10	0	10	10	0
Exchange Upgrade	0	35	0	0	35	35	0
Windows 7 Upgrade	0	20	0	0	20	20	0
Cloud Computing	0	0	30	0	30	30	0
Bring your own device	0	30	0	0	30	30	0
Mobile working - Housing	0	50	0	0	50	50	0
Mobile working - Planning & Env Health	0	45	0	0	45	45	0
Mailroom Scanner	11	0	20	0	20	20	0
Council Offices Improvements	44	30	194	0	224	224	0
Council Offices Contingency	0	0	15	0	15	15	0
Car Park Improvements	0	0	10	0	10	10	0
Day Centres Cyclical Improvements	0	29	0	0	29	29	0
<b>Total Finance Admin</b>	<b>118</b>	<b>304</b>	<b>338</b>	<b>0</b>	<b>642</b>	<b>642</b>	<b>0</b>

Continues...

## APPENDIX D (continued)

### CAPITAL PROGRAMME

£'000	Actuals April to End of August	Original Budget 2013-14	Slippage from 2012/13	Budget adjustment as agreed by Cabinet	Current Budget 2013-14	Forecast Outturn	Forecast to Budget Variance
<b>Housing</b>							
<b>General Fund</b>							
Disabled Facilities Grants	103	175	0	0	175	175	0
Empty Dwellings	0	50	0	0	50	50	0
Private Sector Renewal Grants	16	30	0	0	30	30	0
Stansted Hsg Partnership - Social Hsg Properties	361	717	0	0	717	717	0
<b>Total</b>	<b>480</b>	<b>972</b>	<b>0</b>	<b>0</b>	<b>972</b>	<b>972</b>	<b>0</b>
<b>Total General Fund</b>	<b>801</b>	<b>2,362</b>	<b>389</b>	<b>0</b>	<b>2,751</b>	<b>3,009</b>	<b>258</b>
<b>HRA</b>							
HRA Repairs	1,211	3,793	0	0	3,793	3,793	0
Holloway Crescent	65	0	154	0	154	154	0
Newport Depot Refurbishment	4	80	0	0	80	80	0
UPVC Fascias and Guttering	27	200	0	0	200	200	0
Cash Incentive Scheme Grants	19	50	0	0	50	50	0
Replacement vehicle	14	0	0	0	0	15	15
<b>Business Plan Items</b>							
Service Chg Planned Rep System	4	100	0	0	100	100	0
Energy Efficiency Schemes	307	300	295	0	595	595	0
Support unit for people with learning difficulties	0	100	0	0	100	100	0
Mead Court Development	(2)	520	23	0	543	543	0
Mead court/Canons Mead garage Site	0	1,200	0	0	1,200	1,200	0
Sheltered Hsg Alarms Equip	3	100	0	0	100	100	0
Internet Café's in Sheltered Hsg	0	20	0	0	20	20	0
<b>Total HRA</b>	<b>1,652</b>	<b>6,463</b>	<b>472</b>	<b>0</b>	<b>6,935</b>	<b>6,950</b>	<b>15</b>
<b>CAPITAL PROGRAMME TOTAL</b>	<b>2,453</b>	<b>8,825</b>	<b>861</b>	<b>0</b>	<b>9,686</b>	<b>9,959</b>	<b>273</b>
<b>S106</b>							
S106 Forest Hall Park (Rochford Nurseries) Community Fund	5	438	0	0	438	438	0
S106 Takeley/Little Canfield	0	100	103	0	203	203	0
S106 Priors Green Community Centre	0	0	15	0	15	15	0
S106 Manuden	781	0	0	0	0	800	800
<b>Total S106 Payments</b>	<b>786</b>	<b>538</b>	<b>118</b>	<b>0</b>	<b>656</b>	<b>1,456</b>	<b>800</b>

## TREASURY MANAGEMENT

## DEPOSITS MADE 1 APRIL 2013 TO 31 AUGUST 2013

Deposit Date	Amount £m	Institution	Interest Rate	Return Date
02-Apr-13	3.50	Debt Management Office	0.25%	15-Apr-13
02-Apr-13	4.20	Debt Management Office	0.25%	18-Apr-13
02-Apr-13	0.80	Debt Management Office	0.25%	22-Apr-13
02-Apr-13	0.50	Debt Management Office	0.25%	23-Apr-13
05-Apr-13	2.00	Debt Management Office	0.25%	30-Apr-13
15-Apr-13	1.00	Debt Management Office	0.25%	29-Apr-13
15-Apr-13	3.80	Debt Management Office	0.25%	17-May-13
15-Apr-13	1.40	Debt Management Office	0.25%	20-May-13
29-Apr-13	1.00	Debt Management Office	0.25%	23-May-13
01-May-13	1.00	Debt Management Office	0.25%	16-May-13
01-May-13	3.00	Debt Management Office	0.25%	20-May-13
01-May-13	1.00	Debt Management Office	0.25%	03-Jun-13
03-May-13	1.00	Debt Management Office	0.25%	30-May-13
09-May-13	0.50	Debt Management Office	0.25%	06-Jun-13
09-May-13	2.00	Bank of Scotland	0.70%	09-Aug-13
15-May-13	1.80	Debt Management Office	0.25%	29-May-13
15-May-13	2.00	Debt Management Office	0.25%	19-Jun-13
20-May-13	1.00	Debt Management Office	0.25%	19-Jun-13
29-May-13	2.50	Debt Management Office	0.25%	19-Jun-13
03-Jun-13	2.00	Debt Management Office	0.25%	19-Jun-13
03-Jun-13	1.00	Debt Management Office	0.25%	21-Jun-13
03-Jun-13	3.00	Debt Management Office	0.25%	19-Jul-13
07-Jun-13	2.80	Debt Management Office	0.25%	22-Jul-13
11-Jun-13	1.00	Nationwide Building Society	0.50%	11-Dec-13
17-Jun-13	1.00	Debt Management Office	0.25%	19-Jul-13
17-Jun-13	1.50	Debt Management Office	0.25%	22-Jul-13
01-Jul-13	0.50	Debt Management Office	0.25%	11-Jul-13
01-Jul-13	1.00	Debt Management Office	0.25%	23-Jul-13
01-Jul-13	3.30	Debt Management Office	0.25%	19-Aug-13
04-Jul-13	1.00	Nationwide Building Society	0.50%	06-Jan-14
05-Jul-13	2.00	Debt Management Office	0.25%	19-Aug-13
15-Jul-13	1.00	Debt Management Office	0.25%	12-Aug-13
15-Jul-13	2.50	Debt Management Office	0.25%	19-Aug-13
19-Jul-13	2.00	Debt Management Office	0.25%	26-Jul-13
23-Jul-13	1.00	Debt Management Office	0.25%	22-Aug-13
26-Jul-13	2.00	Debt Management Office	0.25%	02-Aug-13
31-Jul-13	2.00	Debt Management Office	0.25%	07-Aug-13
01-Aug-13	4.00	Debt Management Office	0.25%	18-Sep-13
02-Aug-13	2.00	Debt Management Office	0.25%	19-Sep-13

Deposit Date	Amount £m	Institution	Interest Rate	Return Date
09-Aug-13	2.00	Bank of Scotland	0.75%	07-Feb-14
13-Aug-13	2.00	Debt Management Office	0.25%	27-Aug-13
15-Aug-13	3.00	Debt Management Office	0.25%	19-Aug-13
19-Aug-13	3.00	Debt Management Office	0.25%	28-Aug-13
22-Aug-13	1.50	Debt Management Office	0.25%	27-Aug-13
28-Aug-13	3.00	Debt Management Office	0.25%	04-Sep-13
28-Aug-13	3.00	Debt Management Office	0.25%	11-Sep-13
30-Aug-13	1.00	Debt Management Office	0.25%	27-Sep-13

### DEPOSITED BALANCES AS AT 31 AUGUST 2013

Deposit Date	Amount £m	Institution	Interest Rate	Return Date
11-Jun-13	1.0	Nationwide Building Society	0.50%	11-Dec-13
04-Jul-13	1.0	Nationwide Building Society	0.50%	06-Jan-14
01-Aug-13	4.0	Debt Management Office	0.25%	18-Sep-13
02-Aug-13	2.0	Debt Management Office	0.25%	19-Sep-13
09-Aug-13	2.0	Bank of Scotland	0.75%	07-Feb-14
28-Aug-13	3.0	Debt Management Office	0.25%	04-Sep-13
28-Aug-13	3.0	Debt Management Office	0.25%	11-Sep-13
30-Aug-13	1.0	Debt Management Office	0.25%	27-Sep-13
<b>Total</b>	<b>16.0</b>		<b>0.36% (average)</b>	

### BALANCES WITH ON CALL DEPOSIT & CURRENT ACCOUNTS AS AT 31 AUGUST 2013

Institution	Amount £m	Interest Rate
Royal Bank of Scotland	0.00	0.8%
Barclays Deposit Account	1.20	0.6%
Barclays Current Account	0.69	1.5%
<b>Total</b>	<b>1.89</b>	<b>0.93% (average)</b>

Total balances held 31.8.2013: £17.89m, average 0.42%

All figures exclude the Landsbanki deposit