

**CABINET – 14<sup>TH</sup> JUNE 2010  
FINANCIAL REPORT**

Agenda Item 5d

<b>Portfolio Area:</b>	Efficiency and Resources
<b>Report Presented by:</b>	Councillor Michael Lager
<b>Background Papers:</b>	Accountancy Year-end files 2009/10
<b>Corporate Implications:</b>	Please refer to table at end of report
<b>Options:</b>	To receive details of the Council's finances for 2009/10
<b>Risks:</b>	The financial outturn is subject to audit by the Council's external auditor

**Executive Summary**

**Outturn 2009/10**

The Council's revenue accounts: General Fund and Housing Revenue Account, and the capital account for 2009/10 have been closed and the outturn positions determined. Movement on the balances and earmarked reserves have also been finalised.

**The General Fund Revenue Account** shows a total spend of £18.531million against an original budget of £18.645million for the year, a favourable variance of £114,600 or 0.6%. The variation consists of an under-spend on expenditure budgets of £802,900 offset partially by an under-achievement on income budgets of £427,000 and meeting the efficiency factor of £261,300.

The General Fund revenue balance as at 31<sup>st</sup> March 2010 is £2.828 million. The balance is higher than anticipated as the Council was successful in its application to HM Revenues and Customs for a refund of VAT plus interest, which totalled £969,000 and was received in late April and early May 2010.

**The Housing Revenue Account (HRA)** shows a net withdrawal from balances of £124,686, this is a variation of £239,506 from the original budget of a surplus of £114,820. The main reasons for the change are an increase in the pension deficit payment recharged to the account, a contribution toward the costs of redundancies and a lower level of interest earned on the HRA balance.

The HRA balance as at 31<sup>st</sup> March 2010 is £5.023 million. This balance will transfer to the General Fund once the HRA is closed. The HRA is to remain open until the end of 2011/12, the final year for the receipt of HRA Subsidy in respect of costs incurred in rescheduling Council debt which are being deferred over a ten-year period.

**Earmarked Reserves**, withdrawals and additions to earmarked reserves are included within the outturn figures for the revenue accounts. Details of the movements together with the current balances as at 31<sup>st</sup> March 2010 are provided in the report.

The total value of the Earmarked Reserves as at 31<sup>st</sup> March 2010 is £4.286million.

**The Capital Programme**, The approved capital programme for projects for 2009/10 (including those carried over from the previous year) totalled £5.907 million, of which £4.097million had been profiled to be spent in the year. The remaining balance of £1.81million has been added

to the 2010/11 capital programme as projects are in progress or are planned to commence in 2010/11.

Final spend on capital for the year amounted to £4.878million, and included £675,752 financing of refuse freighters (originally acquired for lease), and £120,194 on costs associated with the acquisition of Mayland House, Witham.

The proposed financing of the capital spend for the year comes mainly from in-year and existing capital receipts (£3.302 million), with the balance met from government grants (£757k), revenue contributions and earmarked reserves (£51k), and application of developer and other external contributions received (£768k).

### **Update Profile 2010/10 to 2013/14**

#### **Revenue**

With the finalisation of the financial position for 2009/10 and the passage of three months since the Council's budget was agreed, a number of issues have emerged which will impact on the finances for 2010/11 and possibly beyond. These include interest rates, Development and Building Control income, costs of holding vacant recently acquired property and the accounting requirements for the potential losses on the Icelandic investments.

In addition to these issues, local government is to face real challenges as the Government imposes constraints on public expenditure in order to address the national deficit.

Summaries are provided of the recent announcements from the Government: on Public Expenditure cuts in 2010/11 and of its plans over the course of the Parliament, as they impact on local government finances. Whilst details are awaited of the impact on the Council, it is reasonable to assume that the level of efficiency savings required in 2011/12 will increase from that identified in the current Medium Term Financial Strategy. It is proposed that the target for efficiency savings be increased to £1million for 2011/12 and that a proposed Improvement Programme be agreed to identify the savings.

#### **Capital Programme**

A summary of the Capital Programme and the capital resources available/anticipated for the period 2010/11 to 2013/14 is provided. On the basis that resources are received and spend is as planned, this shows that the balance of resources available to fund new schemes is estimated to be £4.37million at the end 2011/12 rising to £6.43million at the end of 2012/13. With the possibility of additional resources should Mayland House, Witham and land off Springwood Drive, Braintree be sold.

### **Decision**

- **To accept the General Fund and Housing Revenue Account financial outturns for 2009/10 including the movements on the Earmarked Reserves as detailed in Appendix D;**
- **To accept the capital outturn for 2009/10 as detailed in Appendix C;**
- **To agree to increase the amount of savings to be identified in the Medium Term Financial Strategy for 2011/12 from the original target of £458,261 to £1,000,000;**
- **To agree the process for the efficiencies to be identified as outlined in section 2.6 of the report; and**
- **To RECOMMEND to FULL COUNCIL that the costs of holding vacant Mayland House, Witham and 19/21 Bocking End, Braintree, until decisions are taken and actioned on their future, be met from the General unallocated balance.**

## FINANCE REPORT

### 1. Outturn 2009/10

**1.1 The General Fund Revenue Account** shows a total spend of £18.531million against an original budget of £18.645million for the year, a favourable variance of £114,600 or 0.6%.

The variation consists of an under-spend on expenditure budgets of £802,900 and offset partially by an under-achievement on income budgets of £427,000 and meeting the efficiency factor of £261,300.

The expenditure budgets recorded a net under-spend against budget of £802,900. The main reasons for the variations were:

Under-spending on:

- Staffing related costs of £190,600 due to the pay award being less than that provided in the budget and a further sum of £311,218 due to vacancies, appointments at lower points, etc.
- Fleet operating costs of £86,000 including maintenance, fuel and leasing payments
- Gas and electricity of £169,283 across all council properties
- ICT services of £65,700 including telephony costs, mail costs and system development budgets.

Partially offset by over-spending on:

- Housing and Council Tax Benefit was over budget by £106,159 due to a prior year adjustment to the final subsidy for 2008/09 and increased in-year costs attributable to the large increase in caseload and benefits paid.

The income budgets again proved to be less predictable with a net under-achievement of £427,000. The main reasons for the variations were:

Under-achievement on:

- Local Land Searches – £116,170
- Building Control fees - £177,344 (of which £49,011 was met from the Building Control Fee Earning Reserve – balance nil as at 31<sup>st</sup> March 2010)
- Development Control - £82,759
- Car Parking - £105,403
- Causeway House and Millenium Tower - £203,000

These were, however, partially offset by additional income from Greenfields Community Housing (£198,217) for extending some of the service level agreements and inflationary increases across all service level agreements.

The outturn figures as presented provide for the unspent balance of budgets of the three Local Committees to be carried forward to 2010/11. No other requests to carry forward unspent budgets were received.

A summary statement of the Revenue Account together with details of the variations, both expenditure and income, is provided at Appendix A.

The General Fund revenue balance as at 31<sup>st</sup> March 2010 is £2.828 million. A summary of the movements on the balance is provided below:

£'000

Opening balance	2,834
2009/10 Outturn	(163)
Rivenhall Enquiry costs	(78)
Redundancies	(326)
Net Transfer to Earmarked Reserves	(408)
VAT refund and interest	969
Balance at year end	2,828

The Council received a refund of VAT and accrued interest on the sum from HM Revenues and Customs (HMRC), in April and May 2010 respectively. Price Waterhouse Coopers has been working with the Finance Department to seek recovery of VAT on a range of activities including sporting services and courses, excess parking charges and cemeteries. HMRC have previously accepted (or it has been proven) that their rules/ interpretation of EU and UK VAT law have been wrong. The claims submitted cover various periods of time, which are in part determined by periods when HMRC had misapplied VAT law. The earliest claims date back as far as June 1973 (i.e. the date when Braintree District Council first registered for VAT). It has been agreed with the Council's External Auditor, PKF, that the receipts should be accounted for in the 2009/10 accounts.

**1.2 The Housing Revenue Account** shows a net withdrawal from balances of £124,686, this is a difference of £239,506 from the original budget of a surplus of £114,820. The main reasons for the change are an increase in the pension deficit payment recharged to the account, a contribution toward the costs of redundancies and a reduction in the interest earned on the HRA balance.

A summary of HRA expenditure and income is provided at Appendix B. The HRA balance as at 31<sup>st</sup> March 2010 is £5.023 million.

**1.3 The Capital Programme** for 2009/10 shows:

	Original Budget	Budgets Re-profiled to 2010/11	Budgetted spend in 2009/10	Actual Spend in 2009/10
	£'000	£'000	£'000	£'000
General Fund	4,738	1,286	3,452	3,412
Housing Investment	1,169	524	645	670
<b>Capital Programme</b>	<b>5,907</b>	<b>1,810</b>	<b>4,097</b>	<b>4,082</b>
Other capital items				796
<b>Total Capital spend</b>				<b>4,878</b>

The approved capital programme for projects for 2009/10 (including those carried over from the previous year) totalled £5.907 million, of which £4.097million had been profiled to be spent in the year. The remaining balance of £1.81million has been added to the 2010/11 capital budget as projects are in progress or are planned to commence in 2010/11.

Final spend on capital for the year amounted to £4.878million, and included £675,752 financing of refuse freighters (originally acquired for lease), and £120,194 on costs associated with the acquisition of Mayland House, Witham.

The main projects in the Housing Investment programme were in the form of grants to private households for disabled facilities and/ or renovations.

A summary statement of the capital programme is provided at Appendix C.

## 1.4 Capital Resources

The main source of new capital resources has been from shares of the preserved right to buy receipts and the VAT shelter arrangement, both with Greenfields CH which amounted to £2.008 million. Capital receipts from the sale of assets during the year totalled £475,000, these being three surplus dwellings, College House and some small general fund assets.

The proposed financing of the capital spend for the year comes mainly from in-year and existing capital receipts (£3.302 million), with the balance met from government grants (£757k), revenue contributions and earmarked reserves (£51k), and application of developer and other external contributions received (£768k).

**1.5 Earmarked Reserves.** Over the years the Council has set aside monies in reserve accounts to be used either to meet specific requirements/purposes in the future or to make provision for issues that are likely to occur but the timing is not predictable.

Following a review of the earmarked reserves, the Full Council agreed at its meeting on 15<sup>th</sup> February 2010, to transfer a total of £654,000 from earmarked reserves, as the monies were no longer required for their initial purposes, back to the General Fund unallocated balance.

Other movements on the reserves during 2009/10 have been accounted for through the revenue accounts as presented above. The total amount of money in the earmarked reserves as at 31<sup>st</sup> March 2010 is £4.286 million.

A schedule showing the various reserves, including additions, withdrawals and transfers between reserves during 2009/10, is provided at Appendix D.

## 2. Update Profile 2010/11 to 2013/14

The budget for 2010/11 was set at Full Council on 15<sup>th</sup> February 2010. This was based on a number of assumptions including interest rates, inflation and impact on demand for services in the current economic climate.

With the finalisation of the financial position for 2009/10 and the passage of three months since the budget was agreed, a number of issues have emerged which will impact on the finances for 2010/11 and possibly beyond.

The issues are detailed below:

### 2.1 Income

- a) Interest Rates – the rate of interest assumed for new investments for 2010/11 was 1.5%. The rates currently achieved on new investments suggest an average of 0.81% for the year. The result will be an under-achievement of £200,000, of which £135,000 would fall against the General Fund budget; however, this can be met from the Treasury Management Reserve (balance on reserve of £159,526 as at 31<sup>st</sup> March 2010).

If interest rates continue to be at a level of 0.65% lower than those assumed for 2011/12 to 2013/14 then the reduction of £135,000 will need to be met from additional savings as the Treasury Management Reserve will be fully utilised in 2011/12.

- b) Budgets for Development and Building Control income for 2010/11 were set at £631,660 and £430,190 respectively. If the levels of income received were to remain at those

achieved in 2009/10, of £548,901 and £381,176 respectively, then a shortfall of £130,000 would result. The situation will be closely monitored during the year and will be highlighted as appropriate in the quarterly performance reports to members.

## **2.2 Expenditure**

- a) Property acquisitions - the Council takes ownership of Mayland House, Witham on 1<sup>st</sup> July 2010. Property agents are marketing the property for either rent or sale. The Council will be responsible for costs of holding the property up until it is rented or sold, with the basic costs estimated at £33,000 per month (covering rates, security, maintenance, etc.). The Council acquired 19/21 Bocking End, Braintree in February 2010 as part of the planned relocation of the Braintree Community Association from its current site which is required for the proposed redevelopment in Braintree town centre. The property is now unlikely to be required for this purpose, however, a number of other uses are being explored. The costs of holding the property are estimated to be £8,300 per month. Neither of these estimated costs were provided when the 2010/11 budget was set in February 2010. It is recommended that these costs, which will be kept to the minimum necessary, and that they be funded from the General unallocated balance.
- b) Pay Award – the provision for the pay award due on 1<sup>st</sup> April 2010 allowed in the 2010/11 budget is 1% or £149,500. At the present time no agreement has been reached between the Employer's Organisation and the unions.
- c) The 2010/11 budget includes efficiency savings with a total value of £1.3million. A review of the savings undertaken recently by Heads of Service identifies that approximately £50,000 will not be achieved in 2010/11 due to a number of the agreed redundancies being delayed temporarily and £60,000 for the continuation of the green waste collection during the winter months will not be met by Essex County Council as expected. An additional saving of £60,000 has, however, been achieved from the renegotiation of the recycling gate fees.
- d) Icelandic Investment losses. The Secretary of State's refusal to grant a capitalisation direction for the anticipated losses in 2009/10 means that the Council will now be required to account for these in 2010/11 by charging the loss to revenue. The anticipated loss for 2009/10 was calculated at £1.58million, although this could be as high as £3.15million if decisions currently before the Icelandic Courts go against local authorities. Options for the Council will be to either meet the cost from balances or to re-apply for a capitalisation direction in December 2010 and therefore meet from capital receipts.

## **2.3 Financial Profile 2010/11 to 2013/14**

In addition to the issues raised above having an impact on the Council's finances over the next few years, local government is to face real challenges as the Government imposes constraints on public expenditure in order to address the national deficit.

Summaries of those recent announcements from the Government which will impact on local government finances are provided below:

## **2.4 Public Expenditure cuts of £6.2billion in 2010/11 announced by the Government**

On 24<sup>th</sup> May 2010 the Chancellor and Chief Secretary to the Treasury announced the details of £6.2billion of savings from Government spending in 2010/11 to tackle the unprecedented £156billion deficit. A total of £1.165billion of savings will be made in Local Government by reducing grants to local authorities. The reductions will be to

individual grants although there will not be a reduction to the formula grant, the main Government grant given to local authorities.

Whilst details of the individual grants affected together with the amounts allocated/reduced to this and other councils are awaited, the grants which could be affected include:

- Housing and Planning Delivery Grant – the Council received £288,706 in 2009/10. No allocation has been issued to-date for 2010/11. The grant is used primarily to fund the costs associated with the Local Development Framework.
- Local Authority Business Growth Incentives Scheme – the Council was notified of a provisional allocation of £55,409 for 2010/11 on 15<sup>th</sup> March 2010.
- Area Based Grant – the Council has been allocated £30,199 for 2010/11, notification dated 31<sup>st</sup> March 2010.
- Building Safer Communities – the Council received £130,008 in 2009/10. No allocation has been notified to-date for 2010/11.
- Housing Benefits Administration Subsidy – the Council has been notified that it is to receive £1,310,000 in 2010/11; of which £315,880 is a one-off allocation for 2010/11 to address the increase in caseload due to the recession.
- Growth Area Funding – the Council has received a total of £3,369,769 during 2008/09 and 2009/10, and is expecting to receive a further sum of £899,741 in 2010/11.

## **2.5 The Coalition: our programme for government**

On 20<sup>th</sup> May 2010 the Government issued its plans for the next five years of partnership government.

The programme covers a number of issues that will impact on local government, those that will impact on councils' finances include:

- We will promote a radical devolution of power and greater financial autonomy to local government and community groups. This will include a review of local government finance.
- We will phase out the ring-fencing of grants to local government and review the unfair Housing Revenue Account.
- We will freeze Council Tax in England for at least one year, and seek to freeze it for a further year, in partnership with local authorities.
- We will cut local government inspection and abolish the Comprehensive Area Assessment.
- We will significantly accelerate the reduction of the structural deficit over the course of a Parliament, with the main burden of deficit reduction borne by reduced spending rather than increased taxes.
- We will set out a plan for deficit reduction in an emergency budget. We have created an independent Office for Budget Responsibility to make new forecasts of growth and borrowing for this emergency budget. (*Date for the emergency budget has been set for 22<sup>nd</sup> June 2010*).
- We will hold a full Spending Review reporting this autumn, following a fully consultative process involving all tiers of government and the private sector.
- We will commit to establishing an independent commission to review the long-term affordability of public sector pensions, while protecting accrued rights.
- We will support the creation and expansion of mutuals, co-operatives and social enterprises, and enable these groups to have much greater involvement in the running of public services.

- We will give public sector workers a new right to form employee-owned co-operatives and bid to take over the services they deliver. This will empower millions of public sector workers to become their own boss and help them to deliver better services.

Whilst details of the proposals are likely to be spread over the life of the Parliament, a few observations can be made regarding the possible impact on the Council's Medium Term Financial Strategy (MTFS) 2010/11 to 2013/14:

- The assumption in the MTFS regarding the formula grant received from the Government is for a reduction of 10% over the three-year period 2011/12 to 2013/14. With the focus on reducing public expenditure to address the deficit it is likely that the reduction in the formula grant will be higher than anticipated. A reduction of 20% over the period would require additional savings of £1million (£333,000 per annum) and a reduction of 30% would require additional savings of £2million (£666,000 per annum) over the current assumption.
- A maximum annual increase in council tax of 2.5% is currently included in the MTFS. The proposed freezing of council tax at the 2010/11 level for one year will require savings or a withdrawal from balances of £216,000 in 2011/12.

In view of the above it is recommended that the savings target currently identified in the MTFS for 2011/12, of £458,261, be increased to £1million.

## 2.6 Improvement Programme

Senior Officers have been developing a programme to look fundamentally at the way the Council provides its services to ensure that they are fit for purpose and are being delivered in the most efficient way possible.

The following reviews are proposed to be included in the Improvement Programme:

- Service Delivery Reviews – a number of reviews are either in progress or are scheduled for this year. These include Waste Services; ICT and Leisure Management contracts; Legal Service; Museum Services; Economic Development; Regulatory Services and Housing Services.
- Review of all Business Plans looking at inputs, outcomes, costs and benchmarking to ensure the service is providing the optimum level of service at the least cost. Importantly, the review will also identify the minimum statutory requirements of each service.
- Accommodation project – reducing amount of office accommodation space required by the Council to enable a variety of other service providers to occupy and provide services from Causeway House. The approach to achieving the reduction will involve modern ways of working such as homeworking, hot desking, etc.
- Review of relationships/processes between front line and back office services with a view to reducing process and administration costs.
- Participating in the programme of reviews of selected services by investigating opportunities for public services across Essex to improve service delivery and achieve efficiencies through shared service arrangements. The programme is being driven by the Essex Chief Executives group.

- Analysis of cross-service spend looking at comparisons with other authorities and identifying cheaper suppliers, contracts etc.
- Continuation with the scrutiny of vacancies by directors authorising all posts to be filled.

The Improvement Programme will also include key elements to improve customer service and ensure that staff are equipped with the required skills in a fast changing environment.

## **2.7 Capital Programme 2010/11 to 2013/14**

Since the Capital Programme for 2010/11 to 2013/14 was approved by Full Council in February 2010 a number of additions/changes have been agreed, these being:

- Refurbishment of Causeway House – provision of £3.8million;
- Green Heart of Essex campaign – provision of £125,000;
- Purchase of the car park at Whitehorse Lane, Witham – estimated cost £775,000
- Provision of toilets in Witham Park – estimated cost £80,000
- Witham Leisure Facility – increase in budget provision from £4.743million to £7.825million.

In addition to these agreed changes to the Programme there are two significant schemes under development: the redevelopment of a site in each of Braintree and Witham town centres. The investment required, if any, from the Council for these schemes has not been determined at this stage.

Resources to fund the Capital Programme for 2010/11 onwards are reliant on the VAT shelter (£1.66million per annum), share from sales of former council houses (£0.4million), Government Grant for Disabled Facilities Grants (£0.27million), new capital receipts from the sales of three sites (£3.69million) and the balance of the capital receipt from the housing stock transfer.

The three sites are Riverside, Braintree; Millennium Tower, Braintree and land east of the High Street, Halstead.

The balance of the capital receipt from the transfer of the housing stock was £17.198million as at 31st March 2010. This was higher than originally anticipated and is due to capital schemes with a total value of £1.81million being re-profiled from 2009/10 into 2010/11.

Other Resources not allocated or agreed at time of setting Programme in February 2010 are:

- Mayland House, Witham is being marketed for either lease rental or sale. Leasing would provide significant rental stream to benefit the revenue account, whilst the sale would cover the cost of the refurbishment works to Causeway House.
- Council agreed in March 2010 to the sale of land to the rear of Braintree Enterprise Acorn Units, Springwood Drive, Braintree to Essex CC, estimated value of £0.35million.

Finally, the Council and Greenfields CH are responsible for the Community Fund, balance £11million. The criteria for the selection and approval of suitable schemes is currently being revised.

A summary of the Capital Programme and the capital resources available/anticipated for the period 2010/11 to 2013/14 is provided at Appendix E. On the basis that resources are received and spend are as planned, this shows that the balance of resources available to fund new schemes is estimated to be £4.37million at the end 2011/12 rising to £6.43million at the end of 2012/13. With the possibility of additional resources should Mayland House, Witham and land off Springwood Drive, Braintree be sold.

<b>Corporate Implications</b>				
<b>Financial:</b>	Addressed in report			
<b>Legal:</b>	There are none			
<b>Equalities &amp; Diversity:</b>	There are none			
<b>Customer Impact:</b>	Not Applicable			
<b>Environment &amp; Climate Change:</b>	Not Applicable			
<b>Consultation/Community Engagement:</b>	Local Committees	No	Partners	No
	Public	No	Staff	No
<b>Key Decision:</b>	Yes/No			
<b>Public/Private Report:</b>	Public			
<b>Officer Contact:</b>	Trevor Wilson			
<b>Designation:</b>	Head of Finance			
<b>Ext No:</b>	2801			
<b>Email:</b>	Trevor.wilson@braintree.gov.uk			

## FINANCIAL MANAGEMENT STATEMENT 2009/10 - FULL YEAR REVIEW

		ACTUAL £'000								
		Approved Controllable Budget	Adj/ Vire	(a) Updated Controllable Budget	Full Year Spend	Budget variance Exp Adverse/ (Favourable)	Income Adverse/ (Favourable)	Full Year Efficiency Target	(b) Net Variance	(b) as % of (a) Variance as % of budget
<b>General Fund - Business Plans</b>										
COMMUN	Community Services	1,993.5	16.4	2,009.9	1,908.2	(111.0)	9.3	17.1	(84.6)	(4.2%)
CORPLN	Corporate Management Plan	734.0	(7.7)	726.3	728.6	2.8	(0.6)	11.3	13.6	1.9%
CUSICT	Customer And ICT	1,884.6	11.8	1,896.4	1,679.5	(142.1)	(74.8)	20.0	(196.9)	(10.4%)
DISDEV	District Development	787.2	51.9	839.0	1,007.8	(24.0)	192.8	32.0	200.8	23.9%
ENTCUL	Enterprise And Culture	1,815.9	48.2	1,864.1	1,836.4	4.0	(31.7)	12.3	(15.4)	(0.8%)
ENVIRO	Environmental Health	981.0	122.2	1,103.2	1,177.9	(49.4)	124.2	38.2	112.9	10.2%
FINSER	Financial Services	480.6	46.5	527.1	615.5	(167.5)	255.9	61.5	149.9	28.4%
HOUSIN	Housing Services	774.5	(9.0)	765.5	694.7	(97.7)	26.9	16.8	(54.0)	(7.1%)
LAWGOV	People and Democracy	2,162.4	64.4	2,226.8	2,043.0	(66.5)	(117.3)	28.0	(155.8)	(7.0%)
OPERAT	Operations	5,273.0	(56.9)	5,216.1	5,265.5	(23.9)	73.4	24.1	73.5	1.4%
<b>Business Plan Controllable</b>		<b>16,886.6</b>	<b>287.7</b>	<b>17,174.3</b>	<b>16,957.0</b>	<b>(675.3)</b>	<b>458.1</b>	<b>261.3</b>	<b>44.0</b>	<b>0.3%</b>
GFSUMM	Corporate Financing	2,020.4	(287.7)	1,732.7	1,574.0	(127.6)	(31.1)		(158.7)	9.2%
EFFICI	Efficiency Savings Target	(261.3)	0.0	(261.3)	-	-	-		-	-
GFC	Charges to GF Capital Projects	0.0	0.0							
<b>Total - General Fund</b>		<b>18,645.6</b>	<b>0.0</b>	<b>18,645.6</b>	<b>18,531.0</b>	<b>(802.9)</b>	<b>427.0</b>	<b>261.3</b>	<b>(114.6)</b>	<b>(0.6%)</b>

Note (1) - Net Expenditure variance = Gross Exp variance + income variance less expected variance based on a share of the vacancy factor

<b>Housing Revenue Account</b>										
HRA	Housing Revenue Account			(114.8)	124.7	157.6	81.9	0.0	239.5	

## Housing Revenue Account 2009/10 Outturn

	<u>2009/10</u>
	Original Budget
	£
<b><u>HRA Expenditure</u></b>	
Supervision and Management - General	9,180
Supervision and Management - Special	
Supervision and Management - Repairs & Maintenance	6,810
Rent, Rates, Taxes and Other Charges	
Increase/ (decrease) in bad debt provision	
Depreciation	
Debt Management Costs	37,290
HRA Contribution to CDC	45,000
HRA Share Pension Costs	221,350
Premia on early redemption of debt and revenue contribution to capital	1,187,190
<b>Total Expenditure</b>	<b><u>1,506,820</u></b>
<b>HRA Income</b>	
Dwelling Rents	(15,560)
Non- Dwelling Rents	
Tenants Charges for Services	
Leaseholder Charges	
Other Charges	
Subsidy	(1,184,090)
Investment Income	(421,990)
<b>Income</b>	<b><u>(1,621,640)</u></b>
<b>Net (Addition)/ withdrawal from balance</b>	<b>(114,820)</b>

9/10Actual  
£6,484  
57,688  
21,907  
11,436  
(49,373)  
0  
37,290  
45,000  
324,701  
1,209,255

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**1,664,388**

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(47,279)  
(5,788)  
(16,224)  
0  
0  
(1,184,089)  
(286,322)

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**(1,539,702)**

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**124,686**

**FINANCIAL MANAGEMENT STATEMENT 2009/10 - OUTTURN  
CAPITAL PROGRAMME**

	<b>Approved Programme 2009/10 £</b>	<b>Re-Profiled To 2010/11 £</b>	<b>Budget 2009/10 £</b>	<b>Outturn 2009/10 £</b>
<b>General Fund</b>				
Allotment Improvements	64,700		64,700	58,092
Braintree Swimming Centre	0		0	20,145
Carbon Management Fund	48,500	28,610	19,890	19,895
Car Parks	65,000		65,000	58,800
Office Accommodation and Depot	35,160		35,160	27,260
CCTV	134,950	53,060	81,890	81,890
Cemeteries	332,140	214,270	117,870	115,901
Community Halls	189,120	34,110	155,010	158,323
Cycleways	232,040	137,430	94,610	96,158
Discovery Centre & Car Park	40,650	40,650	0	0
George Yard Car Park	129,870		129,870	129,875
Great Notley - All Weather Pitch	360,190	12,000	348,190	336,743
Industrial Units/Land	174,060	100,000	74,060	76,098
IT / eGovernment projects	51,000	3,540	47,460	47,463
Local Committees	191,060	79,480	111,580	111,582
Museum	21,790		21,790	29,573
Non Operational Assets - Riverside Pool Demolition	36,490		36,490	45,315
Parks and Open Spaces	208,550	44,850	163,700	143,813
Playgrounds	303,040	91,240	211,800	211,798
Property Acquisitions	485,890		485,890	486,087
Sports and Leisure Centre	321,810	119,880	201,930	191,910
Three Towns One Vision	209,070	142,310	66,760	66,756
Town Centre Works	62,990	26,810	36,180	36,173
Unadopted Roads - repairs	100,000	42,800	57,200	57,204
Vehicles, Plant & Equipment	709,750		709,750	709,778
Waste Management	485,810		485,810	486,083
Witham Leisure Facility	150,000	114,050	35,950	35,947
Capital Salaries	388,960		388,960	369,144
<b>Total - General Fund</b>	<b>5,532,590</b>	<b>1,285,090</b>	<b>4,247,500</b>	<b>4,207,806</b>
<b>Housing Investment</b>				
Housing Grants - Private Sector	847,680	270,610	577,070	577,067
Social Housing Grants	265,340	235,340	30,000	30,000
Choice Based Lettings	20,620		20,620	20,548
Homelessness System	10,440		10,440	10,440
Works to Housing Properties	25,000	18,300	6,700	31,515
<b>Total - Housing Investment Programme</b>	<b>1,169,080</b>	<b>524,250</b>	<b>644,830</b>	<b>669,570</b>
<b>Total Capital Programme</b>	<b>6,701,670</b>	<b>1,809,340</b>	<b>4,892,330</b>	<b>4,877,376</b>

<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
<b>Capital Financing Reserves</b>								
	Capital Financing Reserve (a reserve established from revenue to provide finance for capital related expenditure)	359,335.73	268,248.00	-20,587.18		606,996.55	The lease rental received for the 1st floor at Silver End Village Hall as payback of part of the capital investment in refurbishing the asset. Refuse freighters purchased rather than leased during year. Revenue budget for leasing costs transferred to reserve to provide funds for the future replacement of the freighters.	Withdrawal used to finance part of the capital programme in 2009/10.
	E-Government (medium-term finance to implement the Council's electronic government programme)	50,000.00	0.00	-21,646.10	0.00	28,353.90		Dual Factor security arrangements for remote access
	Vehicle Replacement (provides medium-term finance for vehicle replacements)	465,090.25	0.00	-24,960.00	0.00	440,130.25		To meet additional revenue costs of leasing vehicles during 2009/10.
	Plant replacements (provides medium-term finance for plant replacements)	35,403.34	0.00	0.00	0.00	35,403.34		
		<b>909,829.32</b>	<b>268,248.00</b>	<b>-67,193.28</b>	<b>0.00</b>	<b>1,110,884.04</b>		
<b>Risk Management Reserves</b>								
	Risk Management - General (funding for health and safety, risk management, flood defence, and emergency planning requirements)	199,340.23		-38,350.86	-21,000.00	139,989.37		Withdrawal used to finance: Health & Safety expenditure; Expenditure on urgent works to trees at Rydal Way and Godlings Way Braintree.
	Insurance Reserve	0.00	21,100.00	0.00	21,000.00	42,100.00	Insurance Loss Control Allowance not spent in year. Allowance must be spent with Zurich Municipal and will be spent primarily on training on how to undertake inspections (community halls, playgrounds, etc) to identify and address risks. Transfer from Risk Management Reserve re previous year's loss control allowance.	

<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
	Treasury Management (in accordance with the treasury management strategy this reserve provides a means of managing investment risks over the medium term to retain budget stability)	405,905.00		-46,378.30	-200,000.00	159,526.70		Transfer £200,000 back to General Unallocated Balance. Funds utilised to fund shortfall of interest against budget in 2009/10.
	Concessionary Fares (this reserve was established due to uncertainties surrounding the current and future funding costs of the free full-fare concessionary travel scheme and is now being held pending the outcome of judicial reviews of the scheme by the bus operators)	246,000.00	0.00	0.00	-246,000.00	0.00		As the scheme is now operated by Essex CC with funding fixed and provided by district and borough councils, the funds have been transferred back to General Unallocated Balance.
		<b>851,245.23</b>	<b>21,100.00</b>	<b>-84,729.16</b>	<b>-446,000.00</b>	<b>341,616.07</b>		
<b>Service Specific Reserves</b>								
	Leisure/Cultural Trust	48,457.96	0.00	-48,457.96	0.00	0.00		Grant to Museum Trust in 2009/10 agreed at Cabinet meeting on 1st December 2008. Balance used to support Museum Service costs in 2009/10.
	Local Area Committees (the balance represents funds set aside for allocation by the three local committees that have yet to be paid over against supported projects)	196,640.73	40,582.36	0.00	0.00	237,223.09	Unspent budget in 2009/10 being carried forward to 2010/11	
	District Elections and Local Democracy Promotions/Improvements (held to build up funds to meet the cost of the quadrennial district elections, by-elections, and to provide financial support for parish council elections)	103,859.80	59,153.11			163,012.91	Revenue budget set aside each year to fund the district elections every four years.	

<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
	Building Control Fee-Earning Reserve (this reserve holds the accumulated surpluses generated on the building control fee earning account. The reserve is restricted to being used for building control activities)	49,011.00	0.00	-49,011.00	0.00	0.00		Financed part of the loss on Building Control fee-earning account for 2009/10
	Carbon Management	170,215.94		-45,928.50	-50,000.00	74,287.44		Funding schemes in 2009/10 and transfer of £50,000 to Green Heart of Essex reserve.
	Economic Support Fund - To be used to finance Town Centres Manager in 2010/11	50,000.00	0.00	0.00	0.00	50,000.00		
	Civic Reserve (this reserve was established in 2007/08 from the balance of civic budgets and is intended to fund an enhanced civic programme)	6,412.77	0.00	-4,665.08	0.00	1,747.69		Funding additional hours in 2009/10 to support the civic function.
	Modern Apprentices. New reserve established in 2009/10 to provide funding for Modern Apprentices programme. Agreed Cabinet 6th July 2009.	0.00	0.00	-4,390.00	73,500.00	69,110.00		
	Green Heart of Essex. New reserve to provide funding for the Green Heart of Essex campaign over the two years 2010/11 and 2011/12. Agreed by Cabinet 29th March 2010 and Council on 15th April 2010.	0.00	0.00	0.00	125,000.00	125,000.00		
		<b>624,598.20</b>	<b>99,735.47</b>	<b>-152,452.54</b>	<b>148,500.00</b>	<b>720,381.13</b>		
<b>Third Party Funding</b>								
	Housing & Planning Delivery Grant (represents the balance of grant held against future commitments to develop the Council's planning and housing functions)	103,505.82	125,036.76	0.00	0.00	228,542.58	Balance of 2009/10 grant not utilised during the year.	
	Community Projects (this reserve includes partnership funds that will be used to implement community-based projects)	209,909.09		-49,204.65		160,704.44		

<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
	Business Development (this reserve was created from funds received under the LABGI scheme and has been earmarked to support the development of an Economic Development Strategy for the district, and to support other business development initiatives)	156,222.02	58,976.00	-32,764.00	-25,000.00	157,434.02	LABGI allocation for 2009/10	Transfer to Green Heart of Essex reserve.
	Smoke Free Legislation (this reserve holds the balance of funds received to implement the smoke-free legislation pending the outcome of the Council's current trial of joined up enforcement activity)	57,695.00	0.00	0.00	-57,695.00	0.00		Transferred back to General unallocated Balance.
		<b>527,331.93</b>	<b>184,012.76</b>	<b>-81,968.65</b>	<b>-82,695.00</b>	<b>546,681.04</b>		
<b>Change Management</b>								
	Financial systems replacement (funding for the replacement and upgrading of the Council's financial systems)	174,133.28		-15,395.00	0.00	158,738.28		Monies used to meet the costs of software for the Business Improvement District scheme which commenced in Witham in October 2009.
	Management Training & Organisational Development (funds for activities designed for management training and organisational development)	88,549.53	0.00	-20,003.00	0.00	68,546.53		Withdrawal to meet some HR related costs including Evolution training scheme, performance management training, long service awards and Talent Management programme.
	Improving Corporate Governance and Project Delivery	260,000.00	0.00	-24,306.63	0.00	235,693.37		Recruitment costs for Director post and training development costs for current Director.



<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
<b>Leader's Reserve</b>								
	Publicity & Promotions	50,000.00		-11,000.00		39,000.00		
	Homelessness monitoring system	17,929.04		-10,440.00		7,489.04		
	Overview & Scrutiny working budget	12,760.00				12,760.00		
	Locality Management working budget	8,690.00		-4,700.00		3,990.00		
	Puppet festival (£24k over 3 years)	16,000.00		-8,000.00		8,000.00		
	John Morris - LG Employee of the Year	0.00	1,370.00	-1,370.00		0.00		
	Rural Development Fund potentially for local committees	0.00			27,781.00	27,781.00		
	Community Achievement Awards	0.00	5,000.00	-5,000.00		0.00		
	Balance Unallocated	20,554.00	-6,370.00	0.00		14,184.00		
		<b>125,933.04</b>	<b>0.00</b>	<b>-40,510.00</b>	<b>27,781.00</b>	<b>113,204.04</b>		
<b>Carry Forwards</b>								
	Member Development Programme	34,000.00				34,000.00		
	Contribution to Mid Essex PCT re: Carecall alarm	6,282.00				6,282.00		
	Environment Improvement Fund	29,300.00			-25,000.00	4,300.00		Transfer to Green Heart of Essex reserve
	Place Survey 2008	20,000.00			-20,000.00	0.00		
	Modern Apprentice - Customer Services & ICT	6,720.00		-2,460.00	-4,260.00	0.00		
	Choiced based lettings - Admin Support	7,000.00		-7,000.00		0.00		
	Braintree Bypass Sweeping	4,750.00		-4,750.00		0.00		
	Braintree & Witham Sweeping	5,300.00		-5,300.00		0.00		
	Weekend cleaning - roundabouts/traffic islands	3,250.00		-3,250.00		0.00		
	Customer Excellence programme	7,500.00		-1,590.00		5,910.00		
	International Financial Reporting Standards (IFRS)	15,000.00		-2,500.00		12,500.00		
	Temporary Accommodation	80,000.00		-3,880.00	-50,000.00	26,120.00		
	Modern Apprentice - Human Resources	10,140.00		-2,160.00	-7,980.00	0.00		
	ICT Support to members	7,800.00				7,800.00		
	Committee Management software	15,000.00		-15,000.00		0.00		

<b>Earmarked Reserves</b>		<b>Opening</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Transfers</b>	<b>Closing</b>	<b>Comments</b>	<b>Comments</b>
		<b>01/04/2009</b>				<b>31/03/2010</b>	<b>Re: Additions</b>	<b>Re: Withdrawals</b>
	Rural Development Fund balance	52,781.00			-52,781.00	0.00		Transfers to Green Heart of Essex reserve (£25,000) and to Leader's Reserve (£27,781)
		<b>304,823.00</b>	<b>0.00</b>	<b>-47,890.00</b>	<b>-160,021.00</b>	<b>96,912.00</b>		

## Capital Programme - Summary 2009/10 to 2013/14

Date Produced: 2nd June 2010

	2009/10	2010/11	2011/12	2012/13	2013/14
	£	£	£	£	£
<b>Resources</b>					
Major Repairs Allowance -b/f	11,120	9,300			
Internal Borrowing	675,750				
Specified Grant	270,000	270,000	270,000	270,000	270,000
Other Government Capital Grants	110,110				
Capital Receipts:	2,626,500				
Preserved Right to Buys		400,000	400,000	400,000	400,000
Land East of High St. Halstead				600,000	
Riverside (£2.13m subject to planning)		2,080,000			
Capital receipt - Millenium Towers		315,000			
Vicarage Meadow properties recoup past capital exp.				715,400	
Housing Receipts B/Fwd		426,000			
Vat Shelter (£27m shared with GCH over 10yrs)		1,665,000	1,665,000	1,665,000	1,665,000
LSVT receipt applied		8,790,870	4,035,460		
Reserves	28,490	200,000			
Revenue Contribution to Capital	22,060				
Section 106 Agreements	74,660				
Third Party Contributions	465,550				
Other Grants including Lottery	227,250				
Community Fund (£11m held by GCH)					
Growth Area Funding (£4.037m 2008/09 to 2010/11)	365,890				
	<b>4,877,380</b>	<b>14,156,170</b>	<b>6,370,460</b>	<b>3,650,400</b>	<b>2,335,000</b>
<b>Capital Programme</b>					
<b>Housing Investment Programme</b>					
HIP - B/Fwd		<b>524,250</b>			
Housing Grants - Disabled Facilities Grants		286,920	286,920	286,920	286,920
Housing Grants - Home Improvement Grants		200,000	200,000	200,000	200,000
<b>Housing Grants sub-total</b>	<b>577,070</b>	<b>486,920</b>	<b>486,920</b>	<b>486,920</b>	<b>486,920</b>
Local Authority Social Housing Grant (LASHG):					
LASHG	30,000	450,000			
Allocation to Development at South St. Braintree (Council 26th October 2009)		430,000			
<b>LASHG sub-total</b>	<b>30,000</b>	<b>880,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Housing schemes</b>	<b>62,500</b>				
<b>General Fund:</b>					
General Fund Programme	3,838,670	1,392,680	360,000	191,000	191,000
Budgets B/Fwd		1,285,090			
Witham Leisure Centre (Council 26th October 2009 and 12 April 2010)		4,070,000	3,755,000		
Depot rationalisation (Council 26th October 2009)		416,500			
Provision for Community Facility in Halstead			800,000		
Whitehorse Lane Car Park		775,000			
Witham Park toilets		10,000	70,000		
Causeway House Refurbishment Provision		3,800,000			
Green Heart of Essex		125,000			
Braintree Town Centre - redevelopment		?			
Witham Town Centre - redevelopment		?			
Local Authority Social Housing Grant (LASHG)			?	?	?
Suggested provision allocated for works resulting from condition surveys of Council's Assets			500,000	500,000	500,000

**Capital Programme - Summary 2009/10 to 2013/14**

Date Produced: 2nd June 2010

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
Capital Salaries	369,140	390,730	398,540	406,510	414,640
	<b>4,877,380</b>	<b>14,156,170</b>	<b>6,370,460</b>	<b>1,584,430</b>	<b>1,592,560</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,065,970</b>	<b>742,440</b>
<b>Memorandum Note:</b>					
<i>LSVT receipt (original receipt = £19.461m)</i>					
<i>Balance @ end of year</i>	17,197,889	8,407,019	4,371,559	4,371,559	4,371,559
<b>Possible Capital Receipts:</b>					
<i>Mayland House</i>		4,000,000			
<i>Springwood Drive</i>		350,000			