



Essex County Council

# Corporate Policy and Scrutiny

<b>10:30</b>	<b>Tuesday, 28 January 2020</b>	<b>Committee Room 1, County Hall, Chelmsford, CM1 1QH</b>
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**For information about the meeting please ask for:**

Graham Hughes, Senior Democratic Services Officer

**Telephone:** 033301 34574

**Email:** democratic.services@essex.gov.uk

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<b>1</b>	<b>Membership, Apologies and Declarations of Interest</b> To be reported by Senior Democratic Services Officer.	<b>4 - 4</b>
<b>2</b>	<b>Minutes of previous meeting</b> To note and approve the minutes of the meeting held on Tuesday 26 November 2019.	<b>5 - 9</b>
<b>3</b>	<b>Questions from the public</b> A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. No statement or question shall be longer than three minutes and speakers will be timed.  On arrival, and before the start of the meeting, please register with the Senior Democratic Services Officer.	
<b>4</b>	<b>2019-20 Financial Overview Q3</b> Committee to receive report CPSC/01/20	<b>10 - 32</b>
<b>5</b>	<b>2020-21 Organisation Plan and Budget</b> Committee to receive report CPSC/02/20.	<b>33 - 191</b>

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| <b>6</b> | <b>Work Programme - January 2020</b><br>To note the Committee's current work programme.   | <b>192 - 194</b> |
| <b>7</b> | <b>Date of next meeting</b><br>To note that the next meeting will be held on Tuesday 25 February 2020, in Committee Room 1, County Hall, at 10.30am.  |                  |
| <b>8</b> | <b>Urgent Business</b><br>To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.               |                  |
| <b>9</b> | <b>Urgent Exempt Business</b><br>To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency. |                  |

### **Exempt Items**

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

**That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.**

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**Committee:** Corporate Policy and Scrutiny Committee

**Enquiries to:** Richard Buttress, Democratic Services Manager

**Membership, Apologies, Substitutions and Declarations of Interest**

**Recommendations:**

To note

1. Membership as shown below
2. Apologies and substitutions
3. Declarations of interest to be made by Members in accordance with the Members' Code of Conduct

**Membership**

(Quorum 4)

Councillor M Mackrory (Chairman)  
Councillor J Abbott  
Councillor M Buckley  
Councillor G Butland  
Councillor M Garnett  
Councillor M Hardware  
Councillor M Maddocks  
Councillor V Metcalfe (Vice-Chairman)  
Councillor J Moran  
Councillor R Pratt  
Councillor A Sheldon  
Councillor M Steptoe  
Councillor A Turrell  
Councillor J Young (Vice-Chairman)

**Apologies**

Councillor Graham Butland

**Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 26 November 2019**

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**Present**

Councillor Mike Mackrory (Chairman)	Councillor Valerie Metcalfe
Councillor Malcolm Buckley	Councillor John Moran
Councillor Mike Garnett	Councillor Mike Steptoe
Councillor Derrick Louis (substitute)	Councillor Anne Turrell
Councillor Malcolm Maddocks	Councillor Julie Young

**Apologies**

Councillor Michael Hardware  
Councillor Ron Pratt  
Councillor Andrew Sheldon

**Other Members**

Councillor Anthony Jackson

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Richard Buttress, Democratic Services Manager was supporting the meeting.

**1. Membership, apologies and declarations**

Apologies were received from:

- Councillor Michael Hardware
- Councillor Ron Pratt
- Councillor Andrew Sheldon (substituted by Councillor Derrick Louis).

**2. Minutes of previous meeting**

The minutes of the meeting held on Tuesday 29 October 2019 were approved by the committee as an accurate record and signed by the Chairman.

**3. Questions from the public**

No questions from members of the public were received.

**4. Delivery Risk Assessment**

The committee received report CPSC/11/19.

The Chairman welcomed Debbie Knopp, Director, Transformation Delivery and Support and Kevin Mitchell, Senior Finance Business Partner to the meeting.

- When the budget is set, it is assumed that all savings identified will be made. This is a healthy way of setting the budget so long as risk is factored in

- The gap closure encompasses a number of different factors:
  - Efficiencies
  - Service choices
  - Transformation
  - Commercial Fees and Charges
  - Council Tax/ASC precept
- The Delivery Risk Assessment process has been in place since October 2018 and makes sure there is clear evidence to show they are achievable
- Monthly reports on progress are presented in three different components:
  - Portfolio Book
  - Delivery Risk Assessment
  - Transformation Exception Report
- Non-deliverables could be where investment from central government has been received. The saving would still be classed as non-deliverable as the saving was not achieved as originally planned
- Non-deliverables are presented to ECC's Corporate Leadership Team (CLT) and Investment Board.

The committee asked several questions and received the following responses:

- Ongoing fostering project which now has a new five-year strategy
- SEND continues to be a challenging area and finance have initiated a deep dive into the detail of this
- Perception that the savings on home to school transport were not achieved. Due to the large uptake of SEND demands on home to school transport then the overspend would be much larger
- Non-deliverables for 2019/20 were declared early enough to be included in the budget setting process for 2020/21
- The majority of mitigations in Adult Social Care are as a result of vacancies and they have re-built their workforce strategy to counter this
- Reduction in income as a result of behaviour change around bus lane cameras
- If savings cannot be made it is managed by CLT and Political Leadership Team, but these occurrences are rare.

### **Actions**

1. The committee to be provided with a copy of the five-year fostering strategy?

## **5. Property Portfolio**

The committee received report CPSC/12/19.

The Chairman welcomed David Evans, Head of Property, to the meeting.

### Appendix A – Property Portfolio

- 75% of ECC's property portfolio relates to schools
- If the £150m repair requirement was spent all at once, then it would mean that there were not any repairs outstanding across the estate
- The average occupancy rate for the 908 freehold sites is around 47%. Most of the time there is an under occupancy and ECC need to make better use of the portfolio
- There has been a huge shift to hot desking and renting offices.

The committee asked several questions and received the following responses:

- There is a planned maintenance programme for the ECC estate
- ECC has a contract with Lambert Smith Hampton to provide property support services. The contract with Mitie is for maintenance support
- ECC's property has reduced in size over the years. Currently made up of five officers and recruitment is currently active
- The aim of the team is to drive forward income streams and capital receipts.

### **Actions**

1. The committee to be provided with a full list of ECC's property assets, broken down by area/division, including cost and revenue generated
2. How many properties (and which ones are they) are offered a peppercorn rent that bring no revenue to ECC?
3. How many of the 1595 ECC property assets are used by ECC itself and those that are considered community assets?
4. How much of the £150m repair requirement relates to schools?
5. What is the programme to bring that require repair up to the relevant standard?
6. The committee to be provided with evidence of good news stories
7. Is ECC's contract with Lambert Smith Hampton and Mitie entwined?

## Appendix B – Property Disposal Strategy

- When a disposal of a property takes place, the money received goes back into a central fund but is it the service area who decide whether a property is surplus to requirements
- Social value is considered when disposing of a property. Good relationship with Essex Housing who are funded for commercial developments
- Essex Housing are due to become a traded service and be completely separate from ECC.

### **Actions**

1. The committee to be provided with a copy of the 'rules of engagement' that were agreed in 2011
2. The committee to receive an amended version of the disposal process flowchart

### **6. Work Programme**

The current work programme was noted by the committee.

### **7. Date of next meeting**

The date of the next meeting will be held on Tuesday 28 January 2020 at 10:30am.

### **8. Urgent business**

No urgent business was received.

### **9. Property Investment Fund**

The committee received report CPSC/13/19.

The Chairman welcomed James Cook, Head of Finance – Major Programmes and Commercial Finance, to the meeting.

### **Exclusion of the Press and Public**

On the proposal of the Chairman, the committee resolved that the press and public be excluded from the remainder of the meeting since it is likely that if members of the public were present during the remaining items of business, there would be disclosure to them of exempt information falling within paragraph 3 schedule 12A to the Local Government Act 1972 as amended.

- Commercial Investment Programme of £50m started a few years ago
- No further purchases have been made since July 2018

### **10. Urgent exempt business**

No urgent exempt business was received.



The meeting closed at 4:14pm.

**Chairman**

**Reference Number: CSPC/01/20**

<b>Report title:</b> 2019/20 Financial Overview as at the Third Quarter Stage	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Graham Hughes, Senior Democratic Services Officer	
<b>Date:</b> 28 January 2020	<b>For:</b> Discussion and identifying any follow-up scrutiny actions
<b>Enquiries to:</b> Graham Hughes, Senior Democratic Services Officer at graham.hughes@essex.gov.uk.	
<b>County Divisions affected:</b> Not applicable	

**1. Introduction**

- 1.1 The latest financial outturn figures for discussion, as due to be presented to Cabinet on 21 January 2020.

**2. Action required**

- 2.1 The Committee is asked to consider the latest figures and provide feedback.

**3. Background**

The 2019/20 Financial Overview as at the Half Year Stage was considered by the Committee at its 29 October 2019 meeting and a link to the paper for that discussion is here: [CPSC 29 October 2019 agenda paper](#)

The minutes of that discussion can be accessed from this link - [CPSC 29 October 2019 minutes](#)

**4. Update and Next Steps**

Latest Outturn figures attached. Any next steps TBC

**5. List of Appendices – 2019/20 Financial Overview as at the Third Quarter Stage**

**Forward Plan Reference Number: FP/385/03/19**

<b>Report title:</b> 2019/20 Financial Overview as at the Third Quarter Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology	
<b>Date:</b> 21 January 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Tina French, Head of Strategic Finance and Insight Telephone: 03330 138461 Email: <a href="mailto:tina.french@essex.gov.uk">tina.french@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 To set out the forecast financial position of Essex County Council's revenue and capital budgets as at the third quarter stage of the 2019/20 financial year. On revenue, there is a forecast full year over spend of **£786,000** (0.08%) against a net budget of **£940.2m**.
- 1.2 This is a favourable movement since the Half Year report of **£1.8m**.
- 1.3 This assumes full commitment of the Emergency Contingency (**£4m**). There is a proposal within the report to change the approach on the Emergency Contingency (see 2.3iv).
- 1.4 Whilst there is a forecast over spend, there are risks and opportunities which are likely to change this forecast position. Over spending portfolios are required to look at opportunities to reduce the over spend.
- 1.5 The capital programme is forecast to under spend by **£18.6m** (8.1%) against the current budget of **£228.6m**. After taking account of budget change requests in this report there will be a forecast under spend of **£19,000**.

## 2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
  - i. **£400,000** from the Service Improvement reserve to the Leader Recharged Strategic Support Service (RSSS) to support the Just About Managing (JAM) programme of work (section 5.15.ii)
  - ii. **£223,000** from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio relating to the Department for Transport Pothole grant expenditure incurred (section 5.9.ii)

- iii. **£352,000** from the Transformation reserve to the Education and Skills portfolio (**£220,000**) and Customer, Communities, Culture and Corporate RSSS (**£132,000**) to fund redundancies relating to Organisation Design (sections 5.5.ii and 5.13.ii)
  - iv. **£151,000** from the Transformation reserve to the Children and Families portfolio in relation to Children's Sustainability programme (section 5.1.iv)
  - v. **£95,000** from the Private Finance Initiatives (PFI) Equalisation reserves to the Education and Skills portfolio in relation to Building Schools for the Future (section 5.5.ii).
- 2.2 To appropriate funds to reserves as follows:
- i. **£1.3m** to the Carry Forward reserve from the Health and Adult Social Care portfolio to support the continued transformation of the service in 2020/21 (section 5.8.iv)
  - ii. **£304,000** to the Carry Forward reserve from Finance, Property and Housing RSSS to support delivery of the 2020/21 budget (section 5.14.ii)
  - iii. **£300,000** to the Carbon Reduction reserve from the Deputy Leader and Infrastructure portfolio due to lower energy prices this year (section 5.9.ii)
  - iv. **£103,000** to the Carry Forward reserve from the Customer, Communities, Culture and Corporate portfolio relating to the delivery of the Workforce Management System in 2020/21 (section 5.2.ii)
  - v. **£43,000** to the Carry Forward reserve from the Customer, Communities, Culture and Corporate RSSS portfolio in relation to Office 365 implementation delays (section 5.13.ii).
- 2.3 To approve the following adjustments:
- i. To close the Technology Services Trading Account due to the service no longer undertaking trading activity.
  - ii. To create a new Technology Solutions reserve to set aside resources to meet the future cost of replacing key council's technology systems (section 9.2).
  - iii. To create a new Highways reserve to set aside resources to meet the potential pressures on the highways network (section 9.2).

- iv. To create a new Emergency reserve. It is proposed that the current Emergency Contingency revenue budget of **£4m** in Other Operating Costs will be appropriated into this reserve (section 9.2).
- v. To draw down the following from the Transformation reserve into 2020/21. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:
  - **£396,000** to Health and Adult Social Care relating to Adult Sustainability programme (section 5.8.iv)
  - **£465,000** to Customer, Communities, Culture and Corporate RSSS portfolio relating to Workforce Strategy (section 5.13.ii)
  - **£197,000** to Health and Adult Social Care relating to Independent Living programme (section 5.8.iv)
  - **£113,000** to Environment and Climate Change Action portfolio for the development of the energy and low carbon agenda (section 5.6.ii).
- vi. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£17.9m**, capital budget additions of **£2.8m**, capital budget reductions of **£5.1m** and advanced works of **£1.6m** (see section 7.2).

### 3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast full year outturn for each portfolio.
- 3.2 There is a full year forecast over spend of **£786,000**, which is mainly due to over spends within Children and Families portfolio (**£3.5m**) due to higher than budgeted Placement costs, and Education and Skills portfolio (**£3m**) due to higher than budgeted Home to School transport costs. This is offset by under spends within Health and Adult Social Care (**£3m**).
- 3.3 The forecast over spend represents a variance of **0.08%** against a net budget of **£940.2m**. Further detail can be found in Section 5.
- 3.4 There is higher than anticipated funding of **£784,000**, an increase in funding of **£688,000** since the half year report. The increase relates to returns from districts benefit of business rates pooling (**£290,000**) and increased final business rates grant (**£398,000**) relating to the 2018/19 financial year.
- 3.5 The latest budget incorporates **£5.4m** of approved carry forwards and there are proposed carry forwards of **£2.1m** in this report. A review of carry forwards will be undertaken at year end if the Council remains in an over spend position.

- 3.6 As always, the forecast is based on current intelligence and is a mid-range position. There are net opportunities of **£5m** not yet included within the current forecasts mainly due to savings not forecast to deliver but may deliver some cost reductions in year.
- 3.7 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

#### **4. Executive Summary: Capital**

- 4.1. The original capital programme for 2019/20 as set by Full Council in February 2019 was **£249m**. The forecast full year outturn is **£210m**, this represents an under spend of **£18.6m** against latest budget of **£228.6m**. After taking account of budget change requests in this report, there is a residual under spend of **£19,000**. More detail is set out in Section 7.
- 4.2. A total of **£37.7m** slippage has been approved to date, with a further **£17.9m** requested in this report, this is due to a combination of factors, following a review of deliverability.
- 4.3. Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2019/20 since approval of the original programme in the Budget Report to Council in February 2019. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

#### **5. Revenue Position**

##### **5.1 Children and Families - £3.5m (2.9%) over spend**

- i. The forecast full year over spend is **£3.5m** against a budget of **£121m** and reflects an increase of **£2.7m** when compared to the half year report. The service is undertaking a number of proactive initiatives to support the stability of children's placements, including the reduction of placement breakdowns, reunification of children in care with family members and increasing the use of internal foster carers. A review process ensures that the most appropriate placement is made for every child entering care.
- ii. This forecast over spend is mainly due to higher than expected placement costs of **£2.6m** relating to the increased complexity of children in residential homes (both mainstream and children with disabilities), external fostering placements, secure, un-regulated (but locally regulated) and supported living. These are partially offset by under spends on internal fostering fees and Special Guardianship Orders, where both placement numbers and average fees are lower than anticipated. The over spend on placements has increased by **£1.9m** compared to the half year forecast.

- iii. In addition to placements, there has been increased spend on direct payments of **£1m** due to both an increase in price per payment and volume. Direct payments are made to children with disabilities in order to provide support for them to remain in a home setting. The over spend on direct payments has increased by **£356,000** compared to the half year forecast
- iv. Approval is sought in this report for the following:
  - **£85,000** from the Transformation reserve for the Mental Health and Well-being project within Divisional Based Intervention Teams (part of the Childrens Sustainability programme)
  - **£66,000** from the Transformation reserve relating to expenditure for Family Centre refurbishment (part of the Childrens Sustainability programme)

## **5.2 Customer, Communities, Culture and Corporate - £463,000 (2.6%) under spend**

- i. The forecast full year under spend is mainly attributable to Customer Services and Member Enquiries vacancies (**£279,000**), the Blue Badge scheme due to a national delay in the expansion of the scheme (**£70,000**) and an over recovery of Registrars income (**£89,000**).
- ii. Approval is sought in this report to carry forward **£103,000** relating to delays in the delivery of the Workforce Management System to tie in with other changes within the service.

## **5.3 Economic Development - £374,000 (6%) under spend**

- i. The forecast full year under spend is mainly due to staffing under spends relating to the increased ability to recharge management time to capital projects and grants, along with early delivery of staff savings in Employability and Skills due to a restructure.

## **5.4 Education and Skills Dedicated Schools Grant (DSG) - £5.1m over spend**

- i. There is a forecast full year over spend in the High Needs Block of **£7m** which is mainly due to the increase in volume and complexity of pupils with Special Educational Needs and Disabilities (SEND) and placements in independent settings. This over spend has decreased by **£500,000** since the half year report. The Government has announced an increase of £19.6m in 2020/21 but due to increased demand for SEND provision this will be insufficient to fully recover the deficit which is forecast to be £3.6m at 31<sup>st</sup> March 2021.
- ii. The under spend on the Central School Services Block (**£1m**) is due to the School Improvement teams being funded by the School Improvement and Brokerage Grant which realises an under spend in DSG. This will be carried forward to offset the recently announced £1m reduction in 2020/21. The Early Years Block is under spent (**£1m**) due to a lower take up of free entitlement,

which will be held and clawed back in 2020/21 as funding is based on participation. The Early Years under spend of **£1m** is the main movement since the half year report.

#### **5.5 Education and Skills Non Dedicated Schools Grant - £3m (3.6%) over spend**

- i. The forecast full year over spend is mainly due to Home to School Transport, which has two main drivers:
  - **£1.9m** in special educational needs due to demographic growth
  - **£1.2m** due to an increase in mainstream transport in both average contract price and a small increase in pupil numbersThis over spend has increased by almost **£1m** since the half year report.
- ii. Approval is sought in this report for the following:
  - **£220,000** from the Transformation reserve relating to Organisation Design redundancies within Adult Community Learning and Special Educational Needs
  - **£95,000** from the Private Finance Initiatives (PFI) Equalisation Reserve in relation to revenue costs associated with the Building Schools for the Future scheme.

#### **5.6 Environment and Climate Change Action - £24,000 (0%) under spend**

- i. There is minimal variance to budget forecast.
- ii. Approval is sought in this report to return **£58,000** to the Transformation reserve and to draw down the resulting balance of **£113,000** into 2020/21 for the development of the energy and low carbon agenda. This was previously approved (FP/948/09/17) but now time lapsed.

#### **5.7 Finance, Property and Housing - £593,000 (3.4%) under spend**

- i. This forecast full year under spend is mainly attributable to a change in the Council Tax Sharing Scheme estimated tax base and council tax rates used to set the budget (**£352,000**), higher commercial income than budgeted for in the Property Investment portfolio (**£242,000**).

#### **5.8 Health and Adult Social Care – £3m (0.7%) under spend**

- i. This forecast full year position reflects an under spend of **£1.6m** on expenditure, together with a **£1.4m** over achievement of income.
- ii. There has been a favourable movement of **£3.4m** since the half year stage. This is driven by a variation in the trend of Older People using Domiciliary Care.



iii. Drivers of the underlying position:

- Whilst the overall number of clients is consistent with budgeted expectations, a greater number of clients have opted for domiciliary care packages instead of receiving direct cash payments. This has resulted in pressure on the domiciliary care budget (**£6.1m**), which is more than offset by under spends on cash payments (**£6.9m**)
- An over spend in Reablement driven by increased volume and inclusion of the Domiciliary in Lieu of Reablement contracts up until March 2020, which is where a client should have received reablement care, but instead received domiciliary care (**£4.3m**). This reflects the continuing fall-out from the demise of a major supplier a year ago
- There is a significant net under spending in respect of residential placements where a lower usage and lower than anticipated price increase in the first half of 2019/20 has resulted in an under spend (**£4.4m**), but where income, as a result has under delivered by (**£2m**)
- The income in respect of Continuing Health Care is higher than budgeted (**£2.6m**).

iv. Approval is sought in this report for the following:

- **£1.3m** to the Carry Forward reserve to support the ongoing transformation of Adult Social Care in 2020/21
- **£192,000** return to Transformation reserve, and to draw down the resulting balance of **£396,000** previously approved, now time lapsed, (FP/848/06/17) into 2020/21, to continue to support the Adult Sustainability project
- **£197,000** of previously approved funding (FP/645/11/19) now time lapsed, to draw down into 2020/21, relating to a transformation project looking at how to better provide Independent Living for Adults with Disabilities.

## 5.9 Deputy Leader and Infrastructure - **£278,000 (0.6%) under spend**

- The forecast under spend is mainly attributable to staffing vacancies (**£658,000**), higher than budgeted Traffic Regulation Orders income (**£295,000**) and a higher than budgeted reduction in street light energy consumption (**£315,000**). These are partly offset by a forecast pressure relating to the Army and Navy demolition costs for which a funding submission has been made to Department for Transport (**£400,000**), lower than expected Bus Lane Enforcement income (**£220,000**) and a highways claims relating to land compensation (**£117,000**).
- Approval is sought in this report for the following:
  - **£300,000** to the Carbon Reduction reserve from Highways Street Lighting due to the lower than anticipated energy prices, partly repaying the contribution that was made for the 2019/20 MTRS to fund the energy contract price pressure which has not crystallised.

- **£223,000** from the Reserve for Future Capital Funding to cover pothole eligible expenditure from the 2019/20 Department for Transport Potholes grant.

#### **5.10 Leader - £135,000 (2.0%) under spend**

- The forecast full year under spend is due to under spends on corporate subscriptions and vacancies across the portfolio.

#### **5.11 Other Operating Costs – £394,000 (0.9%) under spend**

- The forecast full year under spend of **£394,000** is mainly due to reduced levels of borrowing and resulting reductions in financing costs.
- This forecast position is a favourable movement of **£1.3m** from the position forecast at the half year stage. This is predominantly due to the removal of a forecast of **£1.9m** at half year relating to the anticipated impact of Essex pay proposals on Social Care pay and grading. This cost is now reflected across Children and Families and Health and Adult Social Care portfolios.

#### **5.12 Performance, Business Planning and Partnerships – £151,000 (6.7%) under spend**

- This forecast full year under spend is due to delays in recruitment and planned reductions in consultancy spend.

#### **5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £225,000 (0.4%) over spend**

- The forecast full year over spend is mainly attributable to the over spends within Legal Services **£586,000**, following removal of £1m from the budget at quarter 1, mainly due to higher than expected disbursement costs, and Human Resources **£206,000** due to a new team running the new Matrix temporary recruitment contract although this has resulted in reduced costs of temporary recruitment across all portfolios. These are partly offset by under spends on Technology Services **£314,000** due to savings contracts and staffing under spends, and Business Support **£248,000** staffing under spends.
- Approval is sought in this report for the following:
  - **£465,000** of previously approved funding (FP/ 271/10/18), now time lapsed, to draw down into 2020/21 relating to a delay in the implementation of the Workforce Strategy
  - **£132,000** from the Transformation reserve to fund redundancies relating to Organisation Design in Human Resources
  - **£43,000** to the Carry Forward reserve to fund a six month extension to Egress which allows the secure transfer of information, due to Office 365 implementation delays.

**5.14 Finance, Property and Housing Recharged Strategic Support Services - £408,000 (2.1%) over spend**

- i. The forecast full year over spend is **£408,000**. This is an adverse movement of **£470,000** from the position reported at the half year stage. This represents additional bank charges and increased Consultancy costs supporting the drive to improve debt management.
- ii. Approval is sought in this report to carry forward the underspend of **£304,000** within the Customer and Corporate function to support the delivery of the 2020/21 budget.

**5.15 Leader Recharged Strategic Support Services - £139,000 (6.8%) over spend**

- i. The forecast full year over spend remains attributable to the non delivery of council wide Print Procurement savings held in Communications and Customer Relations (**£214,000**), partly offset by vacancies within the Corporate and Customer function.
- ii. Approval is sought in this report to draw down **£400,000** from the Service Improvement reserve for procurement activity relating to the Just About Managing programme.

**5.16 Performance, Business Planning and Partnerships Recharged Strategic Support Services - £255,000 (2.7%) under spend**

- i. The forecast full year under spend relates to delays in recruitment which are partially offset by the requirement to return **£100,000** of funding to the Transformation reserve following to decision not to pursue some Organisation Design projects.

**6. Trading Activities**

- 6.1 Trading activities are reporting a forecast over achievement of **£1.1m** against the budgeted surplus.
- 6.2 EES for Schools has now been sold. However, no appropriation target was set for 2019/20 due to the expected sale of the service. In the three months the service traded prior to the sale, it generated a surplus of **£840,000**.
- 6.3 Appendix B shows the position by each Trading Activity.

## **7. Capital**

7.1 A forecast under spend of **£18.6m** (8.1%) against the latest capital budget of **£228.6m**. After taking account of budget change requests in this report there is a residual forecast under spend of **£19,000**.

7.2 Approval is sought for:

- i. Slippage of **£17.9m**
- ii. Budget additions of **£2.8m**
- iii. Budget reductions of **£5.1m**
- iv. Advanced works of **£1.6m**

7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C(ii).

### **7.4 Customer, Communities, Culture and Corporate - £342,000 under spend**

- i. Libraries Self Service: slippage relating to the RFID Self Service in Libraries scheme.

### **7.5 Education and Skills - £5.3m under spend**

- i. Approval is sought in this report for:
  - Budget additions of **£1.1m**
  - Budget reductions of **£2.8m**
  - Advanced works of **£181,000**
  - Slippage of **£3.7m** which relates to several schemes, the most significant being:
- ii. Early Years (**£1.1m**); the Dunton Fields project is yet to receive planning permission leading to slippage.
- iii. Special Schools (**£1.6m**); delays in the Department for Education decisions to progress the St Peters College and Chatten Free school.
- iv. Colchester Primary Basic Need (**£638,000**); reduction in the Paxman Avenue Scheme after lower costs than anticipated.

### **7.6 Finance, Property and Housing Portfolio - £2.4m under spend**

- i. Approval is sought in this report for:
  - Budget additions of **£260,000**
  - Budget reductions of **£260,000**
  - **£2.4m** of Slippage which relates to several schemes, the most significant being:

- ii. Rocheway (**£1.3m**); there have been significant issues with Anglian Water drainage adoption. The issues have been resolved but planning amendments are required.
- iii. St Peter's College (**£369,000**); delays have been caused by the presence of bats on site. Work is still proceeding in the non-bat areas, while awaiting licence application.

#### 7.7 Health and Adult Social Care - £395,000 under spend

- i. Independent Living Ninefields (**£401,000**); slippage due to it being unlikely that the payment milestone is to be reached by end of March.

#### 7.8 Deputy Leader and Infrastructure - £8.7m under spend

- i. Approval is sought in this report for:
  - Budget additions of **£1.3m**
  - Budget reductions of **£1.2m**
  - Advanced works of **£1.4m**
  - Slippage of **£10.3m** which relates to several schemes, the most significant being:
- ii. BDUK (**£3.1m**); a net slippage mainly due to delays because of the complexity of delivery of Fibre to the Premises schemes (FTTP) rather than Fibre to the Cabinet (FTTC) which is taking longer to deliver than originally expected.
- iii. M11 Junction 7A (**£1.8m**); slippage owing to delays as a result of cost escalation giving rise to a need to review the scheme.
- iv. Basildon Integrated Package (**£1.8m**); a delay in the design phase has led to slippage.
- v. M11 Junction 8 (**£1.5m**); owing to the stagnation at the Section 6 agreement (legal agreement to work on Highways England's network) slippage has been requested. Depending on when this is resolved the start on site date could be as late as March 2020.
- vi. Harlow Enterprise Zone and A414 Pinch Point Delivery Package 2 (**£1m**); slippage as a result of delays caused by utility companies having to move cables.

- 7.9 **Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarises the proposals for addressing the forecast budget variances.

## 8. Policy context and Outcomes Framework

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and organisation plan were approved in parallel in February 2019.

## 9. Reserves

9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.

9.2 Approval is sought to create three new reserves:

- Technology Solutions reserve with the purpose to set aside funding to meet the future cost of replacing some of the council's corporate systems
- Highways reserve to set aside resources to meet the potential pressures on the highways network
- Emergency reserve with the purpose to help deal with risk around increased market fragility, exit from the EU, capacity issues across social care, as well as general risks around delivery and demand. The cash flows for emergency contingency are not predictable. The proposal is therefore to have an annual contribution, ringfenced to this reserve, which will result on the same impact on the net revenue budget. It is proposed that the current Emergency Contingency revenue budget of £4m in Other Operating Costs will be appropriated into this reserve.

## 10. Treasury Management and Prudential Indicators

10.1 Average interest earned to date on Treasury Management investments has been 0.98% compared to a benchmark rate of 0.57% (average 7 day LIBID rate). A summary of Treasury Management is provided in **Appendix E**.

10.2 There is a requirement to set a series of prudential indicators to collectively build a picture over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable. The summary of performance against the prudential indicators contained in **Appendix F** shows that external debt is within prudent and sustainable limits and that credit arrangements have been undertaken within approved indicators.

## 11. Financial Implications

### Finance and Resources Implications (Section 151 Officer)

11.1 The report is provided by the Section 151 Officer. There are no further comments.

## **12. Legal Implications**

- 12.1 The Council is responsible for setting the budget each year. Once agreed the executive then have to implement the policy framework and keep within the budget, subject to the limits set by Financial Regulations.

## **13. Equality and Diversity implications**

- 13.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 13.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 13.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 13.4 There are no equality and diversity, or other resource implications associated with this report.

## **14. List of Appendices**

Appendix A	Revenue Forecast Outturn
Appendix B	Trading Activities
Appendix C (i)	Capital Forecast Outturn
Appendix C (ii)	Capital Variance Plan
Appendix D	Balance Sheet - Earmarked Reserves
Appendix E	Treasury Management
Appendix F	Prudential Indicators

**(Available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)**

## **15. List of Background Papers**

Budgetary control reports.

## Appendix A

## Revenue

Year to Date				Full Year						
Portfolio	Latest Budget £000	Actual £000	Variance £000	Original Budget £000	Latest Budget £000	Forecast Outturn £000	Quarter 3 Variance *	Half Year Variance £000	Movement £000	Direction of Travel
Children and Families	79,789	82,392	2,603	122,735	121,059	125,220	3,510	845	2,664	↓
Customer, Communities, Culture and Corporate	12,665	11,558	(1,107)	18,546	18,077	17,613	(463)	(292)	(171)	↑
Deputy Leader and Infrastructure	31,051	30,725	(326)	42,818	49,832	49,476	(278)	(95)	(183)	↑
Economic Development	4,163	3,929	(233)	6,255	6,277	5,834	(374)	(372)	(2)	↑
Education and Skills DSG	4,813	24,721	19,908	(3,063)	(2,819)	2,276	5,095	6,620	(1,524)	↑
Education and Skills Non DSG	54,345	53,888	(458)	78,276	81,072	84,342	2,955	2,018	937	↓
Environment and Climate Change Action	50,398	50,678	280	80,642	79,407	79,325	(24)	(35)	11	↓
Finance, Property and Housing	12,187	13,803	1,616	15,611	17,370	16,777	(593)	(951)	358	↓
Health and Adult Social Care	316,743	267,883	(48,860)	407,398	419,573	414,963	(2,999)	355	(3,354)	↑
Leader	4,163	4,064	(99)	6,152	6,609	6,215	(135)	(64)	(70)	↑
Other Operating Costs	23,124	10,764	(12,360)	80,694	43,873	43,145	(394)	934	(1,328)	↑
Performance, Business Planning and Partnerships	1,439	998	(442)	1,940	2,248	2,159	(151)	3	(153)	↑
Customer, Communities, Culture and Corporate RSSS	42,348	40,172	(2,175)	58,808	63,610	63,621	225	399	(174)	↑
Finance, Property and Housing RSSS	11,236	10,138	(1,097)	14,293	19,804	19,908	408	(62)	470	↓
Fire Reinstatement Works	169	389	220	(0)	(0)	0	0	0	0	↓
Leader RSSS	1,476	1,405	(71)	2,110	2,039	2,578	139	159	(20)	↑
Performance, Business Planning and Partnerships RSSS	6,020	5,803	(217)	6,722	9,326	8,910	(255)	(174)	(81)	↑
<b>Total</b>	<b>656,128</b>	<b>613,310</b>	<b>(42,818)</b>	<b>939,936</b>	<b>937,357</b>	<b>942,363</b>	<b>6,666</b>	<b>9,287</b>	<b>(2,621)</b>	
DSG Offset	4,813	24,721	19,908	(3,063)	(2,839)	2,276	5,095	6,620	1,524	↓
<b>Total Excluding DSG</b>	<b>651,315</b>	<b>588,589</b>	<b>(62,726)</b>	<b>942,998</b>	<b>940,196</b>	<b>940,086</b>	<b>1,570</b>	<b>2,668</b>	<b>(1,097)</b>	
Funding							(784)	(96)	(688)	↑
<b>Revised Total</b>	<b>651,315</b>	<b>588,589</b>	<b>(62,726)</b>	<b>942,998</b>	<b>940,196</b>	<b>940,086</b>	<b>786</b>	<b>2,572</b>	<b>(1,785)</b>	

\* The Third Quarter Variance is after proposed adjustments



## Appendix B

## Traded Services

	Revenue reserve 1 April 2019	Income	Budget Expenditure	(Surplus)/D eficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Final Outturn position	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>EDUCATION TRADED</b>												
EES for Schools	-	-	-	-	(3,676)	2,837	(840)	(840)	-	-	-	(840)
<b>FINANCE, COMMERCIAL &amp; TRADED</b>												
Schools Staff Insurance Scheme	-	-	-	-	(1)	108	108	108	-	-	-	108
Information Services infrastructure	-	(6,500)	6,500	-	(6,500)	6,500	-	-	-	-	-	-
Place Services	(483)	(2,682)	2,462	(220)	(2,698)	2,479	(220)	5	(225)	5	-	(478)
Music Services Traded	(168)	(4,645)	4,532	(113)	(4,663)	4,550	(113)	(0)	(113)	-	-	(168)
<b>Total</b>	<b>(651)</b>	<b>(13,827)</b>	<b>13,494</b>	<b>(333)</b>	<b>(17,537)</b>	<b>16,473</b>	<b>(1,064)</b>	<b>(726)</b>	<b>(338)</b>	<b>5</b>	<b>-</b>	<b>(1,377)</b>

## Appendix C(i)

## Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000		£000	£000
Children and Families	601	256	(344)	900	101	1,001	571	(429)
Customer, Communities, Culture and Corporate	5,192	3,126	(2,066)	7,500	895	8,395	8,053	(342)
Economic Development	8,483	5,401	(3,082)	5,847	4,248	10,094	9,406	(688)
Education and Skills	42,730	36,677	(6,053)	83,426	(17,876)	65,550	60,204	(5,347)
Environment and Climate Change Action	1,916	1,458	(457)	3,850	651	4,501	4,101	(400)
Finance, Property and Housing	2,272	1,650	(622)	14,765	(8,500)	6,265	3,882	(2,383)
Health and Adult Social Care	843	13	(831)	421	644	1,065	670	(395)
Deputy Leader and Infrastructure	79,887	70,057	(9,829)	131,146	(2,985)	128,161	119,499	(8,662)
<b>ECC Capital Programme</b>	<b>141,923</b>	<b>118,639</b>	<b>(23,284)</b>	<b>247,855</b>	<b>(22,823)</b>	<b>225,032</b>	<b>206,386</b>	<b>(18,646)</b>
Schools Cash Balance	296	607	311	-	296	296	296	-
Devolved Formula Capital	2,225	2,941	715	1,113	2,183	3,296	3,310	14
<b>Total School Balances</b>	<b>2,521</b>	<b>3,548</b>	<b>1,027</b>	<b>1,113</b>	<b>2,479</b>	<b>3,591</b>	<b>3,606</b>	<b>14</b>
<b>Total Capital Programme</b>	<b>144,444</b>	<b>122,187</b>	<b>(22,257)</b>	<b>248,967</b>	<b>(20,344)</b>	<b>228,623</b>	<b>209,992</b>	<b>(18,632)</b>

## Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000
<b>ECC Capital Programme</b>					
Grants	91,401	1,045	92,446	88,201	(4,245)
Reserves	8,268	(3,645)	4,623	4,700	77
Developer & Other contributions	12,949	3,298	16,247	13,396	(2,851)
Capital receipts	7,000	6,217	13,217	13,217	-
Unsupported borrowing	128,237	(29,443)	98,794	87,168	(11,627)
<b>ECC Capital Programme</b>	<b>247,855</b>	<b>(22,528)</b>	<b>225,327</b>	<b>206,682</b>	<b>(18,646)</b>
Grants	1,112	2,184	3,296	3,310	14
<b>School Balances</b>	<b>1,112</b>	<b>2,184</b>	<b>3,296</b>	<b>3,310</b>	<b>14</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>248,967</b>	<b>(20,344)</b>	<b>228,623</b>	<b>209,992</b>	<b>(18,632)</b>

## Appendix C(ii)

## Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	75	26	-	-	101	-	50	(480)	-	1	(429)
Customer, Communities, Culture and Corporate	1,535	20	(661)	-	895	(342)	-	-	-	(0)	(342)
Economic Development	1,326	2,940	-	(19)	4,248	(688)	-	-	-	0	(688)
Education and Skills	(19,093)	18,450	(17,915)	682	(17,876)	(3,725)	1,114	(2,849)	181	(67)	(5,347)
Environment and Climate Change Action	490	1,642	(1,481)	-	651	(75)	-	(325)	-	(0)	(400)
Finance, Property and Housing	(9,915)	2,330	(1,636)	721	(8,500)	(2,396)	260	(260)	-	13	(2,383)
Health and Adult Social Care	(4)	-	-	648	644	(401)	-	-	-	6	(395)
Deputy Leader and Infrastructure	(12,164)	19,096	(11,189)	1,271	(2,985)	(10,266)	1,348	(1,177)	1,418	15	(8,662)
<b>ECC Capital Programme</b>	<b>(37,748)</b>	<b>44,503</b>	<b>(32,881)</b>	<b>3,303</b>	<b>(22,823)</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(33)</b>	<b>(18,646)</b>
Schools Cash Balance	296	-	-	-	296	-	-	-	-	-	-
Devolved Formula Capital	99	2,609	(525)	-	2,183	-	-	-	-	14	14
<b>Total Capital Programme</b>	<b>(37,353)</b>	<b>47,112</b>	<b>(33,406)</b>	<b>3,303</b>	<b>(20,344)</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(19)</b>	<b>(18,632)</b>

## Appendix C(ii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2019/20 Changes Requested
Adaptations	-	-	(130)	-	(130)
Expansion of Fostering Service	-	-	(350)	-	(350)
Family Centres	-	50	-	-	50
<b>Children and Families</b>	-	50	(480)	-	(480)
Libraries Self Service	(342)	-	-	-	(342)
<b>Customer, Communities, Culture and Corporate</b>	(342)	-	-	-	(342)
A120 Preferred route	(78)	-	-	-	(78)
A120 Millennium Way Slips	(350)	-	-	-	(350)
A127 Fairglens Interchange	-	-	-	413	413
A133 Colchester to Clacton RBS	-	-	-	100	100
Advanced Scheme Design	-	306	-	283	589
Basildon Integrated Transport Package	(1,548)	-	-	-	(1,548)
BDUK Essex Superfast Programme Phase 3	(3,430)	-	-	316	(3,114)
Beaulieu Park Station	(152)	-	-	-	(152)
Chelmsford Growth Area	-	36	-	-	36
Chelmsford North Eastern Bypass	-	-	(306)	306	-
HEZ & A414 Pinch Point Delivery Package two	(1,000)	-	-	-	(1,000)
LED Rollout	(172)	-	-	-	(172)
Local Highways Panels	(150)	-	-	-	(150)
M11 Junction 7A and Gilden Way Upgrading	(1,812)	-	-	-	(1,812)
M11 Junction 8	(1,524)	-	-	-	(1,524)
Other Highways Major Schemes	-	14	-	-	14
Passenger Transport	-	-	(5)	-	(5)
Road Maintenance	-	15	(735)	-	(720)
Road Safety	-	-	(40)	-	(40)
Safety Barrier Replacement	-	735	-	-	735
Section 106	-	173	(91)	-	81
Town Centre Improvements	(50)	-	-	-	(50)
Traffic Signal Refurbishment	-	70	-	-	70
<b>Deputy Leader and Infrastructure</b>	<b>(10,266)</b>	<b>1,348</b>	<b>(1,177)</b>	<b>1,418</b>	<b>(8,677)</b>
Chelmsford College High Needs	(300)	-	-	-	(300)
STEM Innovation Campus	(388)	-	-	-	(388)
<b>Economic Development</b>	<b>(688)</b>	-	-	-	<b>(688)</b>

## Appendix C(ii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2019/20 Changes Requested
Basildon Primary Basic Need	-	12	(72)	-	(61)
Basildon Secondary Basic Need	(143)	-	-	-	(143)
Braintree Primary Basic Need	(322)	8	-	-	(314)
Braintree Secondary Basic Need	(16)	-	(42)	-	(58)
Brentwood Primary Basic Need	(25)	0	(20)	-	(45)
Castle Point Primary Basic Need	-	-	(103)	-	(103)
Chelmsford Primary Basic Need	-	24	-	-	24
Chelmsford Secondary Basic Need	-	-	(25)	-	(25)
Colchester Primary Basic Need	(66)	12	(15)	-	(69)
Colchester Secondary Basic Need	-	-	(638)	-	(638)
Epping Forest Primary Basic Need	(81)	-	-	-	(81)
Harlow Primary Basic Need	(81)	-	-	181	100
Other School Schemes	-	5	-	-	5
Rochford Primary Basic Need	-	-	(9)	-	(9)
Rochford Secondary Basic Need	-	1	-	-	1
Schools Feasibility	-	-	(134)	-	(134)
Special Schools	(1,375)	945	(1,270)	-	(1,700)
Temporary Accommodation	(132)	3	-	-	(128)
Tendring Primary Basic Need	(50)	32	(30)	-	(48)
Tendring Secondary Basic Need	(193)	3	(457)	-	(647)
Uttlesford Primary Basic Need	(98)	64	(3)	-	(37)
Uttlesford Secondary Basic Need	-	6	-	-	6
Schools Capitalised Building Maintenance	-	-	(32)	-	(32)
Early Years	(1,144)	-	-	-	(1,144)
<b>Education and Skills</b>	<b>(3,725)</b>	<b>1,114</b>	<b>(2,849)</b>	<b>181</b>	<b>(5,280)</b>
Country Parks	(75)	-	-	-	(75)
Flood Management	-	-	(325)	-	(325)
<b>Environment and Climate Change Action</b>	<b>(75)</b>	<b>-</b>	<b>(325)</b>	<b>-</b>	<b>(400)</b>
Essex Housing Programme	(100)	-	-	-	(100)
Goldlay Gardens	(250)	-	(260)	-	(510)
Harlowbury	(135)	-	-	-	(135)
Maldon Friary	(200)	-	-	-	(200)
Purford Green	-	185	-	-	185
Rocheway	(1,300)	-	-	-	(1,300)
Shenfield Library	(42)	-	-	-	(42)
Shembroke Hostel	-	75	-	-	75
St Peters College	(369)	-	-	-	(369)
<b>Finance, Property and Housing</b>	<b>(2,396)</b>	<b>260</b>	<b>(260)</b>	<b>-</b>	<b>(2,396)</b>
Independent Living Older People Ninefields Waltham Abbey	(401)	-	-	-	(401)
<b>Health and Adult Social Care</b>	<b>(401)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(401)</b>
<b>Total Capital Programme</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(18,664)</b>

## Appendix D

## Reserves

	2019/20 movements				
	Balance at 1 April 2019 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(42,136)	3,413		6,807	(31,916)
Building Schools for the Future PFI	(2,267)	(342)	95	2,514	(0)
Debden School PFI	(3,633)	469		3,164	0
Clacton Secondary Schools' PFI	(2,518)	497		2,021	0
Waste Reserve	(103,631)	(9,245)		3,258	(109,618)
Grant Equalisation Reserve	(12,636)	2,383		-	(10,253)
Trading Activities (not available for use)	(653)	338		(338)	(653)
Partnerships and Third Party (not available for use)	(1,815)	-		-	(1,815)
Schools (not available for use)	(38,025)	-		-	(38,025)
General Balance	(56,610)	-		-	(56,610)
Reserves earmarked for future use					
Adults Digital Programme	(5,256)	3,417		-	(1,839)
Capital Receipts Pump Priming	(3,204)	-		500	(2,704)
Carbon Reduction	(2,303)	2,294	(300)	-	(309)
Carry Forward	(23,250)	17,819	(2,084)	-	(7,515)
Collection Fund Risk	(1,412)	-		-	(1,412)
Commercial Investment in Essex Places				-	-
Community Initiatives Fund	(1,153)	456		697	0
Digital Infrastructure	(3,053)	3,053		-	-
EES Pension Risk				(4,000)	(4,000)
Emergency Planning	(300)	-		-	(300)
Essex Climate Change Commission		(250)		-	(250)
Future Capital Funding	(12,061)	(2,339)	(223)	4,562	(10,061)
Health and Safety	(881)	-		250	(631)
Insurance	(8,061)	-		-	(8,061)
Property Fund	(326)	(326)		-	(652)
Quadrennial Elections	(618)	(473)		-	(1,091)
Service Improvement	-	(3,720)	400	-	(3,320)
Tendring PPP	(496)	-		496	-
Transformation	(25,193)	(10,454)	503	6,260	(28,884)

## Appendix E

TREASURY MANAGEMENT SUMMARY - 2019/20						
	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date £000
	£000	Raised £000	Repaid £000	Net movement £000	£000	
<b>Borrowing</b>						
Long Term	514,374	30,625	(3,289)	27,336	541,710	12,693
Temporary	408	2,164	-	2,164	2,572	7
<b>Total External Borrowing (A)</b>	<b>514,782</b>	<b>32,789</b>	<b>(3,289)</b>	<b>29,500</b>	<b>544,282</b>	<b>12,700</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(316)
Temporary	259,000	82,600	-	82,600	341,600	(1,859)
<b>Total External Investments (B)</b>	<b>269,000</b>	<b>82,600</b>	<b>-</b>	<b>82,600</b>	<b>351,600</b>	<b>(2,175)</b>
<b>Net indebtedness (A-B)</b>	<b>245,782</b>	<b>(49,811)</b>	<b>(3,289)</b>	<b>(53,100)</b>	<b>192,682</b>	<b>10,525</b>

**Borrowing**

Average long term borrowing over period to date (£000)  
 Opening pool rate at 1 April 2019  
 Weighted average rate of interest on new loans secured to date  
 Average pool rate for year

472,490
4.07%
1.30%
3.98%

**Investments**

Average daily cash balance over period to date (£000)  
 Average interest earned over period  
 Benchmark rate - average 7 day LIBID rate

334,497
0.98%
0.57%

## Appendix F

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT			
PRUDENTIAL INDICATORS			
		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2019/20 and earlier years' 'starts'	£	£98.42	£91.02
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	8.6%	8.7%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.2%	8.2%
<b>2 Prudence</b>		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	249	210
Capital Financing Requirement (excluding credit arrangements)	£m	1,026	973
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	950	N/A
Operational boundary (borrowing only)	£m	850	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	546
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	950	394
Debt		100.0%	100.0%
Investments		100.0%	75.1%
Upper limit for exposure to variable rates			
Net exposure	£m	285	203
Debt		30.0%	1.0%
Investments		100.0%	57.5%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.6%
12 months & within 24 months	%	40.0%	3.4%
24 months & within 5 years	%	40.0%	6.2%
5 years & within 10 years	%	40.0%	11.9%
10 years & within 25 years	%	70.0%	30.8%
25 years & within 40 years	%	40.0%	33.0%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	14.1%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	10
<b>6 Summary</b>			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			



**Reference Number: CSPC/02/20**

<b>Report title:</b> Organisation Plan and Budget 2020/21	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
<b>Report author:</b> Graham Hughes, Senior Democratic Services Officer	
<b>Date:</b> 28 January 2020	<b>For:</b> Discussion and identifying any follow-up scrutiny actions
<b>Enquiries to:</b> Graham Hughes, Senior Democratic Services Officer at graham.hughes@essex.gov.uk.	
<b>County Divisions affected:</b> Not applicable	

## 1. Introduction

- 1.1 The Organisation Plan and Budget 2020/21 for discussion, as due to be discussed at Cabinet on 21 January 2020 and to be presented to Full Council on 11 February 2020 for approval.

## 2. Action required

- 2.1 The Committee is asked to consider the attached and provide feedback.

## 3. Background

This is an annual item that is presented to the January meeting of the Committee each year ahead of being presented to Full Council for approval the following month.

## 4. Update and Next Steps

Update attached. Any next steps TBC

## 5. List of Appendices – The Organisation Plan and Budget 2020/21

**Forward Plan Reference Number: FP/388/03/19**

<b>Report title:</b> Organisation Plan and Budget 2020/21 – Part 1: Section 151 Officer Report	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology	
<b>Date:</b> 21 January 2019	<b>For:</b> Discussion
<b>Enquiries to:</b> Nicole Wood, Executive Director for Finance and Technology	
<b>County Divisions affected:</b> All Essex	

**1 Purpose of the Report**

- 1.1 The report sets out the Section 151 (S151) Officer's statement on the adequacy of reserves, robustness of the 2020/21 revenue budget, as well as the Financial Strategy and the Capital and Treasury Management Strategy. The S151 Officer for the Council is the Executive Director for Finance and Technology.

**2. Recommendations**

- 2.1 To note this report before making recommendations to Full Council on the revenue budget and capital programme, included within the Organisation Plan.

**3. Assurance Statement of the S151 Officer (Executive Director for Finance and Technology)**

- 3.1 I have examined the budget proposals and I believe that whilst the spending and service delivery proposals are challenging, they are achievable given the political and management will to implement the changes.
- 3.2 The external auditors have concluded that for 2018/19, the Council has satisfactory arrangements for the securing Value for Money and use of resources.
- 3.3 The Council has a good track record on financial management and delivering savings. The external auditors are satisfied the Council has adequate arrangements for budget monitoring and taking mitigating actions to eliminate the impact of any over spends and undeliverable savings. It is on track to deliver its required savings in 2019/20. The external auditors also concluded that the medium-term resourcing strategy reflects known savings and cost pressures and the key assumptions are reasonable.
- 3.4 I believe the level of reserves are appropriate but require continual monitoring considering the risks and will continue to report quarterly to Cabinet on the reserve position.
- 3.5 The 2020/21 revenue budget and the capital programme are included elsewhere on the agenda. Whilst the budget shown is balanced, there remains

a gap between our estimated spend and assumed funding for 2021/22 and onwards. The Council only has certainty of funding for 2020/21 and considerable uncertainty remains in the sector around the funding structures for local government beyond 2020/21; a multi-year settlement is expected from 2021/22. It is imperative the Council maintains focus on financial sustainability and produces a balanced budget over the medium term.

#### **4. Background**

- 4.1 The S151 Officer is required to make a statement on the adequacy of reserves and the robustness of the budget. This is a statutory duty under section 25 of the 2003 Local Government Act.
- 4.2 The budget is a financial plan of the Organisation Strategy and forms part of the annual Organisation Plan. The budget is delivered through Cabinet Members who have a portfolio responsibility for several services, which will deliver the strategic aims and priorities of the Organisation Strategy.
- 4.3 This report concentrates on the draft 2020/21 revenue budget, level of reserves and capital programme as set out elsewhere on this agenda, but in addition it also considers key medium-term issues faced by the Council.

#### **5. Financial Context**

- 5.1 The Provisional Settlement from Central Government confirmed the announcements in the Autumn Spending Review. This included new monies for social care as well as continuation of existing social care grants, namely Winter Pressures and Social Care Support Grant, which equates to £10m for existing grants and an additional £23m of new monies. In addition to this, for the Dedicated Schools Grant (DSG), an additional £19.6m in respect of the High Needs Block was received, however there was a reduction of £1.2m to the Central School Services Block. There was only a one year funding announcement for DSG.
- 5.2 The Provisional Settlement also confirmed the continuation of Revenue Support Grant (RSG), which equates to £19m. The Council has seen its RSG significantly reduce from £232m in 2013/14 to £19m for next year, a reduction of £213m over 7 years. The medium-term strategy assumes that RSG will continue at this level, however there is no formal confirmation from government of funding beyond 2020/21.
- 5.3 The future of local government finance remains uncertain. The Government has committed to review Business Rates. It is also reviewing the allocation of funding across local authorities; this is known as the Fair Funding review, however there is no clarity on when these are now to be implemented.
- 5.4 The uncertain funding position makes it difficult to plan for the long term. In addition, like most local authorities, the Council is are also experiencing

increasing demand for our services notably increasingly complex and expensive packages and transport for children's social care and higher demands across adult social care.

## **6. Revenue Budget**

- 6.1 If it accepts the recommendations in the budget report, the Council plans to spend £1.9bn in 2020/21 (including schools). After income, this equates to a net expenditure budget of £990.2m, an increase of £50m, (5.4%) on 2019/20.
- 6.2 The 2020/21 budget includes inflationary pressures (including National Living Wage) of £23m, other service pressures totalling £64m (including £17m of additional change capacity to meet ongoing transformation of services and systems and £9m additional resources for Children's Social Care), and one off investment of £22m (including additional investment in our highways and in order to provide additional resilience against delivery risk). This is offset by additional funding of £51m resulting in a net pressure of £58m.
- 6.3 The budget assumes £58m of savings and increased income to balance the 2020/21 budget. These include contract efficiencies, back office savings through process efficiency, service redesign and use of technology, increasing income from fees and charges and commercial activity and development of our fostering service to increase the use of internal foster carers to minimise dependence on the external market.

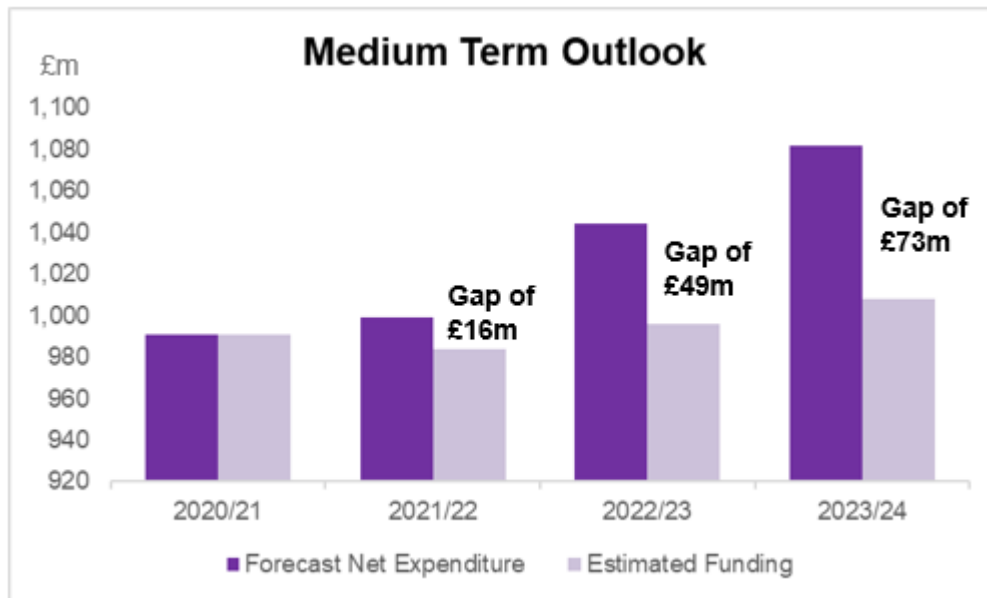
## **7. Funding**

- 7.1 In 2016/17 the Government agreed that local authorities with social care responsibilities could increase council tax if the money raised was spent on adult social care. This is referred to as the 'adult social care precept'. This precept has continued to be in place since 2016/17, and continues in 2020/21, which will allow social care authorities to increase the social care precept by a further 2% in 2020/21.
- 7.2 A 2% increase will yield £13m in 2020/21. This provides a contribution to the financial pressures in adult social care but does not cover the increased costs in this area which are estimated to cost £20m due to inflation (including the cost of funding increases in the National Living Wage which has risen from £8.21 to £8.72 per hour) and population growth.
- 7.3 Government has set the Referendum cap for core Council Tax at 2%. The Council is proposing a 1.99% increase in core council tax (in addition to the 2% social care precept referred to above). The increases proposed will not only contribute additional funds for 2020/21 but will also provide an increase to the Council's base funding position going forward, which is critical given the continued uncertainty around funding for local government beyond the one-year 2020/21 horizon.

- 7.4 The 2020/21 budget incorporates £33m of additional money announced for social care, this was a continuation of £10m received in 2019/20, with an additional allocation of £23m. The Government have committed to the continuation of this additional £23m, which is a welcome source of funding in meeting the pressures within social care.

## 8. Financial Strategy

- 8.1 A balanced budget for 2020/21 is presented. The projections for future years indicate a gap between the Council's expected funding streams and the Council's expenditure.
- 8.2 The medium-term outlook for the authority is set out below, however this must be seen in the context of an uncertain funding horizon for local government from 2021/22:



- 8.3 It is imperative that the Council maintains focus on financial sustainability and continues to identify further income and opportunities for new efficiencies. The Council must continue to explore the redesign of services and different ways of working with its partners, local communities and the voluntary sector to ensure essential services can be provided with significantly reduced funding.

## 9. Capital Programme and Treasury Management

- 9.1 The Council has indicated, within the budget proposals, an aspiration to invest considerable sums through the capital programme over the next four years. The capital programme aspirations will deliver a range of schemes to maintain, enhance and deliver new assets, such as investment in Chelmsford's new Beaulieu Train Station and North East Bypass and Colchester/Tendring A120 and A133, as well as highways maintenance and providing new school places.

The capital programme also includes schemes to help to deliver revenue savings, such as the Essex Housing Programme to redevelop redundant Council property. To the extent that the Council must borrow to pay for this investment, it will incur borrowing costs, which must be funded from the revenue budget.

- 9.2 The revenue costs of borrowing to finance the capital programme will rise from 7.8% of the net budget in 2018/19, to an estimated 10.8% by 2023/24. In 2020/21, capital schemes which deliver a revenue saving greater than the associated borrowing costs amount to some 9% of the total programme. The Council's ability to deliver the future Capital Programme aspirations is therefore dependent on the achievement of savings, generation of income and maximisation of funding from a range of sources to fund the revenue borrowing costs.
- 9.3 Whilst the Council can determine its own programmes for capital investment that are central to the delivery of quality public services, it must be satisfied, and able to demonstrate, that these programmes are affordable, prudent and sustainable. In doing so, the Council must have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code).
- 9.4 The Prudential and Treasury Management Codes require the Council to produce a Capital and Treasury Management Strategy which explains how the Council takes capital expenditure, investment and treasury management decisions and how it takes account of stewardship, value for money, prudence, sustainability and affordability. The full strategy is shown in Appendix A, Annex 3. The Executive Director for Finance and Technology is required to report explicitly on the affordability and risk associated with this strategy.
- 9.5 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Capital and Treasury Management Strategy:
- Sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
  - Provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established and have been highly effective in recent years in ensuring the delivery of the Council's capital investment plans.
  - Provides a projection of the Council's capital financing requirement, how this will be funded and repaid.
  - Sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.

- 9.6 The Capital and Treasury Management Strategy, and the indicators provided in Annexes 3A and 3B, show that the capital financing requirement, external borrowing levels and costs of borrowing are all on an upward trajectory. This reflects the substantial level of capital investment being undertaken by the Council. A focus of some of the capital programme is upon ‘invest to save’ initiatives and upon economic regeneration. Hence, the increases in borrowing, and the costs associated with this borrowing, may be partly mitigated by revenue savings and additional income generation (e.g. additional housing and businesses providing tax revenues).
- 9.7 In the longer term, it will not be possible to sustain this level of capital investment without the greater achievement of savings, generation of income and increased funding.
- 9.8 The Council’s approach to treasury management investment activities is set out in Appendix A (Annex 3 page 94) and includes the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed. The treasury management investment strategy proposed for 2020/21 is largely consistent with that applied in previous years.
- 9.9 The Council has a good track record with regard to its treasury investment activity, adhering to statutory guidance by giving priority to security and liquidity over yield. In addition, Internal Audit has consistently issued ‘good’ assurance opinions on the management of these activities, confirming that internal controls are in place and adhered to.
- 9.10 The Council’s policies, objectives and approach to risk management of its treasury management activities is set out in the Strategy, alongside the knowledge and skills available to the Council, and provides confirmation that these are commensurate with the Council’s risk appetite.
- 9.11 The Capital and Treasury Management Strategy also provides an overview of the Council’s current approach to commercial investment activities, including processes, and due diligence. It also defines the Council’s risk appetite in respect of these, including proportionality in respect of overall resource.
- 9.12 All commercial investment activities entered into so far have been subject to approval in accordance with the Council’s governance framework for decision making and giving due regard to risk and proportionality.
- 9.13 The distinct, but inter-related, elements of the Capital and Treasury Management Strategy collectively demonstrate that the Council’s capital expenditure and investment decisions properly take account of stewardship, value for money, prudence, sustainability and affordability, by setting out the long term context in which capital expenditure and investment decisions are made, and by having due consideration to both risk and reward and impact on the achievement of priority outcomes.

## **10. Dedicated Schools Grant (DSG)**

- 10.1 The DSG is part of the Council's budget, and is made up of four blocks: Schools, High Needs, Early Years and Central Schools Services. A significant proportion of this grant is passported directly through to and managed by schools themselves and is known as the Schools Block. The remaining three block; High Needs, Early Years and Central Schools are managed by the Council.
- 10.2 There is an increase in funding of £19.6m for the High Needs Block in 2020/21 however this is insufficient to recover the historic deficit that has arisen due to continued growth of pupils with Special Educational Needs and Disabilities (SEND), which is forecast at £3.6m on 31 March 2021. Assuming the Department for Education (DfE) continues to increase funding for the High Needs Block at a similar proportion as in 2020/21, it is anticipated that the High Needs Block will return to a balanced position by 2022/23. However, the Council has only a one-year confirmation of funding and therefore the outlook is very uncertain.
- 10.3 The DfE has stated that with the increase in funding to the High Needs Block that it expects local authorities to only request transfers from the Schools Block in exceptional circumstances. The Council has therefore made no request for a Schools Block transfer for 2020/21 on the assumption that funding will continue to increase in 2021/22 and 2022/23. Should the increase in funding in future years not be enough the Council will request a transfer from the Schools Block.
- 10.4 The DSG over spend is being funded temporarily from future years' DSG allocations, which is permitted by the terms of the grant. It should be noted that the Special Educational Needs and Disabilities increased demand also impacts other Non DSG services, namely Home to School transport and Transitions.
- 10.5 The recent SEND Organisation Design has reduced expenditure within the High Needs Block for 2020/21 due to the reorganisation of the Specialist Teachers Team. A review of funding for special schools is underway and will be followed by a review of funding for SEND bases attached to mainstream schools.

## **11. Reserves**

- 11.1 Reserves play an important part in the financial strategy of the Council, and much has been written about them in local and national media.
- 11.2 They are an important part of risk management and resilience. The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences.



- 11.3 The Third Quarter report, elsewhere on the agenda, requests approval to create three new reserves for Technology Solutions, Highways and Emergency, which will replace the current Emergency Contingency annual revenue budget of £4m. The purpose of the Technology Solutions reserve is to set aside funding to meet the future cost of replacing key corporate systems, including the social care case management system and the core financial and human resources systems. The Highways reserve is to set aside resources to meet the potential pressures on the highways network. The Emergency reserve will help deal with risk around market fragility, exit from the EU, capacity issues across social care, as well as general risks around volatility in demand or extreme weather conditions.
- 11.4 A substantial amount of the Council's reserves (£192m) are 'restricted use funds' in that they are ring-fenced very specifically to long term contractual commitments such as Private Finance Initiative (PFI) schemes, or they are partnership funds, and not available to support the spend of the Council. These reserves have the potential to manage specific risks in the areas they are allocated to, and so alleviate pressure on the remaining reserves and the budget, but they should not be considered available to support more general pressures facing the Council.
- 11.5 Excluding these specific funds, the remaining reserves (£74m) provide a cushion against the significant risks the Council faces as outlined above, and a source of transformation funding to change the way the Council provides services and achieves future efficiencies.
- 11.6 The authority also has a General Balance, which is an un-ringfenced reserve set aside to allow the Council to deal with unexpected events or costs at short notice. The general reserve balance has stood at 6% since the 2017/18 budget in recognition of the level of risk associated with reductions in Revenue Support Grant and pressures the Authority faces. The general balance is set at £57m which is enough to fund the council's activities for 21 days.
- 11.7 During 2020/21, £44m is expected to be drawn down from reserves – principally from the Transformation Reserve to finance investment in business cases. It should be noted that there are plans included within the budget to contribute to the Transformation Reserve in 2020/21 and future years, to ensure there are enough funds available for continued investment in the transformation programme.
- 11.8 The 2020/21 budget includes some appropriations to reserves. These are proposed to reflect assessments of need or agreed strategies.
- 11.9 Whilst the level of non-restricted use reserves is not enough to cover the funding gaps longer term as set out earlier in this report, the authority's record on financial management and delivery of savings is such that it is highly unlikely that this level of usage of reserves would be required.

## **12. Risks**

- 12.1 There are several risks associated with the budget. The key risks are set out in the following paragraphs.
- 12.2 The budget assumes full delivery of £58m budget proposals. Officers and members continue to work on delivery plans. Officers carry out a delivery risk assessment before the budget is set to test the readiness to deliver the savings as planned in the budget. At this stage, 5% of savings have a high level of delivery risk.
- 12.3 The extent and management of social care demand is a significant risk given that people are living longer, may have more care needs, and the Council is experiencing more complex cases within Children's services too. However, these areas are monitored closely to allow action to be taken at the earliest opportunity to manage this risk position. The Council has a good record of managing this risk as is evident from the financial review reports provided to Cabinet during the year.
- 12.4 Winter weather may require greater intervention than originally planned. Therefore, it is important that we can provide additional resources at very short notice to ensure we can keep people moving around the county in periods of bad weather.
- 12.5 The longer-term funding position is uncertain due to the proposed changes to local government finance.
- 12.6 At the time of writing there is a commitment to leave the European Union on 31 January, this could have an impact on financial and workforce resources, but this is yet unknown.
- 12.7 The single greatest inflationary pressure in the budget is National Living Wage; there are assumptions made about the increase in rate however any change to this by government will have a significant financial impact on the budget, because there will be increased demand for rate increases from contractors. The rate for 2020/21 is £8.72 and this may have a greater impact on the supply chain than the budget assumes.

## **13. Control environment**

- 13.1 In building the budget and considering the risks inherent within it, it is important that the Council considers not only the level of reserves available to support it, but the wider control environment which will help to manage and minimise those risks. This includes:
- a. the approach to financial planning and monitoring with budget holders
  - b. a strong accountability framework which sets out clear roles and responsibilities in terms of financial management

- c. regular and accurate reporting to Members and senior officers
- d. performance reporting
- e. internal audit function assessing controls and processes.

13.2 These processes are robust, and it is important that continued focus is given to these by the senior leadership of the Council to ensure this remains the case. These processes provide an early warning system to potential problems to enable appropriate action to be taken if necessary, in a calm and measured way.

13.3 However, it must be recognised that these steps will not eliminate risk entirely, especially for those that come externally. There are further measures that can be taken to diminish the overall financial effect of these risks, including:

- a. slowing down or stopping spending
- b. increasing income elsewhere; or
- c. moving funds around the organisation.

**Forward Plan Reference Number: FP/388/03/19**

<b>Report title:</b> Organisation Plan and Budget 2020/21 – Part 2: Budget and Plan	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology and Margaret Lee, Executive Director for Corporate and Customer Services	
<b>Date:</b> 21 January 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Nicole Wood, Executive Director for Finance and Technology or Margaret Lee, Executive Director for Corporate and Customer Services	
<b>County Divisions affected:</b> All Essex	

## **1 Purpose of the Report**

- 1.1 The report asks that the Cabinet make a recommendation to the Council that it adopts the Organisation Plan and Budget 2020/21 including the revenue budget, capital programme, financial strategy and capital strategy. In doing so, the report of the Section 151 (S151) Officer on the robustness of the 2020/21 Budget and adequacy of reserves, included elsewhere on this agenda, should be considered.
- 1.2 The Organisation Plan publishes the Council's achievements in 2019/20 and plans for 2020/21, highlighting those actions that the Council will focus on. It also includes a section on performance detailing how the Council will measure performance against the organisational aims and the outcomes the Council expects to see following the implementation of those actions.
- 1.3 The report includes the Council's proposed financial strategy from 2020/21 to 2023/24, which is informed by the best information available regarding future funding and demand, whilst noting the risks and mitigations approach as outlined in the report.
- 1.4 Cabinet is asked to note that whilst the Council is able to present a balanced budget for 2020/21, this does assume full delivery of savings and there is not yet a balanced position for 2021/22 to 2023/24.

## **2 Decision Areas and Recommendations**

**Organisation Plan and Revenue Budget: Cabinet is asked to make the following recommendations to Full Council:**

- 2.1 That the Organisation Plan be approved in the form appended to this report.
- 2.2 The net cost of services to be set at **£990.2million (m)** for 2020/21 – Appendix A (page 34).

- 2.3 The net revenue budget requirement to be set at **£912.9m** (net cost of services less general government grants) for 2020/21 – Appendix A (page 34).
- 2.4 The total council tax funding requirement be set at **£707.9m** for 2020/21 – Appendix A (page 34).
- 2.5 That Essex County Council's element of the council tax be increased by 1.99% plus a 2% social care precept, therefore the Essex County Council element of the council tax charge for a Band D property in 2020/21 will be **£1,321.11**. A full list of bands is as follows:

	2019/20	2020/21
Council Tax Band	£	£
Band A	846.96	880.74
Band B	988.12	1,027.53
Band C	1,129.28	1,174.32
Band D	<b>1,270.44</b>	<b>1,321.11</b>
Band E	1,552.76	1,614.69
Band F	1,835.08	1,908.27
Band G	2,117.40	2,201.85
Band H	2,540.88	2,642.22

- 2.6 That the proposed total schools budget be set at **£534.3m** for 2020/21 which will be funded by the Dedicated Schools Grant, Pupil Premium Grant, Teachers Pay Grant, Teachers Pension Grant and the Universal Free School Meals Grant. The majority of this will be passed through to maintained schools.
- 2.7 That the underlying balance on the General Balance be set at **£56.6m** as at 1 April 2020 (Appendix A, Annex 1, page 60).
- 2.8 That the capital payments guideline be set at **£235m** for 2020/21 and that the Executive Director for Finance and Technology, in consultation with the Leader (who is currently the Cabinet Member for Finance, Property and Housing), be authorised to make adjustments to the phasing of payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the subsequent quarterly review to Cabinet in July 2020. Any requests to change the prudential borrowing indicators would be brought back before Full Council.

**Cabinet are asked to agree the following:**

- 2.9 That the Leader (who is currently the Cabinet Member for Finance, Property and Housing), in consultation with the Executive Director for Finance and Technology, may adjust the recommendations to Full Council upon receipt of:
- (a) the final tax base and forecast business rates receipts for 2020/21 from the billing authorities (due by 31 January 2020)
  - (b) the final settlement from Government (expected early February 2020)
- 2.10 That the report by the Executive Director for Finance and Technology (S151 officer) on the robustness of the estimates, reserves and capital strategy be noted (see the separate item on this agenda).

**Capital Strategy: the Cabinet are requested to make the following recommendations to Full Council:**

- 2.11 That the 2020/21 to 2023/24 Prudential Indicators and limits, together with updated limits for 2019/20 as set out in Annexes 3A and 3B of the Capital Strategy (Appendix A) be approved.
- 2.12 That the Treasury Management Strategy for 2020/21 be approved, comprising:
- a. Borrowing strategy, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 85).
  - b. Treasury management investments strategy, as set out in Annex 3 and Annex 3D of the Capital Strategy (Appendix A, Annex 3, page 94).
  - c. Indicative strategy for commercial investment activities, as set out in Annex 3 of the Capital Strategy (Appendix A, Annex 3, page 97).
- 2.13 That the policy for making a prudent level of revenue provision for the repayment of debt, (the Minimum Revenue Provision policy) as set out in Annex 3C of the Capital Strategy (Appendix A, Annex 3, page 106), be approved.

**Pay Policy Statement: the Cabinet are requested to make the following recommendation to Full Council for approval:**

- 2.14 Recommend that the Council adopts the Pay Policy Statement for 2020/21 as set out in Appendix C.

**For Cabinet to note:**

- 2.15 Note the medium term (2021/22 to 2023/24) revenue issues facing the Council as set out in the report (Appendix A, page 25), highlighting the funding sources and implications. The position is based on the best intelligence available today including future funding, price rises and demand; but there is inherent uncertainty given the possible changes in national and local circumstances.

- 2.16 Note that the recommendations in this report present a balanced budget for 2020/21. The Council's plans for 2021/22 to 2023/24 are not sufficiently firm as to allow for a balanced budget to be set. Further opportunities for improving income and funding, plus greater efficiencies, will need to be secured in the medium term which will be achieved by a focus on outcomes based commissioning.
- 2.17 Note that the above figures are based on a Band D equivalent tax base of **535,809** properties (see Appendix A, page 34).
- 2.18 Note that the Capital Strategy, which is presented as Annex 3 in Appendix A, sets out the long-term context in which capital expenditure and treasury management investment decisions are made by the Council and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. It comprises a number of distinct, but inter-related, elements as follows:
- **Capital expenditure** – this provides an overview of the governance process for approval and monitoring of capital expenditure, including the Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.
  - **Capital financing and borrowing** – this provides a projection of the Council's capital financing requirement, how this will be funded and repaid, sets out the Council's borrowing strategy and explains how the Council will discharge its duty to make prudent revenue provision for the repayment of debt.
  - **Treasury management investments** – this explains the Council's approach to treasury management investment activities, including the criteria for determining how and where funds will be invested to ensure that the principal sums are safeguarded from loss and that sufficient liquidity is maintained to ensure that funds are available when needed.
  - **Commercial investments** – this provides an overview of the Council's intended approach to commercial investment activities, including processes, due diligence and defines the Council's risk appetite in respect of these, including proportionality in respect of overall resources.
- 3 Statement of the Executive Director for Finance and Technology (S151 Officer)**
- 3.1 The Executive Director for Finance and Technology is the Chief Finance Officer appointed under S151 of the Local Government Act 1972 and is also the Chief Financial Officer for regulatory and statutory purposes.

- 3.2 The report by the Executive Director for Finance and Technology (S151 officer) on the robustness of the estimates, reserves and capital strategy is set out in the separate report elsewhere on the agenda.

**4. Other Issues**

- 4.1 An equality impact assessment has been undertaken on the budget in line with the public sector equality duty. The findings of the Equality Impact Assessment (EIA) carried out are included at Appendix B of this report.

- 4.2 The review of the fees and charges schedule is an annual process with fees and charges being agreed by officers or by the relevant Cabinet Member. The proposed fees and charges for 2020/21 budget are published on our website. These are provided for information only. Cabinet is not asked to set these fees and charges by approving this report.

[www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns](http://www.essex.gov.uk/spending-and-council-tax/finance-and-spending-breakdowns)

**5. Relevance to the Council's Organisation Strategy and Plan**

- 5.1 The Organisation Plan for 2020/21 covers the action the Council will take next year to contribute to our Organisation Strategy, alongside the Budget. The Organisation Plan is set out in Appendix A.

**6. Internal and External Consultation**

- 6.1 All Executive Directors and Directors have been involved in the preparation of the Organisation Plan and the Budget.

- 6.2 Through budget consultation meetings the Council engages with representatives from the unions.

- 6.3 A budget consultation was undertaken during November and December 2019, for 4 weeks. It was open to the public and promoted through social media, print media, business, voluntary and charity sector networks.

- 6.4 There were 396 responses to the consultation. The full report on the budget consultation is shown in Appendix D. The key messages from respondents to the consultation are that:

- The majority of participants (55%) feel well informed about public services.
- 84% of participants recognise the financial challenges facing the county council and the impact that these are likely to have on future spending.
- Almost two thirds (63%) of participants have felt the impact of service change arising from national funding reductions.



- Residents have a clear view on the approaches that ECC should take in managing financial pressures. There is strongest support for strategies that seek to:
  - prioritise spending to protect the most vulnerable and those without choices
  - help build self-reliance and reduce dependency on public services; and
  - streamline services so that they can deliver the same outcomes.

The consultation suggests that participants are unlikely to support reducing or stopping services wholesale to protect others.

- The majority of residents would be prepared to either pay more, or give their time, to support local services that are experiencing financial pressure. 43% would be prepared to pay more through a one-off donation or a new/higher charge when using the service.
- Residents want to see key services protected in the face of financial pressure. More than 80% of participants identified care and support for vulnerable older people and those with mental health needs, and the maintenance of roads, footways and bridges as services which should be protected.

6.5 Taken together, these results suggest that Essex residents recognise the continuing financial pressures facing the Council and the need to prioritise and make efficiencies. They also recognise the need to balance spending on protecting the most vulnerable and on providing good universal services that most residents use.

6.6 In response to the key messages, the most significant part of the budget is spent on social care services (58% of gross expenditure, excluding DSG). The Council is also continuing to invest in the maintenance of roads and footways, with an additional £4m per annum for roads maintenance. The Council is investing more in Children services and made specific investment in 2019/20 for mental health. Expenditure on waste is reducing slightly, however this is due to contract efficiencies made by the Council. It should also be noted that waste collection is a district council responsibility.

6.7 This report will also be reviewed by the Corporate Scrutiny Committee prior to final presentation of the Organisation Plan to Full Council on 11 February 2020.

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

7.1 In each financial year the Council must make its budget calculation in accordance with sections 42A and 42B of the Local Government Finance Act 1992. In particular, it must calculate the total of:

- The expenditure the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year
- Such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year
- The financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure
- Such financial reserves as are sufficient to meet any estimated revenue deficit for previous financial years which has not already been provided for.

- 7.2 Those calculations are then used to determine the council tax requirement for the year.
- 7.3 The Council is required to set a balanced budget and in considering the budget the Council must have regard to the advice of its Chief Finance Officer appointed under section 151 of the Local Government Act 1972.
- 7.4 The Council must issue any precept or precepts in accordance with section 40 of the Local Government Finance Act 1992. The section prescribes what must be included in the issue of the precept. It must be issued before 1 March in the financial year preceding that for which it is issued but is not invalid merely because it is issued on or after that date.
- 7.5 Under section 25 of the Local Government Act 2003, the Chief Financial Officer (section 151 officer) is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Cabinet is required to determine and submit to Full Council and are contained within this report. The Chief Finance Officer is also required to report on the level of reserves.
- 7.6 In deciding its Capital Programme for the year, the Council must have regard to the 'Prudential Code' established by and under the Local Government Act 2003. This is addressed in the report.
- 7.7 The budget makes provision on the basis that a number of changes to council services which are under consideration may be made. The budget does not itself authorise any changes to services and does not assume that changes will be made. Any changes to services will need to be the subject of appropriate consideration by the Cabinet Member or the Cabinet following, where appropriate, consultation and a full report setting out options for change, the impact of the proposed changes on service users, including in particular the impact on different equality groups. Where a decision is made not to implement any changes then budgetary adjustments may need to be made but the Council

is confident that whilst savings over the 2020/21 budget are assumed, each can be implemented in a number of ways, thus no particular changes are assumed.

- 7.8 The setting of the budget is a function reserved to the Full Council, but the Cabinet are required to make recommendations it wishes to make to Full Council on the various calculations the authority is required to make. Once the budget is agreed by Full Council, the Cabinet cannot make any decisions which conflict with that budget, although virements and in year changes may be made in accordance with the Council's Financial Regulations which have been adopted by the Council. Similarly, any decision made by the Cabinet or by an officer exercising executive functions must be made in accordance with the policies, plans and strategies agreed by Full Council, including the Council's Organisation Strategy.
- 7.9 Section 106 of the Local Government Finance Act 1992 restricts any member of the Council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.
- 7.10 Section 52ZB of the Local Government Finance Act 1992 requires the Council, when setting council tax, to determine whether or not the increase is 'excessive'. An increase is excessive unless it is within parameters determined by the Secretary of State. If an increase is 'excessive' it can only be implemented if supported by a referendum. The draft principles for 2020/21 published by the Secretary of State in December 2019 state that for the Council any increase of 2% or more (excluding social care precept) would be defined by the then Secretary of State as 'excessive'.
- 7.11 In addition, social care authorities are permitted to levy a 'precept' of up to a further 2% without the overall increase being considered 'excessive'. There is no legal requirement for the money raised to be used for adult social care services, but the Secretary of State has indicated that he will ask local authorities how they have spent the money. If an authority is unable to demonstrate usage for social care purposes, he may restrict that authority's ability to raise council tax in future years. The final decision on what is an 'excessive' increase for 2020/21 has not yet been made, and a decision is not expected until early February 2020. If the Council sets council tax before the finance settlement, then it would need to reconvene to determine whether or not the increase is excessive. Based on what is currently known, the recommendations in this report would not lead to an increase in Council tax which is defined as 'excessive'.

## **8. Staffing and Other Resource Implications**

- 8.1 An element of reorganisation and reshaping will be required to support efficiency gains in some operational areas. Staffing implications which may

arise as a result of operational plans flowing from this budget will be addressed under their specific implementation plans.

## **9. Equality Impact Assessment**

- 9.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. In addition, marital status is a relevant protected characteristic for 9.1(a).
- 9.3 The equality implications have been assessed as part of the budget setting process as detailed in Appendix B. Equality impact assessments will be carried out before any decision is taken to change any services in response to the budget or otherwise - please see paragraphs 4.1 and 7.7 of this report for further information.

## **10. List of Appendices**

**Appendix A – Essex County Council Organisation Plan 2020/21**  
**Appendix B – Equality Impact Assessment (Organisation Plan and Budget)**  
**Appendix C – Pay Policy Statement**  
**Appendix D – Budget Consultation Report**

# Essex County Council Organisation Plan 2020/21

## Content

1. Foreword by the Leader
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  - a. Enable inclusive economic growth
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## Foreword by the Leader

This Organisation Plan sets out over 100 commitments we are making in the next year to improve the lives of the people of Essex – from delivering an additional 1700 school places – because a great education is the foundation on which opportunity is built; to planting an ‘Essex Forest’ as part of an ambitious climate action programme; to working collaboratively with our partners to focus on prevention and early intervention to enable more people to live independently for longer.

We have been under enormous financial pressure over the last decade – by the end of this cycle we will have saved in the region of £1billion since the onset of the banking crisis. We have not chosen to retrench to a core minimum service offer, instead we have striven to maintain a more dynamic view of Government - a view of Government that is more positive, optimistic and ambitious for the people and the communities it serves.

We are proud of the fact that we have maintained excellent services in the teeth of these headwinds whilst retaining our ambition to serve all the people of Essex and keep Council Tax rises to a minimum. We have focused relentlessly on reducing bureaucracy and increasing productivity which has led us to be identified consistently as one of the top ten most efficient Councils in the country. And the Plan that we are setting out for the next year demonstrates our renewed commitment to our four strategic aims:

- A. Securing inclusive economic growth – because the only guarantee of long-term future well-being is a strong economy from which everyone can benefit – that is why we are investing in our schools and colleges, our high streets and town centres, and in the places and infrastructure that will underpin our future economic prosperity.
- B. Helping people get the best start and age well – because it is the duty of the Council to support the most vulnerable and to make sure that everyone has the opportunity to live the best life they can, regardless of circumstances – that is why we are pleased that our core Children’s and youth offending services have been recognised as amongst the very best in the country by Ofsted.
- C. Helping create great places – because we are the guardians of the county for future generations and recognise the need to balance the growth demands of our population with maintaining the essence of what makes Essex great – that is why we secured over £300m from Government to support the infrastructure we need to facilitate housing growth whilst maintaining the integrity of our communities.
- D. Transforming the Council – because we believe that striving for efficiency and productivity is not just the right thing to do to maximise investment in front line services but also creates a culture of resourcefulness and innovation that demands the can-do attitude from our employees that we want – that is why we will continue to invest in our people so that we have the best local government workforce in the country.

Essex is the most entrepreneurial county in the UK. You have a right to expect that your Council will reflect your values, your work ethic and live up to your expectations. We know the very real pressures that you have faced over the last few years – working hard to make ends meet – that is why we have a simple and consistent message – we are on your side. We will do whatever we can to ensure this is the Council you deserve. A Council that works hard every day to make your life a little bit easier.

## Strategic Aims:

### Enable inclusive economic growth

**Help people in Essex prosper by increasing their skills**

#### **The challenge**

Essex is one of the largest and most stable economies in the country. The number of well qualified adults (achieving Level 4 and above) in Essex is increasing but remains below the national average. Unemployment is low and the numbers of young people not in education, training, or employment is also low – in fact we have one of the highest employment rates in the country. This success however means that employers have difficulty in attracting people with the skills that they need, and also have skills deficiencies in their existing workforce. Lack of suitable skills to support in work progression is also a barrier for some of our residents to higher wages and economic inclusion.

We will work with partners to ensure that workers in Essex can access skilled jobs through the achievement of higher accredited learning and that those in need of improved foundation skills can access learning – we want everyone to be able to fulfil their potential. We will work with employers to foster their relationship with Higher, Further, and Adult Education sectors and will encourage them to work with us to support people with learning disabilities or Special Educational Needs and Disabilities (SEND) to enter the workforce. As part of the skills system, we will also support residents, students and employers to benefit from a greater range of industry-relevant higher education courses, apprenticeships across Further Education and Adult Community Learning providers. We will also continue to work with our schools to drive up the standard of education our children receive, so that every child has the chance to attend a good or outstanding school.

#### **Major achievements this year:**

- We have delivered more than 2,800 additional school pupil places.
- We have supported colleges on the successful completion of Further Education building schemes including Colchester Centre for Health and Development and Science, Technology, Engineering and Mathematics (STEM) Innovation Campus (Braintree).
- We have developed an Essex Skills Strategy and started delivery of the action plan to support all age workforce skills development.

#### **Key areas of focus for the Council over the next year:**

- It is important that we keep pace with the rising demand for school places, so that parents continue to be able to access a school of their preference. In the coming year we will be investing nearly £40m to deliver over 1,700 additional school pupil places.
- Currently, 90% of schools in Essex are rated Good or Outstanding by Ofsted. Our ambition is to support all early years' settings, schools and colleges to be rated Good or Outstanding. Over the coming year, our School-led Improvement Partnership Strategy will further mature so that school to school support will develop to improve and achieve the best long-term outcomes for all children and young people. Evidence of the impact of partnership working between schools is beginning to be recognised in recent Ofsted reports.
- We are committed to supporting the recruitment and retention of the best staff for our settings, schools and colleges. The strategy group established to support this is investing in researching the various ways in which this has been achieved across the county to disseminate best practice.

- We will improve the experience of transition to and between schools for all children and young people including those with SEND; and understand more about the journeys of children through our system and the opportunities we have to influence their outcomes.
- We will build better independence and resilience, particularly in preparing children of school age for the transition into work and strengthening their decision making around career choices.
- We will develop and implement a Lifelong Learning Strategy to ensure that education is accessible for all age groups and abilities.
- We will support parents and carers to develop greater confidence in supporting young people through their education through, for example, further Adult Community Learning family initiatives.
- Work is underway to develop a forecasting mechanism for SEND provision and resources.
- We will develop and implement a new strategy for children with SEND, including the development of a school-led SEND system and the development of additional specialist provision.
- We will develop innovative and cost-effective solutions to maximise access to education for our vulnerable children and young people, harnessing new digital technologies where appropriate.
- We are committed to ensuring that the skills system in Essex supports individuals at all stages of life in developing their skills and also meets the skills needs of local employers. We will be working with employers and skills providers through the new public/private sector Success Essex Board to lead on the skills agenda from an employer perspective. This will include work to support the development of leadership skills in the care sector to boost productivity.
- In order to boost skills, we need to better leverage local investment and resources. We will therefore be working with District Councils and developers to ensure that new housing development money supports skills as well as other community infrastructure, and we will link the use of Apprenticeship Levy funding to our key priorities.
- It is important that everyone, regardless of their circumstances, is able to access meaningful employment. We will therefore continue to ensure that there is a range of employment support services available for people with disabilities, those with mental health needs, and care leavers.



## Enable inclusive economic growth

### Enable Essex to attract and grow large firms in high growth industries

#### The challenge

Essex has a very significant small and medium size business sector, with a strong entrepreneurial culture. As well as supporting those businesses, we also want to attract firms to locate to Essex, and, in particular, grow and attract larger companies in rapidly emerging economic sectors. Productivity in Essex remains lower than other areas in the South East but is showing signs of improving - and we want to build on this improvement and support our businesses to take advantage of a post Brexit world, by supporting more economic growth through Artificial Intelligence and data utilisation, new forms of mobility, and responding to the needs of an ageing society. Essex has great connectivity to London, Cambridge and through its ports and airports to Europe and the rest of the world. We are also working hard to ensure our road, rail, and bus infrastructure serves the needs of our communities and a strong and resurgent economy.

#### Major achievements this year:

- We have secured £318m from the Housing Infrastructure Fund to support infrastructure projects in support of economic growth
- We won the Superfast Award at the Connected Britain Awards 2019 for the delivery of our Broadband UK (BDUK) Superfast roll out programme
- We supported Anglia Ruskin University to deliver the Arise MedTech Innovation Centre at the Harlow Enterprise Zone
- We supported the creation of the Success Essex Board, the new public/private Essex Federated Board of the South East Local Enterprise Partnership (SELEP)
- We delivered the European Regional Development Fund small and medium sized business support programme, delivering over 1,000 new jobs.
- We ensured that the A120 upgrade was positioned as a priority scheme for the Government's Road Investment Strategy 2 Plan.
- We secured the identification of the A12 as a Priority Route, confirming Government's commitment to this crucial highway improvement scheme which unlocks North Essex.

#### Key areas of focus for the Council over the next year:

- We are working with local partners to develop and deliver a Local Industrial Strategy for the South East. This aligns with the Government's plans for implementing a National Industrial Strategy and will set out how the South East Local Enterprise Partnership will address the challenges of infrastructure, housing, and upskilling the workforce to meet our ambitions for growth across the region. It will set out our plans for developing the Essex economy in high growth sectors and will include a pipeline of infrastructure projects making the strongest possible case for the Government to invest in the Essex economy through the UK Shared Prosperity Fund.
- The Essex Economic Commission final report (2018) identified the need for more commercial space to be made available to support existing businesses to grow and new businesses to come to Essex. We are working with our District partners to enhance the availability of commercial and industrial sites focussing on large firms and will bring forward a proposal for new commercial land in South Essex.
- Essex has recently been granted £318m (the largest sum for any local authority) from the Housing Infrastructure Fund to support significant infrastructure investment including a new railway station for Chelmsford and a rapid transit system for Colchester to get Essex moving. Over the coming year, we will start work with our partners to turn these plans into reality.

- We will be developing a strong investment brand for Essex that will demonstrate the attractions of Essex as a place to do business and encourage businesses to set up and invest in our county.
- Delivery will commence for the new Junction 7A of the M11 to facilitate increased economic growth in Harlow.

## Enable inclusive economic growth

### Target economic development to areas of opportunity

#### The challenge

While Essex remains one of the largest economies in the country, performance is variable, and some areas of Essex have untapped potential for higher economic growth. As a result, the economic performance in some areas is not as strong as it could be. Basildon and Colchester are long established economic successes, where there are now opportunities to increase productivity and more inclusive growth. Harlow is undergoing a transformation through the enterprise zone, the arrival of Public Health England and the new garden community of Harlow/Gilston which can create inclusive growth. Tendring, despite some significant inward investment, remains one of the least economically productive areas in the county.

#### Major achievements this year:

- We have launched bids for the regeneration of our high streets from the £1bn Government 'Future High Street Fund'. Clacton and Harlow were successfully shortlisted, and we have received £150,000 to support the development of detailed bids for further funding

#### Key areas of focus for the Council over the next year:

- We will continue to work with District and Borough Councils to support the development of their Local Plans to support sustainable local growth for communities
- We are working with Tendring District Council and other partners to support the rejuvenation of the Tendring Coast. We have successfully worked together to be shortlisted for up to £25m of Future High Streets funding which will enable us to bring forward a master plan for Clacton town centre which will enhance the join-up of local public services and provide more job opportunities for local people. We will jointly finalise a Place Plan for Jaywick Sands to make local residents safer, improve housing and improve social infrastructure, and to develop future strategic options for Harwich and Dovercourt.
- We are working with Basildon Borough Council and the National Infrastructure Commission to develop an Intra-Urban Growth and Connectivity Strategy for Basildon which we will jointly publish in Spring 2020. We will work with our partners to secure the investment needed to implement those proposals.
- We will work in partnership with Colchester Borough Council to get a Town Deal agreed with the Government and we will work together to deliver improvement projects in deprived parts of the borough.
- We will work with Harlow District Council to get a Town Deal agreed with Government, and we will enter into a partnership to develop proposals for town centre regeneration to secure significant additional investment, developing proposals for our own assets in the town centre and continuing to build on recent positive developments, such as the re-location of Public Health England.

## Help people get the best start and age well

### Help keep vulnerable children safer and enable them to fulfil their potential

#### The challenge

Our innovative approach has helped make it safer for children to live at home, reducing the number of children who live in care. Essex faces new challenges in the community that include dealing with sexual exploitation and gangs, but it is a priority to improve outcomes for the most vulnerable children, young people and families in Essex. We have one of the most efficient and effective children's services in the country – described by Ofsted as outstanding. The challenge is to continue to deliver good outcomes for children and their families, as demand on our services continues to increase.

#### Major achievements this year:

- Our Children's Services have been rated outstanding by Ofsted for safeguarding the most vulnerable children in Essex
- We have led and established with partners the Inside Out innovation programme. 'Inside Out' tests a new approach to improving outcomes and stability for looked after children in residential care, enabling them to either 'step down' to less intensive care or return home wherever appropriate and possible.
- Our Youth Services are delivered in a way that builds capacity in the communities our children and young people live and grow up in. This model has been highly successful and in the past year alone we have engaged with 32,000 young people (an increase of 33% compared to last year). The number of youth work sessions we have delivered has increased by 200% over the same period.

#### Key areas of focus for the Council over the next year:

- We will re-design our support for disabled children and young people. This will include the creation of a 3-year strategy to improve our respite care. This support will help to enable children to develop better independence and life chances.
- Fostering is proven as a successful way of ensuring vulnerable children are looked after in a loving family environment. We will grow the number of foster placements we provide in-house, improving outcomes for young people
- We will review and improve the effectiveness of our early help services to identify issues early on, helping build stable and resilient families in Essex and reduce the chances of a child entering the care system.
- The evidence shows that getting a good start in life is crucial for children in shaping their wellbeing and life chances. We will develop a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life. We will improve the identification of, and system-wide response to, children who at the age of two are demonstrating signs that they may not be ready to start school or who may require additional support to make a successful start to school.
- We will review our use, commissioning and procurement, of residential placements to ensure we have an appropriate mix that best meets the needs of our most vulnerable young people.
- Care leavers often have poor long-term outcomes in securing employment. We are revising the support provided to care leavers in the fields of housing, employment and self-resilience. This will include a review of our corporate approach, ensuring that the Council plays its role as an employer in supporting care leavers into employment and working with and encouraging our partners to do the same.
- Working with our partners in the Essex Violence and Vulnerability Unit, including Essex Police and Youth Offending Service, we will continue to implement an effective multi-agency response to young people's involvement in gangs and knife crime. We will work to prevent children from being

groomed by gangs and we will develop stronger co-operation and intelligence so that gang activity is picked up and tackled across our region and beyond.

- We will improve our multi-agency approach to early intervention in securing good mental health for children and young people. As part of this we will pilot new initiatives to prevent the escalation of need, ensuring that there is good awareness of emotional wellbeing and mental health amongst professionals and the public. We will also recommission our Emotional Wellbeing and Mental Health Services to reflect growing and changing demand and refocus our activity accordingly.
- We will research and pilot targeted initiatives to help those families that are 'just about managing' so that they see the rewards of their hard work pay off and benefit from the growing economy and opportunities in our county.
- Building on the success of our Outstanding Children's Services we will develop a five-year plan to deliver a cohesive and strategic platform with our partners to ensure the sustainability of the services.
- We will develop a package of tools to help, support and offer advice to parents to help them become more self-sufficient and fully enable them to do the best for their children.
- Our Youth Service will continue to increase outreach work, this includes utilising money from the Violence and Vulnerability framework to try to help young people involved in criminal and violent activity.
- We will continue to develop, roll out, and evaluate the Risk Avert programme to support the early intervention and prevention of harmful, risk-taking behaviours and improve young people's resilience and self-belief.

## Help people get the best start and age well

### Enable more vulnerable adults to live independent of social care

#### The challenge

Demand for care is growing, with the population of older people in Essex expected to grow by 21% over the next decade and the population aged more than 85 expected to grow by more than 60%. We want people to live healthier lifestyles to help prevent the impact of ageing; reduce health inequalities, especially in deprived communities; and develop initiatives that improve mental health and well-being. We know that Adult Social Care must transform to be sustainable and we are moving actively towards a power-shift so that individuals and communities are empowered to self-support and direct their social care.

We will continue driving towards a service model focused on prevention and early intervention – enabling people to live as independently as possible for as long as possible. We will work collaboratively with partners across the complex health geography in Essex and with the care sector to ensure high quality provision.

#### Major achievements this year:

- We have designed and built bespoke units for adults with disabilities at Moulsham Lodge and Goldlay Square. We took a lead on both schemes through Essex Housing, our own in-house housing developer and have worked with partners to deliver a wider package of support to complement the high-quality housing offer. The Goldlay Square project was targeted at young adults with disabilities and we worked with partners such as Chelmsford College to encourage integration into the community, alongside employment and training opportunities.
- We have reduced the Delays to Transfers of Care rates substantially - they have been below the national target rate in nearly every month of 2019.
- We have introduced apprenticeships for people with lived experience of Mental Health, and for young people with Learning Disabilities/Autism, resulting in permanent job opportunities at the Council.
- We are working to improve outcomes for people with learning disabilities and autism, reviewing operational practice, shaping the market, improving health outcomes and increasing support for young people as they prepare for adulthood.
- We have strengthened relationships across the highly complex NHS governance in the county, collaborating effectively with the NHS Strategic Transformation Partnerships.
- We have achieved a step change in the development of digital solutions across the county.

#### Key areas of focus for the Council over the next year:

- Continuing our work to improve outcomes for adults with Learning Disabilities and Autism. Over the coming year, we will be working with our partners to enhance support for those seeking employment, and/or housing, working with health partners to reduce health inequalities (whether geographic or by cohort), and with the voluntary sector to explore community alternatives to day centres.
- We will work with groups of GP practices (Primary Care Networks) to develop a new Community Care model enabling better joined-up local services and ensuring that the right care is available for people leaving hospital.
- We will improve awareness, information and pathways to access support, for people living with dementia and their carers.

- We will rethink support for people with Mental Health issues so that rather than using a medical model we increasingly use one which addresses the socio-economic determinants of mental health enabling support at an earlier stage and ensuring where mental health issues do develop, early and effective treatment is available as well as wider support around employment.
- We will develop a strategic approach to prevention: promoting healthy lifestyles, reducing health inequalities and reducing/delaying the impact of changing needs.
- We will build on the progress we have made to integrate our work with health partners and take further steps to meet local priorities for more joined-up services. This will include work to develop shared care records which would reduce the need for multiple requests for the same data, whilst ensuring that personal data is properly secured and protected. We will focus on: one-stop primary care; the smooth transition between hospitals and home (what we call reablement); and the achievement of consistent approaches across the NHS Sustainability and Transformation Partnerships within Essex, particularly with regards to mental health and learning disabilities.
- We recognise the vital role that carers play in looking after family members and friends who require support to live independently. We will commence the re-design of community support for carers and work to build community resilience.
- Technology plays an increasingly important role in helping people to live meaningful independent lives. We are working with our partners to develop practical technologies to support people and integrate these into our care model. We are also working with the winners of the Council's Dementia Challenge Prize to help them turn their winning entries into real products that will make a difference to the lives of dementia sufferers and their families.
- We will invest in community care and in-home reablement in order to improve outcomes, reduce admissions to hospital and care homes, and deliver financial benefits.
- We will explore and evaluate models of support for vulnerable adults outside of traditional Social Care approaches looking to reduce the demand on Adult Services and to promote independent living through intensive care management and increased mutual aid and peer support models (Horizons and Futures in Mind).

## Help people get the best start and age well

### Improve the health of people in Essex

#### The challenge

Life expectancy is higher than the national average but varies by geography within Essex and life expectancy is lower for vulnerable and socially excluded groups partly due to deprivation. Wider determinants of health including income, employment, and education are the key drivers of health and inequalities. Lifestyle choices can exacerbate these inequalities. Avoidable deaths from heart disease and mental health remain key issues. Social isolation, low levels of physical activity, obesity, and diabetes are key challenges and levels of substance misuse are increasing. Reducing inequalities in life expectancy is the key challenge with particular focus on geographies where this is increasing.

#### Major achievements this year:

- As pledged at Full Council in February 2019, we have invested an additional £1m to support the needs of children and adults with mental health issues.
- Working with Braintree District Council, we have developed a system wide approach to childhood obesity that has led to a reduction in obesity in targeted areas.
- We have developed a new community-led weight loss service that has increased activity by 30% over the previous service model with over 7,000 people helping each other to lose weight.
- We have helped others to develop an independent commissioning charity (the Essex Recovery Foundation) to commission drug and alcohol services.

#### Key areas of focus for the Council over the next year:

- One in four people experience mental health issues, such as depression, at some point in their lives. We will develop new approaches to address the wider drivers of poor mental health, then begin a 'test and learn' phase of potential solutions. This will help ensure that people are able to build their mental health resilience and are able to access early support before their needs escalate.
- We will support the establishment of four new mental health hubs in the county, in partnership NHS Clinical Commissioning Groups, the Office of the Police Fire and Crime Commissioner, and District and Borough Councils, building on the successful example of the Mental Health Hub in Tendring.
- We will test new approaches to targeting early intervention and prevention in areas of deprivation, helping us to better understand the impact of the wider social determinants of health and how to address them.
- We will further develop the new charitable Essex Recovery Foundation, which will bring together us and our partners and charitable funds and give the community the authority to commission their own services for drug and alcohol recovery.
- We will deliver the first phase of the Local Delivery Pilot, a £10m programme in partnership with Sport England to boost the take up of physical activity in the most inactive groups (families with children, older people and people with poor mental health). Alongside this, we will develop community opportunities around physical activity and obesity and increase the number of residents supported to lose weight to 15,000.
- It is important that local communities are engaged in supporting the wellbeing of their residents. We will therefore be working with 100 Parish Councils to help them develop wellbeing plans for their residents.
- We will be working with over 250 Essex businesses of all sizes including half of all companies with over 500 employees to help them develop targeted and tailored interventions within the workplace to improve the mental and physical health of their employees. 'Working Well' offers a broad range of



approaches including Mental Health First Aid Training, stress awareness and resilience, as well as Lifestyle interventions, i.e. smoking cessation, health checks and increased physical activity.

- We will continue to support the development of peer support and mutual aid provision for individuals experiencing poor Mental Health and Substance Misuse recovery outcomes through the Futures in Mind service and explore opportunities to expand and extend the model to others (including people with learning disabilities, autism, and offenders).
- We will start, across the council, to act with partners as anchor institutions to address the wider determinants of health locally.

## Help create great places to grow up, live and work

### Help to secure stronger, safer and more neighbourly communities

#### The challenge

Individuals, families and communities are the best guardians of their own interests. Where it is appropriate to do so, we will support communities to help themselves by seeking to foster and build community capacity and capability, recognising there are times when public services need to step in. We need to continue the shift in the approach that enables communities to take responsibility for themselves. Strengthening communities has the potential to significantly change how we support the most vulnerable people in the county.

#### Major achievements this year:

- As pledged at Full Council in May 2019, we have invested an additional £700,000 to improve our footpaths and pavements and we have devolved funding and responsibility to 12 Parish Councils to look after their own highways and footpaths. This puts power in the hands of those who care most about their communities – the people who live there.
- We have invested £500,000 with the Office of the Police and Fire Crime Commissioner to create a Violence and Vulnerability Unit to address issues relating to gangs and associated exploitation of young people and vulnerable adults across Essex. The unit has been successful in receiving significant investment from Government and multi-agency plans are being drawn up and implemented to reduce gang, knife and drug related crime and disorder.
- We have developed an innovative community-based model for addressing social isolation and community wellbeing by working with nearly 300 local Facebook groups. The model provides technical support, training and micro grant funding to support community based actions. In the last three months alone, the model has delivered 80,000 mental health interventions at a local level with six people reporting that the training stopped a person they interacted with taking their own life.

#### Key areas of focus for the Council over the next year:

- We will be working with partner organisations, businesses and communities to contribute to and support Essex 2020: A Year of Science and Creativity, an Essex-wide year long programme of science and creativity events, activities and festivals.
- We recognise that there are a large number of families in Essex who are working hard and not typically in receipt of welfare benefits or Council services targeted at vulnerable people, but who nonetheless face financial insecurity and pressures. We are taking forward a programme of work to better understand the issues these families are facing and to explore what role we can play in supporting families to flourish and achieve their potential.
- During the last year we adopted a new library strategy. This year we will be implementing the new strategy which includes a significant modernisation programme, the setting up of community run libraries where there is community support and £3m investment in the service.
- We will continue to work with local Facebook groups, the Essex Association of Local Councils the third sector and wider communities to unlock the power and potential of communities whether geographical or communities of interest.
- We will work with our NHS partners to ensure the optimum grasp of new opportunities around social prescribing in the system. This will ensure seamless provision around social prescribing and other initiatives to ensure an asset-based approach within communities.
- Social isolation is recognised as a key factor that contributes to poor health and wellbeing outcomes. We are taking a comprehensive approach to tackling social isolation, working with a range of partners and communities. This includes developing the 'Live Well Link Well' care navigation model - which helps connect people up to community activities in their area; strengthening our befriending service to make it easy for volunteers to connect

with older people who are in need of companionship and company; creating our grassroots campaign 'United in Kind' to encourage people to be kind to each other in their daily lives; and putting in place a new loneliness service supported by a social movement of 30,000 Essex residents who will be supported by, and work actively with, 100 place based social media groups. This will include the delivery of a new micro-grant programme.

- We will continue to invest in carriageway repair, footway surfacing, and bridge strengthening to improve access to communities.
- We will continue to support reductions in crime and the fear of crime across Essex by developing a clear and consistent system of effective interventions supporting offenders and victims, working closely with the Office of the Police, Fire and Crime Commissioner, Community Safety Partnerships and other key stakeholders including through the following partnerships:
  - Safer Essex
  - Southend Essex and Thurrock Reducing Re-offending Board
  - Southend Essex and Thurrock Sexual Assault Strategic Partnership
  - Southend Essex and Thurrock Violence and Vulnerability Board
- Through continued close working with HMP Chelmsford and the wider prison estate (in particular women's prisons) we will continue to focus on improving continuity of care for individuals being released from Prison to Essex and more effectively support ongoing engagement with: accommodation; Substance Misuse services; Mental Health community provision; and other Health and Wellbeing support to build on the gains made by individuals whilst in custody.
- We will encourage our public service partners to become signatories to the Faith Covenant so that we can continue to forge effective relationships with faith-based organisations.

## Help create great places to grow up, live and work

### Help secure sustainable development and protect the environment

#### The challenge

We have a key role to play as a custodian of the environment for current and future generations. This stewardship requires that less waste is produced, less carbon emitted, more homes and businesses protected from flooding, and the use of green space is maximised. New housing growth in Essex has the potential to deliver more connected, healthier, and economically prosperous communities.

The Clean Growth Strategy has set out a target for zero avoidable waste by 2050. This ambition, and legislative changes following the UK's exit from the European Union, create the opportunity to re-shape our approach to waste. Producing less waste in Essex is better for the environment, will reduce the cost to taxpayers of its disposal and will support our own ambitions to respond to the demands of climate change. The world of energy is changing. The push to reduce carbon emissions and the deployment of new technologies, such as battery storage, means our energy system is shifting to a more decentralised and flexible model. We are keen to ensure we are at the forefront of these changes, capturing the benefits for our residents and for future generations.

To help achieve our ambitions, we have set up a new, independent, cross-party Essex Climate Action Commission, to identify ways in which we can mitigate the effects of climate change, improve air quality, reduce waste across Essex and increase the amount of green infrastructure and biodiversity in the county, by drawing on in-house expertise, commissioning research, and forming new external partnerships.

#### Major achievements this year:

- Waste reduction successes including: total waste arisings have fallen by 0.5% when housing growth is considered; total residual (black bag) waste has fallen by 3.1%; recycling rates have risen by 1.5%
- We have been awarded seven Green Flags across our country parks this year, recognising the great green space available for residents across the county
- Significant investment has been secured from Innovate UK to build the first ultra-rapid fast charging station for Electric Vehicles which is also helping to act as an anchor for the development of the Horizon 120 business and innovation park in Braintree
- We have secured nearly £750,000 grant funding from the Coastal Communities Fund for the delivery of the £1m Essex Path to Prosperity project. This project will promote the Essex coast and sustainable access to it, providing support to tourism businesses and creating apprenticeships to ensure an improved visitor experience.

#### Key areas of focus for the Council over the next year:

- The new Essex Climate Action Commission will advise on how we can best and most quickly achieve the Government's net zero carbon target, whilst also making Essex a centre for green technologies and enterprise. The Commission is starting its work in early 2020.
- As announced at Full Council in October 2019, we will begin delivering the Essex Forest Initiative, planting 375,000 trees across the county over the next five years, which will capture 60,000 tonnes of Carbon.
- We will begin a new campaign to support residents in making more sustainable travel choices to help increase the use of public transport.

- Alongside this we will be entering into new enhanced partnership with public transport operators in Essex and developing priority walking routes and flagship cycle networks to improve the environment, health and community wellbeing.
- We will reduce our own environmental footprint by delivering waste reduction programmes and recycling services for our estate buildings. We will also adopt a refreshed environment policy to improve resource efficiency, embracing the “circular economy” principles of keeping resources in use for as long as possible, extracting the maximum value from them whilst in use, then recovering and regenerating products and materials at the end of each service life.
- We will review the public sector waste infrastructure and contract arrangements to identify partnering opportunities; and we will identify funding for a low carbon building programme and develop low carbon Council buildings.
- We recognise that we will not be able to make progress towards a low carbon economy unless we invest in the infrastructure to make it happen. So as well as the initiatives identified above, we will support the uptake of electric vehicles in Essex by delivering more electric vehicle charge points; promoting the Government home and work place charging schemes; identifying localities for electric vehicles charging network
- We will take action to promote a better environment for the people of Essex by supporting the expansion of the Essex Coastal Path, delivering the Path to Prosperity project in Tendring and identifying 20 hectares of new green spaces in Essex.
- We will explore how environmental impact can best be considered when decisions are taken by the Council.

## Help create great places to grow up, live and work

### Facilitate growing communities and new homes

#### The challenge

Essex needs to build at least 136,000 new homes over the next 20 years - a 22% increase in the current number. We are committed to facilitating that housing growth in such a way that the characteristics of the county we cherish are protected and enhanced. We are not just building new homes but building communities. District Councils' Local Plans are the key to securing good growth and we will work with our Districts to support the local planning process.

#### Major achievements this year:

- Successfully bid for more than £318m from the Government's Housing Infrastructure Fund to build and improve new and existing infrastructure to support anticipated housing growth in the county. The funding will help deliver a new railway station for Chelmsford and a rapid transport system for Colchester, alongside the delivery of the North East Bypass and the A120/A133 link road to improve connectivity across the county, region, and beyond
- Won the Design Excellence Award at the 2019 Planning Awards for re-launching the Essex Design Guide, providing an excellent resource for developers and planners in Essex.
- Through Essex Housing, our in-house development team, we have delivered 26 apartments at Moulsham Lodge with sales currently underway, completed the sales at Goldlay Square and secured planning permission for a further 146 homes.
- We have grown the number of future homes that we are bringing forward through Essex Housing with planning permission being sought for a further 236 homes.
- We continue to lead the One Public Estate partnership for Essex, bringing partners across District and Borough councils, Government, NHS, and the Police and Fire authorities together to work closely on identifying how best to make use of the whole public estate to release land for housing and to reinvest into vital public services.

#### Key areas of focus for the Council over the next year:

- We will work with our District partners to help ensure that Essex meets its targets for housebuilding through Local Plans, ensuring that development plans are supported by larger developer contributions to support infrastructure across the county. We will also work to ensure Local Plans give certainty to eight new Garden Communities.
- We will take action with our partners to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, the criminal justice and health partners; providing support services delivered to reduce homelessness and rough sleeping; better use of data tools to identify need earlier; and by reducing the number and vulnerability of homeless people placed into Essex from London.
- We will re-launch 'Essex Housing', growing and adapting the current in-house model to enable it to continue to expand its award-winning house building programme and build additional specialist, affordable and private housing to help address housing needs across the County.
- We will continue to support our public-sector partners through One Public Estate to work closely together and make best use of public sector land and grant-funding to support our house-building ambitions.
- We will launch a new Design Panel to engage on housing sites and continue updating the Essex Design Guide to support developers in building homes that fit into our communities.

- We will bring forward further affordable units for older people, to add to the 73 we have delivered in 2019/20.
- As part of the Government's resettlement schemes for vulnerable people and for vulnerable children, we have settled five refugee families in Essex. We will continue to lead the response to future Government refugee resettlement policy across the county.

## **Transform the council to achieve more with less**

**Limit cost and drive growth in revenue; Develop the capability, performance and engagement of our people; Re-imagine how residents' needs can be met in a digital world**

### **The challenge**

We continue to face a very challenging economic outlook and need to maximise the value of every pound of taxpayers' money. We aim to be the most efficient and effective county council in the country. That means getting the best out of its people, assets and technology. As an employer of 6,500 people, we need to invest in and develop its workforce, so we are fit to meet the challenges of the twenty-first century. Essex residents also expect public institutions to take advantage of digital transformation and respond to legitimate expectations of how they should be able to interact with organisations, including accessing services when and where it suits on their preferred device. We need to harness this opportunity, changing how we interact with residents and businesses in an internet age, and making best use of the data assets we hold to achieve better outcomes for our residents.

### **Major achievements this year:**

- For the second year running we have ranked in the Top 10 of the most productive councils in the Country.
- We have held external peer reviews in 2019/20, inviting others to challenge and review how we work so we can learn. Our Ofsted review praised the outstanding Children's Services at Essex, which is delivered at low cost to tax payers. The finance peer review concluded we have strong arrangements for financial management and administration, and the review of our equalities work rated us as excellent.
- We have delivered £60m of new savings and efficiencies to ensure that we continue to provide best value to taxpayers.
- We have delivered an extra £8m in 2019/20 through income received from fees and charges, making sure we have a fair and effective charging approach, and using technology to make it much easier to pay us.
- We have launched the Office of Data Analytics with Essex Police and the University of Essex to harness the power of data science to address some of our greatest challenges; projects are already delivering results on school readiness, domestic abuse, violence and vulnerability.
- We have implemented a new fast payment arrangement with our suppliers giving them better cash flow, but also saving Essex over £1m.
- We strive to keep our spend within Essex, boosting the local economy – over 63% of our £1bn supplier spend is kept in county – the highest of all major counties.
- We have launched the new Essex.gov website which is easy to use and mobile accessible.
- Through our commercial activities we have generated over £13m in 2019/20, some of which we have specifically set aside to look for commercial investment opportunities within Essex.
- We have delivered £10m through the sale of surplus assets and reinvested that money within the county.
- We have delivered substantial savings by bringing permanent recruitment in-house.
- We held the Council's first ever Learning Festival, recognising the importance we place on learning, and took the opportunity during the Festival to launch a new leadership and management development offer.

### **Key areas of focus for the Council over the next year:**

- We will deliver £58m of savings and efficiencies.



- We will deliver improved social value outcomes through how we buy in the market and will be setting targets for this in Summer 2020. We are going to work with suppliers to ensure we have better, and more, employment opportunities for those with learning disabilities or mental health issues; we are also looking to see how we can get better outcomes for green travel through our supply chain. We will improve our public internet facilities to ensure that our major sites and public areas have higher speeds and greater coverage for our residents and workers. By moving to a cloud-based approach we will ensure that as many as possible of our services and systems are available as widely as possible, with increased resilience.
- We will continue to strengthen our new business planning approach as this is critical to the success of the organisation, ensuring that we are focused on key priorities and that we align the budget and other organisational resources to the delivery of these priorities. Over the coming year, we will continue to embed strong business planning across the organisation in our culture and our operations.
- We will deliver a pan Essex piece of work with Districts on business rates. This will ensure we use technology to identify and collect the business rates due and that we can identify and act on avoidance.
- We will continue to have a strong focus on driving efficiencies and productivity, as this reduces cost for the taxpayer whilst maintaining the quality of services provided to the public.
- Working with our partners, we will refocus our strategic partnership boards such as Essex Partnership Board and Essex Chief Executives' Association, improving clarity of purpose and accountability through products such as the system scorecard.
- We will successfully plan, develop, and deliver the Corporate Peer Challenge for the Council.
- We are pioneering new approaches to securing professional talent across our services with a focus on apprenticeships and providing opportunities for those with disabilities, ensuring we better represent the communities we serve.
- We are committed to having an excellent, engaged and productive workforce. We have a strong record in this area, for example being awarded Social Care Employer of the Year in 2018. We will be launching a new resourcing strategy to ensure we attract and retain the best talent and that we identify and develop our future leaders. We will launch a new talent management strategy to identify and develop the future leaders the organisation needs.
- In accordance with our People Plan, we will develop a set of standards which set out our expectations of how managers manage and how employees can expect to be managed, as well as providing more opportunities to seek and respond to employees' feedback and building stronger communities of practice around key organisational capabilities.
- We will embark on developing and launching a positive action campaign aimed at improving our representation of women and Black, Asian and Minority Ethnic people at senior levels within the organisation.
- We will continue to modernise our working practices and environment, and by so doing reduce our carbon footprint and increase the productivity of our staff.
- We will build the technology, tools, estates and culture that allow us to embed a truly mobile and flexible workforce. This will ensure our customers can see our teams where they need to and that our teams can work whenever, wherever and with everyone.

## Equalities

Our equality objectives are set out in the Organisation Strategy 2017/21:

<p><b>Objective 1:</b> We will tackle the causes of disadvantage, ensuring that all Essex residents can access good jobs and an excellent education, regardless of their backgrounds.</p>	<p><b>Objective 2:</b> We will remove the obstacles that hold Essex residents back, tackling inequalities between children and supporting older people to live independently with dignity.</p>	<p><b>Objective 3:</b> We will help make it easier for people to travel across Essex, bringing communities together and connecting people to services, employment and learning opportunities.</p>	<p><b>Objective 4:</b> We will employ a diverse workforce, drawing on the different values and experiences that reflect the communities we serve.</p>
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We strive to embed these in all policies, procedures, day-to-day practices and external relationships. The Equality Act 2010 compels us and others carrying out public duties to pay due regard to equality in all areas of work – advancing equality of opportunity, eliminating discrimination and fostering good relations with different groups.

We recognise that whilst the principles of equality and inclusion are firmly rooted within the corporate health of our organisation, our focus going forward must be on understanding and responding to the drivers of disadvantage, deprivation and inequality across the county.

There is a recognition that we can broaden our reach and work with a wider range of individuals. For example, those that do not meet existing thresholds for statutory services and those who do not engage with our services but may be experiencing inequality in terms of outcomes and access to support. This means working in a different way, focused on the causes as well as the symptoms and on the long-term as well as the short-term. We recognise the need for interventions to be tailored on a locality basis with community engagement as part of our approach.

The following activities support one or more equality objective. This list is not exhaustive.

**Major achievements this year:**

- Successfully been recredited as 'excellent' under the Equality Framework for Local Government. An improvement plan has been developed from recommendations made by the peer team to further strengthen our position.
- Opened the Accessible Meeting Hub above Chelmsford Library. Disabled people were involved in co-producing this community space.
- Encouraged four additional local authorities to become signatories to the Essex Faith Covenant. Thirty public services and faith organisations are now signatories. This growth has enhanced coverage of the Covenant across the county and widened its reach in promoting open, practical working between public services and faith organisations to strengthen community cohesion.
- Developed a multi-agency working group to ensure a co-ordinated approach to the delivery of the Teenage Pregnancy Prevention Action Plan. Engagement with young people will be a key enabler in its delivery.
- Through Essex Housing, completed the development of Moulsham Lodge which provided 26 apartments, 8 of which were for adults with disabilities

**Key areas of focus for the Council over the next year:**

- Work to reduce inequality through a range of actions across all our functions, as set out in this Organisation Plan underneath our Strategic Aims Improve the way in which our equality objectives are aligned to the corporate performance framework.
- Begin addressing the challenges faced by lone parent and two parent families falling below the minimum income standard as part of our wider work around hard-pressed families.
- Develop equality profiles for each district to inform good decision making for elected members, partners and community groups.
- Develop a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life. We will improve the identification of, and response across the whole system to, children who at the age of two are demonstrating signs that they may not be ready to start school or who may require additional support to make a successful start to school.
- Continue to increase the outreach work of the Youth Service, this includes utilising money from the Violence and Vulnerability framework to target young people involved in criminal and violent activity.
- Continue our work to improve outcomes for adults with Learning Disabilities or Autism. Over the coming year, we will be working with our partners to enhance support for those seeking employment, employability, and/or housing, working with health partners to reduce health inequalities (whether geographic or by cohort), and with the voluntary sector to explore community alternatives to day centres.
- Develop a strategic approach to prevention: promoting healthy lifestyles, reducing health inequalities and reducing/delaying the impact of changing needs.
- Develop new approaches to address the wider drivers of poor mental health, then begin a 'test and learn' phase of potential solutions. This will help ensure that people are able to build their mental health and resilience and are able to access early support before their needs escalate.
- Test new approaches to targeting early intervention and prevention in areas of deprivation, helping us to better understand the impact of the wider social determinants of health and how to address them.
- Deliver the first phase of the Local Delivery Pilot, a £10m programme in partnership with Sport England to boost the take up of physical activity in the most inactive groups (families with children, older people and people with poor mental health). Alongside this, we will develop community opportunities around physical activity and obesity and increase the number of residents supported to lose weight to 15,000.
- Start, across the council, to act with partners as anchor institutions to address the wider determinants of health locally.

- Take action with partners to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, the criminal justice and health partners; support services delivered to reduce homelessness and rough sleeping; better use of data tools to identify need earlier; and by reducing the number and vulnerability of homeless people placed into Essex from London.
- Make better use of workforce analytics to understand current protected characteristic workforce profiles, highlighting any areas for improvement.
- Deliver improved social value outcomes through how we buy in the market. We are going to work with suppliers to ensure we have better, and more, employment opportunities for those with learning disabilities or mental health issues.
- Pioneer new approaches to securing professional talent across our services with a focus on apprenticeships and providing opportunities for those with disabilities, ensuring we better represent the communities we serve.
- Embark on developing and launching a positive action campaign aimed at improving our representation of women and Black, Asian and Minority Ethnic people at senior levels within the organisation.

## Resources

### Financial Strategy 2020/21 – 2023/24

We have a legal responsibility to operate within a balanced budget. With the changes and reductions in Government grant funding over recent years, coupled with increasing and more complex demand for core services such as caring for the elderly, protecting vulnerable children and supporting those families who need it, the financial situation continues to be challenging. However, it also provides an opportunity to question how services are currently provided and where necessary, redesign them to better meet the needs of residents and communities now and in the future.

The budget sets out the financial resources that we have available to deliver our statutory requirements, political priorities and the Organisation Plan and therefore achieve the Organisation Strategy. In 2020/21, we will spend a gross budget (including schools) of **£1,942m**, which, after taking income and specific grants into account, amounts to a net cost of services of **£990m**, some £50m or 5% more than in 2019/20, and invest **£235m** in our capital programme. This budget is underpinned by a financial strategy to ensure that we can continue to live within our means, whilst also continuing to deliver essential services to residents and keep council tax as low as possible.

We have a strong record of sound financial management, and over the last 4 years have generated savings to taxpayers of **£300m**. A further **£58m** of new savings are forecast to be delivered by the end of 2020/21 (**6%** of net budget). The planned savings are focussed around continuing to build fostering capacity, implementing new technology, contract efficiencies as well as improving productivity. We have an outstanding track record of delivering savings, generating income and delivering value to our residents, with a constant focus on strategic outcomes and financial prudence. We are listed in the top ten most efficient Councils for the second year in a row.

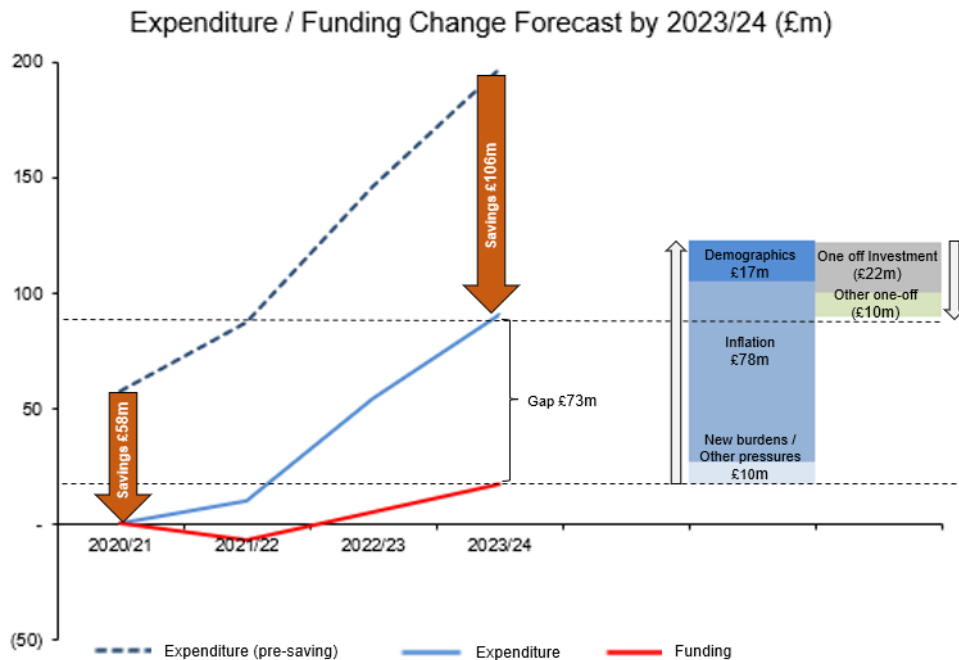
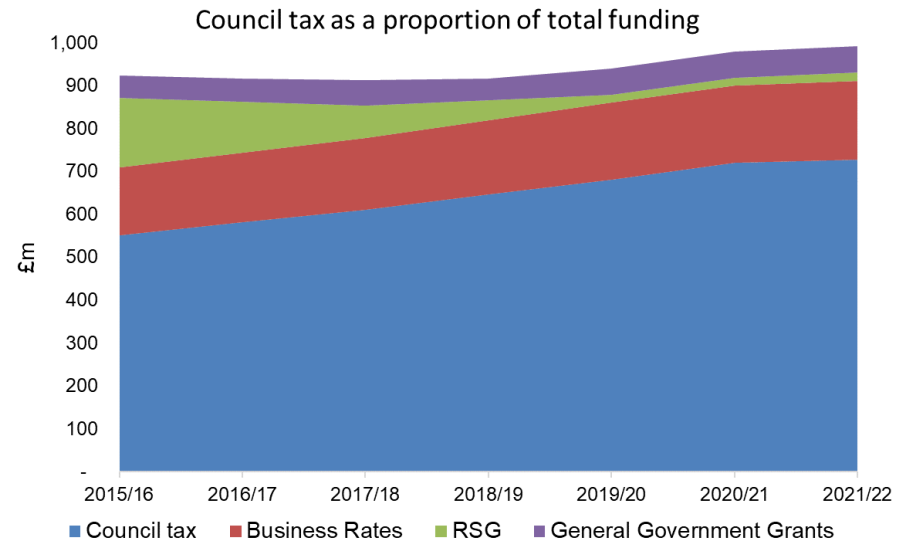
The Provisional Settlement from Government confirmed the announcements in the Autumn Spending Review. This includes continuation of the Revenue Support Grant and existing social care grants, as well as a new grant for social care recognising the pressures in this area.

Our long-term funding position is less clear. There is also no funding certainty beyond 2020/21, which makes it difficult to plan for the longer term. Our medium-term strategy assumes the continuation of Revenue Support Grant (RSG) at the predicted 2020/21 level of **£19m**, and the continuation of the new social care grants based on the Conservative Party manifesto.

Our budget assumes the utilisation of the 2% Social Care precept facility offered by Government and an increase in council tax of 1.99%. The precept is being used to insulate Adult Social Care from higher savings. Taking these increases into account, the council tax for a band D property will be **£1,321.11; this is an increase of £0.97 per household per week.**

## Appendix A Organisation Plan 2020/21

Net expenditure of **£990m** is funded by Council Tax, Business Rates, RSG and General Government Grants. Income from Council Tax is the largest funding stream at **£715m** and will make up **72%** of our funding in 2020/21.



Based on latest intelligence on demand for services, inflation, and likely funding levels, we are forecasting a budget gap of £16m in 2021/22 rising to £73m in 2023/24. The most significant driver of the gap is inflation which accounts for £78m, followed by demographic growth of £17m, then new burdens and other cost pressures (£10m), including financing of the capital programme. These are partially offset by one off expenditure in 2020/21 of £32m, including £22m of new investment in services.

Some progress has been made towards balancing the budget over the medium term, we have identified further savings of £20m in 2021/22 and a further £14m in both 2022/23 and 2023/24, and these initiatives are included in the forecast gap. However, we need to identify options for addressing the budget gap. Work will continue during 2020/21 to identify proposals to close the funding gap beyond the next year. We are fully cognisant of the challenges faced, including the funding uncertainty, and we are determined to continue to transform how we operate to tackle this enormous task. We are committed to delivery of savings and generating the income required to reach a balanced budget position but also to deliver better services for residents.



There will be a continued focus on commercialism, effective contract management and working with partners to secure value for money in delivering our strategic aims and priorities. We will be redesigning services where appropriate to ensure they remain modern and fit for purpose. The capital programme will also have elements which result in cash savings or reduced costs thus reducing the burden on taxpayers.

## Capital

The capital programme presented is fully developed for 2020/21 and provides the current view of the programme for 2021/22 to 2023/24.

The longer-term capital programme aspirations remain significant and we recognise that investments are essential to meet future needs, generate additional income including capital receipts and deliver revenue savings and reductions in cost. We will continue to develop a future programme of investment which is affordable within the financial envelope available and will help transform service delivery to improve the quality of life for residents.

The overall aim for the capital programme is to have a diverse portfolio of activity, ensuring where appropriate the creation of new assets and maintaining the quality of existing infrastructure, for the benefit of our residents and businesses.

The approach to the development of the capital programme is:

- Ensuring activity is prioritised in line with the organisation strategy, with robust delivery plans in place, enabling delivery on time and at value, for example maintaining the road network and ensuring every child has a place at school.
- Utilising and leveraging the existing asset base to ensure it is fit for purpose, creating value and ensuring external funding is leveraged, especially from development, which will maximise the financial envelope available for capital projects such as funding for road improvements, new road junctions and building new schools.

Over the last three years we have invested over £179m on improving the quality of the roads and footways. As a result, we have seen significant improvements in the condition of the main road network which will extend into local roads and improvements to relieve congestion in several key locations.

Continued investment is vital to achieving the ambitions for the county which are aligned to the district's local plans, from schemes to generate economic growth to reducing congestion. A notable achievement this year was securing Housing Infrastructure Funding to support this ambition. As a result of this achievement we will progress schemes such as Beaulieu Station and Chelmsford North-East bypass that will deliver a new train station and road improvements to unlock homes and Tendring Colchester Borders Garden Community that will deliver a new single carriageway link road and works to unlock the development of new homes.

Over the next three years delivery will also continue on significant packages of improvement work such as new junctions at M11 Junction 7a, M11 Junction 8 and A127 at Fairglen Interchange and packages of transport improvements in Chelmsford.

We will continue to work closely with the Department for Transport and Highways England to secure funding for our longer-term pipeline covering the next 10 to 15 years that is in the development stage, which will provide greater opportunities to leverage external funding and work with third parties to enable the ambition for Essex.

Continued investment into the Superfast Essex Broadband programme will ensure that 96% of all fixed addresses in the county have access to superfast broadband, with many rural installations now being delivered via full-fibre connectivity, capable of ultrafast speeds. The ambitious housing schemes and redevelopment of redundant Council property continues to provide much needed new homes across the county, including delivering suitable independent living housing for older people and adults with disabilities.

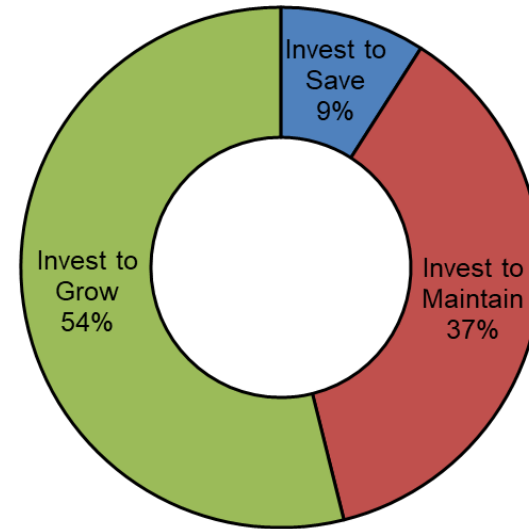
Our collaboration with Essex Schools has seen our special school places increase with new schools opening this year such as Lexden Springs Special School in Colchester and Oakview Special School in Loughton. This represents a step change in the provision and will help to reduce distances children with Special Educational Needs and Disabilities need to travel, keeping them closer to their family and reducing associated costs. This programme continues with a further £54m being spent over the next 4 years. On top of this there is £168m being spent on mainstream education over the next 4 years.



The total of the 2020/21 programme is **£235m**. This can be analysed as follows:

- **Invest to Maintain** totals £87m and includes areas where the Council is maintaining (but extending the life of) its current assets, for example, highways and the flood programme.
- **Invest to Save / Generate Return** totals £21m and includes areas where the Council is investing to generate a return or saving, for example, accommodation for older people with disabilities, LED lighting and the Essex Housing Programme.
- **Invest to Grow** totals £127m and includes areas where the Council is expanding its capacity, for example, economic growth schemes in infrastructure and highways, creating new school places to meet additional demand from demographic changes, new housing developments and enhancing skills in key growth areas.

Capital Programme 2020/21 £235m



## 2020/21 Revenue Overview

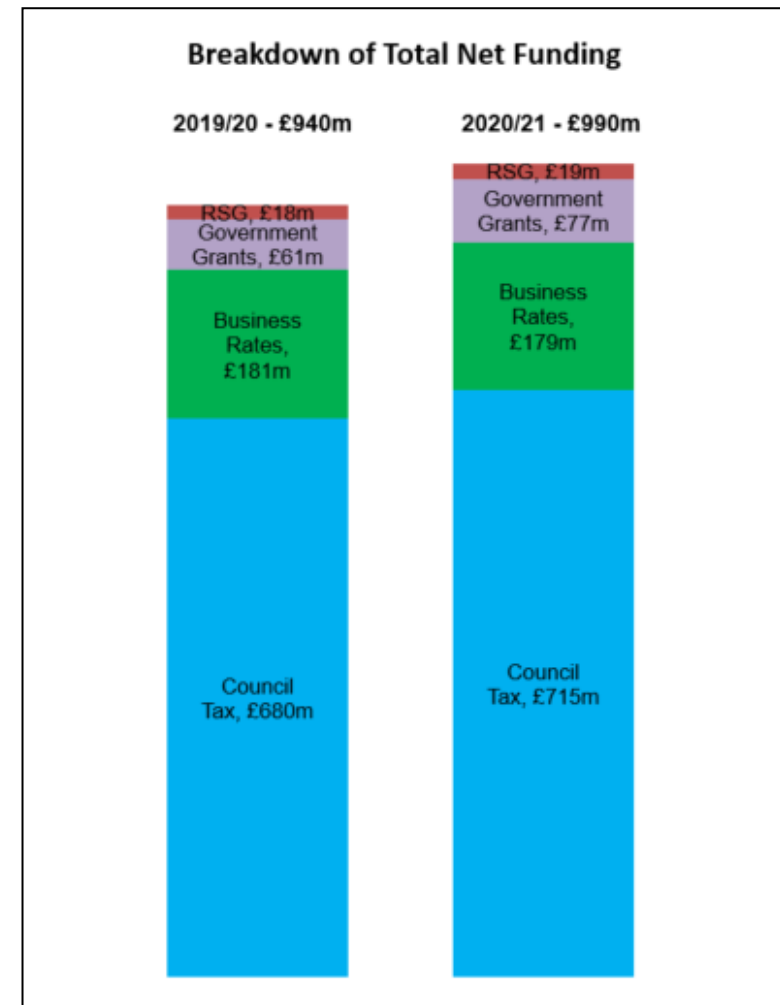
Despite the financial challenges facing local government, the budget for 2020/21 is increasing. Gross expenditure to be incurred in the delivery of Council services in 2020/21 is **£1,942m**. After taking income and specific grants into account, the net costs of services amounts to **£990m**, an increase of **£50m** or 5% over 2019/20.

### Budget breakdown

	2019/20 £m	2020/21 £m
<b>Gross Expenditure</b>	1,850.6	1,941.5
<i>Deduct:</i>		
Income	(275.6)	(279.1)
Specific Government Grants (excluding DSG)	(160.3)	(166.4)
Specific Government Grants (DSG) ^	(474.8)	(505.8)
<b>Subtotal: Net Cost of Services</b>	<b>939.9</b>	<b>990.2</b>
<i>Deduct:</i>		
Council Tax Requirement	(671.3)	(707.8)
Revenue Support Grant (RSG)	(18.3)	(18.6)
Non-Domestic Rates	(179.8)	(179.9)
Non-Domestic Rates Deficit *	(0.7)	0.6
General Government Grants	(61.1)	(77.4)
Council Tax Collection Fund Surplus *	(8.7)	(7.1)
<b>Subtotal: Total Funding</b>	<b>(939.9)</b>	<b>(990.2)</b>
<b>Balanced budget</b>	<b>0.0</b>	<b>0.0</b>

^The DSG for 2019/20 has been restated following a change in reporting, this now excludes grant that comes into Essex which is passported to academies.

\*Estimate of the variation of actual council tax and non-domestic rates revenue 2019/20 compared to that budgeted (technical adjustment).



## Income

Within the budget, income of **£279m** is expected in 2020/21, an increase of **£3.5m** when compared to 2019/20. The breakdown of income streams by portfolio is shown on page 32.

Over **47%** of income shown in the table is derived from fees and charges; of this the majority is raised from means tested charges for adult social care. Fees and charges are subject to an annual review.

Although income overall has increased, there is a reduction in fees and charges due to reclassification.

Part of this income is now being classified as Contributions from Other Bodies, the majority relates to income collected by other public sector bodies, which is not a fee or charge issued by us.

A significant proportion (**82%**) of the income recharges relate to the Better Care Fund.

	2019/20 £m	2020/21 £m
Fees and Charges	(135.0)	(131.2)
Contributions from Other Bodies	(48.2)	(53.8)
Interest Receivable	(1.3)	(1.3)
Rents and Lettings	(6.1)	(5.8)
Sales	(0.6)	(2.3)
Other Income:		
Appropriations Income *	(11.4)	(7.5)
Income Recharge	(54.4)	(59.1)
Other Recharges	(18.7)	(18.0)
Capital Grants	(0.0)	0.0
<b>TOTAL</b>	<b>(275.6)</b>	<b>(279.1)</b>

*\* Appropriations Income is the budgeted drawdown from reserves, such as the PFI and Waste reserve, as well as the budgeted surplus from trading accounts that is attributable to the County Fund.*

## Specific Government Grants

The budget also includes **£672m** of specific government grants, the most significant of which is the Dedicated Schools Grant (**£506m**) the majority of which is passed through to schools, and Public Health grant (**£61m**) which is ring-fenced to public health activity.

## Revenue Budget Summary

2018/19	2019/20	2019/20			2020/21		
Actuals	Original	Latest			Gross	Specific	Total Net
£000	Budget	Budget	Portfolio		Expenditure	Income	Expenditure
	£000	£000			£000	£000	£000
116,199	122,735	121,059	Children and Families		149,306	(7,807)	128,541
17,467	18,546	18,077	Customer, Communities, Culture and Corporate		28,193	(9,876)	18,317
6,887	6,641	7,094	Economic Development		6,783	(520)	6,262
79,170	75,213	78,629	Education and Skills		667,619	(34,701)	78,331
87,006	80,642	79,407	Environment and Climate Change Action		86,854	(8,428)	78,304
14,011	15,226	16,553	Finance, Property and Housing		24,939	(7,944)	16,739
399,310	407,398	419,573	Health and Adult Social Care		683,929	(158,167)	423,018
54,295	42,818	49,456	Infrastructure		63,809	(18,031)	44,257
5,508	6,152	6,609	Leader		6,801	0	6,801
50,576	80,694	43,873	Other Operating Costs		110,511	(8,810)	101,701
1,285	1,940	2,248	Performance, Business Planning and Partnerships		1,902	0	1,902
56,377	58,808	63,610	Customer, Communities, Culture and Corporate RSSS		71,932	(13,490)	58,442
18,480	14,293	19,804	Finance, Property and Housing RSSS		26,543	(10,806)	15,737
2,124	2,110	2,039	Leader RSSS		2,306	(14)	2,292
7,884	6,722	9,326	Performance, Business Planning and Partnerships RSSS		10,103	(500)	9,603
<b>916,579</b>	<b>939,936</b>	<b>937,357</b>			<b>1,941,529</b>	<b>(279,094)</b>	<b>990,248</b>

Recharged Strategic Support Services (RSSS) relates to support service functions which support all services across the organisation and are allocated out on a recharge basis.

## 2020/21 Capital Programme overview

The Capital Programme for 2020/21 is **£235m**. We will deliver our education programme, with over 1,700 places required across primary and secondary schools in 2020/21 and continue delivering the new special school places for children with special educational needs. We will continue to bring forward our ambitious housing schemes and redevelop redundant Council property to provide much needed new homes across the county, including supporting independent living schemes for older people and adults with disabilities. Significant investment for maintaining and improving the highway network will continue ensuring the county keeps moving. We will continue investing in the Superfast Essex Broadband programme which will ensure more of the county have access to superfast broadband.

2018/19 Actuals	2019/20 Latest Budget		2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational	Four Year Total
£000	£000	Portfolio	£000	£000	£000	£000	£000
515	571	Children and Families	1,040	1,000	750	700	3,490
6,282	8,053	Customer, Communities, Culture and Corporate	5,564	5,222	5,100	5,100	20,986
11,771	9,406	Economic Development	11,165	6,000	4,000	4,000	25,165
93,981	60,271	Education and Skills	58,163	79,920	55,649	29,845	223,577
4,604	4,101	Environment and Climate Change Action	4,469	3,028	2,310	500	10,307
12,521	3,869	Finance, Property and Housing	9,805	57,584	39,641	21,713	128,743
1,870	664	Health and Adult Social Care	421	1,052			1,473
121,972	119,484	Infrastructure	143,098	168,354	251,619	303,449	866,520
<b>253,516</b>	<b>206,418</b>	<b>ECC Capital Programme</b>	<b>233,725</b>	<b>322,159</b>	<b>359,070</b>	<b>365,307</b>	<b>1,280,262</b>
(296)	296	Schools Cash Balance					
1,376	3,296	Devolved Formula Capital	1,061	366			1,428
<b>1,080</b>	<b>3,591</b>	<b>Total School Balances</b>	<b>1,061</b>	<b>366</b>			<b>1,428</b>
<b>254,596</b>	<b>210,010</b>	<b>Capital Programme</b>	<b>234,786</b>	<b>322,526</b>	<b>359,070</b>	<b>365,307</b>	<b>1,281,689</b>

2018/19 £000	2019/20 £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Four Year Total £000
		<b>Financing</b>					
4,536	13,217	Capital Receipts	14,580	13,653	8,157	19,677	56,067
19,682	13,396	Contributions	10,219	17,912	10,948	5,956	45,035
124,207	91,511	Grants	101,188	103,408	195,198	249,648	649,442
5,038	4,700	Reserves	6,242	8,366	6,974	7,074	28,656
101,133	87,186	Unsupported borrowing	102,557	179,187	137,793	82,952	502,489
<b>254,596</b>	<b>210,010</b>		<b>234,786</b>	<b>322,526</b>	<b>359,070</b>	<b>365,307</b>	<b>1,281,689</b>

## Council Tax Requirement

Under sections 42A and B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, there is a requirement to disclose the budget requirement and associated council tax requirement for the year. This is set out below.

### Statutory disclosure requirement

	£
Net cost of Services	990,248,494
General Government Grants *	(77,374,017)
<b>Budget requirement</b>	<b>912,874,477</b>
Less funding available:	
Revenue Support Grant	18,598,205
Non-Domestic Rates	179,929,928
Non-Domestic Rates deficit	(627,133)
Council Tax Collection fund surplus	7,110,202
	<b>205,011,202</b>
<b>Council tax requirement</b>	<b>707,863,275</b>
Tax base	535,809
(Band D equivalent properties)	
Band D council tax	1,321.11

\* General Government Grants includes £23m PFI grants, Social Care Support Grant £33m, New Homes Bonus £5m

The Band D council tax charge is **£1,321.11**. The provisional council tax charge by band is set out in the table below.

	2019/20	2020/21
Council Tax Band	£	£
<b>Band A</b>	846.96	880.74
<b>Band B</b>	988.12	1,027.53
<b>Band C</b>	1,129.28	1,174.32
<b>Band D</b>	<b>1,270.44</b>	<b>1,321.11</b>
<b>Band E</b>	1,552.76	1,614.69
<b>Band F</b>	1,835.08	1,908.27
<b>Band G</b>	2,117.40	2,201.85
<b>Band H</b>	2,540.88	2,642.22

### Provisional council tax charge by band

# **Annex 1:**

# **Revenue and capital budgets**

## Enable inclusive economic growth

### Economic Development portfolio (Cllr Tony Ball)

#### Revenue Budget

2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest		Gross	Income	Specific
£000	Budget	Budget		Expenditure	£000	Grants
	£000	£000		£000		£000
2,784	2,749	2,861	Economic Regeneration	3,104	(70)	
648	911	926	Environmental Planning	1,251	(256)	
313	385	817	Housing Growth and Strategic Sites	434	0	
498	447	332	Inward Investment	336		(0)
2,096	1,545	1,473	Skills	804	0	
421	545	560	Strategic Spatial Planning	646	(49)	
127	59	125	Tourism	208	(145)	(0)
6,887	6,641	7,094	Total Economic Development	6,783	(520)	(0)



## Enable inclusive economic growth

### Economic Development portfolio (Cllr Tony Ball)

#### Capital Programme

2018/19 Actuals	2019/20 Latest Budget	2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000	£000	£000	£000	£000
342	83 Basildon Craylands	964			
	1,350 Colchester Northern Gateway	650			
	850 Digital Technologies Campus	1,300			
	Essex Strategic Employment Space Programme	5,251			
	Harlow Town Centre Regeneration		2,500	2,500	2,500
	Tendring Regeneration Projects		1,500	1,500	1,500
	University of Essex Parkside Phase 3	3,000	2,000		
11,429	7,123 Schemes completing in 2019/20 or earlier				
<b>11,771</b>	<b>9,406 Total Economic Development</b>	<b>11,165</b>	<b>6,000</b>	<b>4,000</b>	<b>4,000</b>

## Enable inclusive economic growth

### Education and Skills portfolio (Cllr Ray Gooding)

#### Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
			<b>Education and Life Learning DSG</b>				
1,215	(401)	(401)	Early Years Block	82,959	(0)	(83,360)	(401)
8,493	(73)	7,743	i Schools and Central Services Block	325,761	(238)	(325,596)	(73)
(8,889)	(2,589)	(10,161)	High Needs Block	130,626	0	(133,215)	(2,589)
			<b>Education and Life Learning Non DSG</b>				
42,138	41,371	41,972	Access To Education	59,940	(13,050)		46,890
(1,113)	(1,366)	(1,271)	Adult Community Learning	9,719	(2,938)	(7,875)	(1,094)
2,167	1,979	1,944	Early Years	2,335	(133)	(0)	2,202
(947)	2,954	5,222	ii Schools	13,328	(8,155)	(3,354)	1,819
29,492	30,049	30,399	Passenger Transport	35,611	(5,746)	(1,186)	28,679
5,919	2,777	2,733	Special Educational Needs	6,367	(4,012)		2,355
695	512	448	Strategic Management	974	(432)		542
<b>79,170</b>	<b>75,213</b>	<b>78,629</b>	<b>Total Education and Skills</b>	<b>667,619</b>	<b>(34,701)</b>	<b>(554,587)</b>	<b>78,331</b>

i Includes borrowing costs for some capital projects in schools

ii Includes Youth Services

## Enable inclusive economic growth

### Education and Skills portfolio (Cllr Ray Gooding)

#### Capital Programme

2018/19 Actuals	2019/20 Latest Budget		2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000		£000	£000	£000	£000
63,007	27,616	Basic Need Schemes	36,073	49,094	31,149	18,613
1,013	254	Early Years	1,154			
372	166	Schools Feasibilities	300	300	300	300
21,378	14,781	Special Schools including Pupil Referral Unit	12,049	22,676	16,350	3,082
1,419	1,474	Temporary Accommodation and Relocatable Replacement	1,988	1,250	1,250	1,250
6,757	6,350	Schools Capitalised Building Maintenance	6,600	6,600	6,600	6,600
35	9,629	Schemes completing in 2019/20 or earlier				
<b>93,981</b>	<b>60,271</b>	<b>Total Education and Skills</b>	<b>58,163</b>	<b>79,920</b>	<b>55,649</b>	<b>29,845</b>

## Enable inclusive economic growth

### Infrastructure portfolio (Cllr Kevin Bentley)

### Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
		430	<b>Superfast Broadband</b>	22	(0)		22
			<b>Highways And Transportation</b>				
2,276	(0)	1,490	Additional pothole works	(0)			(0)
1,366	1,156	1,219	Bridges	1,293	(48)		1,245
(273)	959	946	Congestion	8,306	(8,102)		204
3,453	(1,273)	(1,152)	Highways Management and Administration	810	(3,233)		(2,423)
12,980	12,631	12,631	i Ongoing Operator Payments for A130 PFI	13,810			13,810
1,557	624	1,224	Localism	510			510
533	308	308	Park and Ride	2,732	(2,119)		613
1,546	1,856	1,794	Public Rights Of Way	1,982	(183)		1,798
443	731	701	Road Safety	959	(10)	(221)	727
547	503	569	Highways Asset Management	612			612
16,831	11,923	15,488	Roads And Footways	15,439	(155)	(1,300)	13,984
7,277	8,502	8,581	Street Lighting	8,787	(686)		8,101
(1,821)	(121)	(28)	Traffic Management Act	3,385	(3,494)		(109)
2,724	3,130	3,130	Winter Service	3,206			3,206
225	(0)	224	<b>International Trade</b>	(0)			(0)
4,630	1,890	1,901	<b>Transport Strategy</b>	1,956	(0)		1,956
<b>54,295</b>	<b>42,818</b>	<b>49,456</b>	<b>Total Infrastructure</b>	<b>63,809</b>	<b>(18,031)</b>	<b>(1,521)</b>	<b>44,257</b>

i PFI = Private Finance Initiative - a means of funding large scale capital projects

**Enable inclusive economic growth**  
**Infrastructure portfolio (Cllr Kevin Bentley)**  
**Capital Programme**

2018/19 Actuals	2019/20 Latest Budget	2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000	£000	£000	£000	£000
1,228	650 A120 Millennium Way Slips	350	5,750	5,653	
1,653	200 A120 Preferred Route	78			
	- A127 Autonomous and Connected Highway for South Essex	750	750	6,000	8,000
1,703	1,300 A127/A130 Fairglen New Link Road	3,866	13,258	5,010	
579	2,588 A133 Colchester to Clacton Route Based Strategy	248			
	1,380 A133/A120 Link Road	1,000	7,500	30,000	17,886
5,562	4,020 Advanced Scheme Design	3,717	5,500	5,500	6,000
	- Army and Navy, Chelmsford	1,250	1,750	5,000	20,000
519	3,650 Basildon Integrated Transport Package	1,648			
5,262	2,719 Broadband Delivery UK Essex Superfast Programme	11,139	2,213		
	- Broadband Delivery UK Ultrafast Local Full Fibre Network	2,130			
682	1,500 Beaulieu Park Station	2,452	7,273	53,784	64,008
8,690	9,655 Bridges	8,450	9,450	9,450	9,450
393	272 Bus and Passenger Transport Infrastructure	500			
71	159 Bus Lane Camera Enforcement	150	150	150	150
2,994	5,106 Chelmsford Growth Area	5,397	500		
17	1,950 Chelmsford North Eastern Bypass	3,911	4,899	45,346	37,255
<b>29,353</b>	<b>35,148 Sub-total Infrastructure</b>	<b>47,036</b>	<b>58,993</b>	<b>165,892</b>	<b>162,749</b>

**Enable inclusive economic growth**  
**Infrastructure portfolio (Cllr Kevin Bentley)**  
**Capital Programme (cont'd)**

2018/19 Actuals	2019/20 Latest Budget		2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000		£000	£000	£000	£000
2,428	3,710	Colchester Integrated Transport Plan (Borough Wide)	1,779			
		- Colchester Rapid Transit	1,000	3,500	6,000	41,500
506	750	Cycling Infrastructure	750	1,000	1,250	2,000
7,711	9,466	Footway Maintenance	8,300	8,000	8,000	8,000
	3,897	Harlow Enterprise Zone and A414 Pinch Point Delivery Package Two	1,000			
		- Harlow Sustainable Transport Corridors North/South (Phase 1: Gilston to Town Centre)	1,000	1,750	2,250	34,000
2,728	1,100	LED Rollout	9,056	13,726		
4,572	4,778	Local Highways Panels	4,150	4,000	4,000	4,000
4,375	5,640	M11 Junction 7A and Gilden Way Upgrading	14,600	22,250	11,686	
1,938	525	M11 Junction 8	2,924	2,881	1,000	
		- Park and Ride Maintenance		300	300	300
308	250	Passenger Transport	250	250	250	250
		- Passenger Transport - Transport Asset Advertising	1,053	1,054	341	
279	521	Public Rights Of Way	400	400	400	400
49,732	38,430	Road Maintenance	40,750	40,750	40,750	40,750
2,853	2,735	Safety Barrier Replacement	2,000	2,000	2,000	2,000
3,224	3,500	Street Lighting Replacement	2,500	3,000	3,000	3,000
2,734	2,500	Surface Water Alleviation	2,500	2,500	2,500	2,500
	35	Town Centre Improvements	50			
1,464	2,070	Traffic Signal Refurbishment	2,000	2,000	2,000	2,000
7,765	4,430	Schemes completing in 2019/20 or earlier				
<b>121,972</b>	<b>119,484</b>	<b>Total Infrastructure</b>	<b>143,098</b>	<b>168,354</b>	<b>251,619</b>	<b>303,449</b>

**Help people get the best start and age well**  
**Children and Families portfolio (Cllr Louise McKinlay)**  
**Revenue Budget**

2018/19	2019/20	2019/20			2020/21		
Actuals	Original	Latest			Gross	Income	Total Net
£000	Budget	Budget			Expenditure		Expenditure
	£000	£000			£000	£000	£000
			<b>Childrens Services</b>				
10,724	11,843	12,574	Childrens Adoption and Special Guardianship Orders		13,901	(358)	12,467
14,039	13,298	13,320	Childrens Family Support		14,819	(92)	14,727
28,095	26,851	26,877	Childrens Fieldwork		32,906	(1,223)	28,671
46,702	48,257	49,563	Children Looked After		61,457	(0)	54,211
5,405	6,241	6,987	Childrens Strategic Management and Development		7,998	(793)	6,812
	4,556	0	i Childrens Sustainability				
209	341	343	<b>Domestic Violence</b>		939	(596)	344
6,861	7,334	7,334	<b>Early Years and Childcare</b>		11,214	(4,141)	7,073
1,932	1,957	1,959	<b>Emotional Wellbeing and Mental Health Service</b>		2,131	(167)	1,964
2,232	2,056	2,102	<b>Youth Offending Service</b>		3,940	(437)	2,272
<b>116,199</b>	<b>122,735</b>	<b>121,059</b>	<b>Total Children and Families</b>		<b>149,306</b>	<b>(7,807)</b>	<b>128,541</b>

i Childrens Sustainability funding was transferred to reserves during 2019/20

**Help people get the best start and age well**  
**Children and Families portfolio (Cllr Louise McKinlay)**  
**Capital Programme**

2018/19 Actuals	2019/20 Latest Budget	2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000	£000	£000	£000	£000
225	245 Adaptations	300	150	150	150
290	276 Children With Disabilities	225	200	200	200
	- Expansion of Fostering Service	450	650	400	350
	50 Family Centres	65			
<b>515</b>	<b>571 Total Children and Families</b>	<b>1,040</b>	<b>1,000</b>	<b>750</b>	<b>700</b>



## Help people get the best start and age well

### Health and Adult Social Care portfolio (Cllr John Spence)

### Revenue Budget

2018/19 Actuals				2019/20 Latest budget				2020/21			
Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000	Gross Expenditure £000	Income £000	Specific Grants £000	Total Net Expenditure £000
7,820	(11)	(50)	7,759	7,916	0		7,916	8,625	(3)		8,622
6,619	(75)		6,544	7,172	(158)		7,014	7,979	(161)		7,818
12,022	(5,089)		6,933	12,511	(5,384)		7,127	13,552	(5,486)		8,066
7,959	(455)		7,504	8,236	(437)		7,799	8,915	(464)		8,451
5,207	(93)		5,114	5,094	(93)		5,001	5,771	(95)		5,676
204,954	(15,213)		189,741	213,929	(15,254)		198,675	219,815	(15,454)		204,361
233,319	(109,802)	(39,926)	83,591	247,579	(119,662)	(42,318)	85,600	251,145	(123,868)	(39,097)	88,180
48,203	(4,502)		43,701	51,153	(4,859)		46,294	50,595	(4,543)		46,052
175			175	190			190	139			139
680		(328)	352	560		(328)	232	420		(328)	92
123	(124)		(0)	202			202	252			252
4,633		(448)	4,185	3,970		0	3,970	3,793			3,793
22,409	(3,449)		18,960	23,839	(3,100)		20,739	23,599	(2,741)		20,857
252	(275)		(23)	283	(279)		4	326	(326)		0
3,030	(223)	(470)	2,337	3,682		(470)	3,213	3,459	(25)	(470)	2,964
67,492	(3,824)	(64,385)	(718)	66,566	(3,831)	(62,735)	0	63,923	(3,938)	(62,735)	(2,750)
22,302	(32)	(124)	22,145	25,544	(735)	(144)	24,665	20,511	(923)	(114)	19,474
382			382	349			349	348			348
0			0	(0)			(0)	0			0
814	(187)		627	752	(169)		583	763	(141)		621
648,396	(143,355)	(105,731)	399,310	679,529	(153,962)	(105,994)	419,573	683,929	(158,167)	(102,744)	423,018
								Net Cost of Services			

## Help people get the best start and age well

### Health and Adult Social Care portfolio (Cllr John Spence)

#### Capital Programme

2018/19 Actuals £000	2019/20 Latest Budget £000	2020/21 Budget £000	2021/22 Aspirational £000	2022/23 Aspirational £000	2023/24 Aspirational £000
	13 Independent Living Older People Ninefields Waltham Abbey	414	401		
	648 Pollysfield		648		
(8)	4 Independent Living Older People Coppins Court	7	4		
1,878	- Schemes completing in 2019/20 or earlier				
<b>1,870</b>	<b>664 Total Health and Adult Social Care</b>	<b>421</b>	<b>1,052</b>		

## Help create great places to grow up, live and work

### Customer, Communities, Culture and Corporate portfolio (Cllr Susan Barker)

#### Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
1,031	617	714	<b>Communities</b>	629			629
978	(0)	144	<b>Community Initiatives Fund</b>	(0)	(0)		(0)
2,492	2,849	2,462	<b>Coroners</b>	3,357	(793)		2,564
170	1,653	1,766	<b>Customer Services and Member Enquiries</b>	2,000	(302)	(0)	1,698
(322)	(328)	(457)	<b>Deputyship Service</b>	847	(1,333)		(485)
(60)	542	491	<b>Emergency Planning</b>	572	(23)		549
1,244	869	891	<b>Heritage and Cultural Services</b>	1,720	(810)		910
12,410	12,460	12,495	<b>Libraries</b>	14,140	(1,619)		12,521
(1,623)	(1,458)	(1,809)	<b>Registrars</b>	2,541	(4,042)		(1,501)
960	991	1,006	<b>Trading Standards</b>	1,321	(271)	(0)	1,051
186	351	373	<b>Travellers</b>	1,065	(683)		382
<b>17,467</b>	<b>18,546</b>	<b>18,077</b>	<b>Customer, Communities, Culture and Corporate</b>	<b>28,193</b>	<b>(9,876)</b>	<b>(0)</b>	<b>18,317</b>
7,527	8,081	8,626	<b>Business Support</b>	8,123			8,123
2,104	1,977	1,521	<b>Customer Services</b>	1,465	0		1,465
748	794	778	<b>Democratic Services</b>	907	(216)		691
5,069	3,718	5,508	<b>Human Resources</b>	7,771	(2,377)		5,394
22,285	24,261	27,713	<b>Information Services</b>	23,720	(1,206)		22,514
4,178	4,843	4,210	<b>Legal Services</b>	6,158	(1,254)		4,904
14,141	14,671	14,800	<b>Property</b>	22,916	(8,008)		14,908
325	462	453	<b>Risk Management</b>	871	(429)		442
<b>56,377</b>	<b>58,808</b>	<b>63,610</b>	<b>Customer, Communities, Culture and Corporate RSSS</b>	<b>71,932</b>	<b>(13,490)</b>		<b>58,442</b>
<b>73,843</b>	<b>77,354</b>	<b>81,686</b>	<b>Total Customer, Communities, Culture and Corporate</b>	<b>100,125</b>	<b>(23,366)</b>	<b>(0)</b>	<b>76,759</b>

## Help create great places to grow up, live and work

### Customer, Communities, Culture and Corporate portfolio (Cllr Susan Barker)

#### Capital Programme

2018/19 Actuals	2019/20 Latest Budget	2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000	£000	£000	£000	£000
100	100 Changing Places	100	100	100	100
122	122 Next Generation Networks	122	122		
4,763	5,000 Capitalised Building Maintenance (Non School estate)	5,000	5,000	5,000	5,000
191	261 Social Care Case Management				
(43)	550 Technology Services Portfolio				
(1)	- Libraries Self Service	342			
-	2,000 Colchester Mercury Theatre				
1,150	20 Schemes completing in 2019/20 or earlier				
<b>6,282</b>	<b>8,053 Total Customer, Communities, Culture and Corporate</b>	<b>5,564</b>	<b>5,222</b>	<b>5,100</b>	<b>5,100</b>

## Help create great places to grow up, live and work

### Environment and Climate Change Action portfolio (Cllr Simon Walsh)

#### Revenue Budget

2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Grants
	£000	£000		£000		£000
1,305	1,217	1,346	<b>Development Management</b>	1,364	(119)	1,245
(0)	(0)	(0)	<b>Environmental Strategy</b>	(0)	0	(0)
			<b>Leisure</b>			
95	95	95	i Contributions To Other Bodies	95		95
139	(136)	(240)	Country Parks	2,898	(2,980)	(203)
(129)	(74)	13	Cressing Temple	261	(154)	107
(22)	(113)	(106)	<b>Management and Support Services</b>	150		150
175	178	178	<b>Rural Issues</b>	178		178
			<b>Waste Management</b>			
13,214	10,731	10,731	Civic Amenity Service	11,194		11,194
1,621	3,018	3,018	Courtauld Road Waste Treatment	2,951		2,951
147	91	91	Exceptional Waste	94		94
430	383	383	Landfill Aftercare	533	(256)	276
22,379	24,585	23,209	Recycling Initiatives	24,141	(750)	23,391
686	309	309	Tipping Away Payments	499		499
(2,514)	(2,807)	(2,807)	Trade Waste Income		(3,141)	(3,141)
47,808	42,104	42,104	Waste Disposal	41,523	(1,028)	40,495
(14)	(188)	(175)	Waste Management and Support Services	(137)	(0)	(137)
1,688	1,247	1,257	Waste Strategy	1,110	(0)	1,110
<b>87,006</b>	<b>80,642</b>	<b>79,407</b>	<b>Total Environment and Climate Change Action</b>	<b>86,854</b>	<b>(8,428)</b>	<b>(122)</b>
						<b>78,304</b>

i Contributions to external bodies including Woodland Trust

## Help create great places to grow up, live and work

### Environment and Climate Change Action portfolio (Cllr Simon Walsh)

#### Capital Programme

2018/19 Actuals	2019/20 Latest Budget		2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000		£000	£000	£000	£000
4,011	3,552	Flood Management	3,500			
591	266	Country Parks		2,000	2,000	500
	95	Country Parks Maintenance	549	360	60	
		LoCase II		228	200	
		Empower 2.0	100			
		Energy Efficiency Heating	10	150		
		Energy Efficiency Lighting Replacement	300	150		
		Energy generation and storage	10	140	50	
2	188	Schemes completing in 2019/20 or earlier				
<b>4,604</b>	<b>4,101</b>	<b>Total Environment and Climate Change Action</b>	<b>4,469</b>	<b>3,028</b>	<b>2,310</b>	<b>500</b>

## Transform the council to achieve more with less

### Performance, Business Planning and Partnerships (Cllr Dick Madden)

#### Revenue Budget

2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest		Gross	Income	Total Net
£000	Budget	Budget		Expenditure	£000	Expenditure
	£000	£000		£000		£000
942	1,940	2,160	Service Design	1,902		1,902
344	0	87	Strategic Partnerships	(0)	0	(0)
<b>1,285</b>	<b>1,940</b>	<b>2,248</b>	<b>Performance, Business Planning and Partnerships</b>	<b>1,902</b>	<b>-</b>	<b>1,902</b>
3,587	3,089	4,332	Performance, Business Intelligence, Planning and Partnerships	4,730	(500)	4,231
4,297	3,633	4,994	Transformation Support Unit	5,372	(0)	5,372
<b>7,884</b>	<b>6,722</b>	<b>9,326</b>	<b>Performance, Business Planning and Partnerships RSSS</b>	<b>10,103</b>	<b>(500)</b>	<b>9,603</b>
<b>9,169</b>	<b>8,662</b>	<b>11,574</b>	<b>Total Performance, Business Planning and Partnerships</b>	<b>12,005</b>	<b>(500)</b>	<b>11,505</b>

## Transform the council to achieve more with less

### Leader portfolio (Cllr David Finch)

#### Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
	88	263	EU Exit	0			0
1,212	1,057	1,044	Corporate Policy	932	0		932
987	913	983	Democratic Core	1,009			1,009
100	680	680	Garden Communities	1,577			1,577
208	361	361	Initiatives and Partnerships	239			239
6	0	198	Innovation Fund	(0)			(0)
1,738	1,769	1,796	Members Support	1,788	0		1,788
1,258	1,284	1,284	Olympics and Sports Development	1,256			1,256
<b>5,508</b>	<b>6,152</b>	<b>6,609</b>	<b>Leader</b>	<b>6,801</b>		<b>-</b>	<b>6,801</b>
1,831	1,630	1,597	Communications and Customer Relations	1,830	(0)		1,830
292	480	442	Equality And Diversity	477	(14)		462
<b>2,124</b>	<b>2,110</b>	<b>2,039</b>	<b>Leader RSSS</b>	<b>2,306</b>	<b>(14)</b>		<b>2,292</b>
<b>7,632</b>	<b>8,261</b>	<b>8,648</b>	<b>Total Leader</b>	<b>9,107</b>	<b>(14)</b>	<b>-</b>	<b>9,093</b>



## Transform the council to achieve more with less

### Finance, Property and Housing portfolio (Cllr David Finch - Interim)

### Revenue Budget

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
			<b>Central Services To The Public</b>				
6,043	6,353	6,353	Council Tax Sharing Scheme	6,374			6,374
6,103	7,320	7,320	Other Services	12,473	(2,249)	(256)	9,968
785	373	1,033	<b>Housing</b>	0	0	0	0
(122)	(536)	(415)	<b>Outdoor Education</b>	3,622	(4,344)		(722)
			<b>Precepts</b>				
1,626	1,694	1,694	Environmental Agency	1,721			1,721
384	388	388	Kent and Essex Sea Fisheries	384			384
(781)	(366)	179	<b>Traded Strategy</b>	309	(1,351)		(1,042)
(28)			<b>Vehicle Lease Management</b>	56			56
<b>14,011</b>	<b>15,226</b>	<b>16,553</b>	<b>Finance, Property and Housing</b>	<b>24,939</b>	<b>(7,944)</b>	<b>(256)</b>	<b>16,739</b>
			<b>Capital Programme, Implementation and Delivery</b>				
1,047	938	973	Car Provision Scheme	1,302	(300)		1,002
(126)	55	57		2,772	(2,772)		0
9,597	4,992	10,111	<b>Finance</b>	10,896	(5,096)		5,800
4,539	4,661	4,661	<b>Insurance</b>	7,254	(2,563)		4,691
3,423	3,647	4,002	<b>Procurement</b>	4,319	(75)		4,244
<b>18,480</b>	<b>14,293</b>	<b>19,804</b>	<b>Finance, Property and Housing RSSS</b>	<b>26,543</b>	<b>(10,806)</b>	<b>-</b>	<b>15,737</b>
<b>32,491</b>	<b>29,519</b>	<b>36,357</b>	<b>Total Finance, Property and Housing</b>	<b>51,482</b>	<b>(18,750)</b>	<b>(256)</b>	<b>32,477</b>

## Transform the council to achieve more with less

### Finance, Property and Housing portfolio (Cllr David Finch - Interim)

#### Capital programme

2018/19 Actuals	2019/20 Latest Budget		2020/21 Budget	2021/22 Aspirational	2022/23 Aspirational	2023/24 Aspirational
£000	£000		£000	£000	£000	£000
631	400	Essex County Hospital	2,540	7,473	7,373	10,373
	355	Essex Housing Programme	1,452	17,574	11,532	937
281	424	Essex Outdoors Centres	10	805		
	200	Harlowbury	229	6,215	4,733	497
	99	Loughton Library	434	5,972	5,869	294
46	153	Maldon Friary	463	3,622	229	
3,085	970	Moulsham Lodge				
63	171	Purford Green	250	4,000	1,777	
679	385	Rocheway	2,767	1,300		
144	204	Sherbrooke Hostel	856	1,998		
289	328	St Peters College	500	8,488	8,119	9,606
	75	Westfield	128	137	9	6
	85	Shenfield Library	176			
7,304	19	Schemes completing in 2019/20 or earlier				
<b>12,521</b>	<b>3,869</b>	<b>Total Finance, Property and Housing</b>	<b>9,805</b>	<b>57,584</b>	<b>39,641</b>	<b>21,713</b>

## Other Operating costs

The revenue budget in 2020/21 is **£102m**. The expenditure includes the net appropriations to reserves and restricted funds as described in the Reserves section (starting on page 59) of **£49m** and the costs of financing the capital programme of **£54m**.

The movement since 2019/20 is mainly due to changes in the appropriations and withdrawals from the reserves between the years, in line with changes in the specific liabilities, for example changes in PFI payment profiles.

2018/19	2019/20	2019/20			2020/21	
Actuals	Original	Latest			Gross	Total Net
£000	Budget	Budget			Expenditure	Expenditure
	£000	£000			£000	£000
24,493	30,837	27,637	<b>Capital Financing</b>		30,989	30,989
	4,000	4,000	<b>Contingencies</b>		0	0
			<b>Interest Payable</b>			
(738)	(523)	(523)	Contributions - Transferred Debt		(671)	(671)
19,660	24,991	21,053	External Interest Payable		23,334	23,334
(81)	(47)	(47)	Loan Charges Grant		0	0
			<b>Interest Receivable</b>			
(3,612)	(2,536)	(2,536)	External Interest Receivable		100	(2,779)
1,459	1,279	1,279	Interest Reallocated		(1)	1,531
			<b>Other Items</b>		0	0
<b>41,181</b>	<b>58,001</b>	<b>50,863</b>			<b>54,422</b>	<b>52,405</b>

Appendix A Organisation Plan 2020/21

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
<b>Approps To/(From) Reserves and Restricted Use Funds (i)</b>							
(3,332)	(3,413)	(3,413)	A130 PFI Reserve		(4,652)		(4,652)
(1,644)		(3,417)	Adults Digital Programme		0		0
387		342	Building Schools for the Future				
879			Capital Receipts Pump Priming	1,000			1,000
(303)	(2,256)	(2,294)	Carbon Reduction Reserve		(76)		(76)
6,855	(4,884)	(17,819)	Carry Forwards Reserve	0	(0)		(0)
(331)		(497)	Clacton PFI Reserve		(0)		(0)
358		(456)	Community Initiatives Fund	350	(0)		350
(198)	(0)	(469)	Debden PFI Reserve		(0)		(0)
			Emergency	10,000			10,000
300			Emergency Planning Reserve				
		250	Essex Climate Change Commission	5,000			5,000
1,850		(2,383)	Grant Equalisation Reserves				
250			Health And Safety Reserve				
			Highways	5,000			5,000
(1,000)			Insurance Reserve		(1,151)		(1,151)
(150)			Partnership Reserves				
(206)			Pension Deficit Reserve				
326	326	326	Property Investment	326			326
500	500	473	Quadrennial Elections Reserve	500			500
4,138	4,074	2,339	Reserve For Future Capital Funding	4,074			4,074
(3,623)			Schools Reserves				
	6,420	3,720	Service Improvement Reserve	4,000			4,000
			Technology Solutions	5,000			5,000
(3,125)	(338)	(338)	Trading Activities Reserves		(413)		(413)
3,177	14,395	10,453	Transformation Reserve	20,839	(500)		20,339
3,898	7,869	9,245	Waste Reserve				
<b>9,004</b>	<b>22,693</b>	<b>(3,937)</b>		<b>56,089</b>	<b>(6,793)</b>		<b>49,296</b>

- i Within appropriations to/from reserves, expenditure means a contribution to a reserve, and income means a withdrawal from the reserve.

# Appendix A Organisation Plan 2020/21

2018/19 Actuals £000	2019/20 Original Budget £000	2019/20 Latest Budget £000		Gross Expenditure £000	2020/21 Income £000	Specific Grants £000	Total Net Expenditure £000
3,053		(3,053)	<b>Reserves Closed</b>		(0)		(0)
(1,795)			Digital Infrastructure Reserve				
(867)			Innovation Reserve				
			Local Projects Reserve				
391	-	(3,053)		-	(0)		(0)
50,576	80,694	43,873	<b>Total Other Operating Costs</b>	110,511	(8,810)		101,701

## Trading Activities

This section sets out the budgets relating to those services that are currently set up as Trading Activities, which operate under separate Trading Accounts. For 2020/21, the Trading Activities have a target operating surplus of **£496,000**

	Revenue reserve 1 April 2020	Income	Expenditure	(Surplus) / deficit	Appropriations		Revenue reserve 31 March
	£000	£000	£000	£000	To County Revenue Account £000	To Trading Activity reserve £000	£000
Place Services	(418)	(2,774)	2,391	(383)	(300)	(83)	(501)
Music Services Traded	(168)	(4,744)	4,631	(113)	(113)	-	(168)
<b>Total</b>	<b>(586)</b>	<b>(7,518)</b>	<b>7,022</b>	<b>(496)</b>	<b>(413)</b>	<b>(83)</b>	<b>(669)</b>

## Reserves

Any organisation which is being prudently managed, whether in the commercial, charitable or public sector, will maintain a level of reserves to deal with future or unexpected pressures.

Much has been written about Local Authority reserves and much is misunderstood.

We have built specific reserves to manage known financial liabilities and possible risks – as good financial practice would dictate; these can be split into three types:

- Those reserves which are for known current and future contractual liabilities or are beyond the control of the Council. These are restricted in use and cover items such as Private Finance Initiative (PFI) contracts and Schools Balances
- Those reserves which are for more general purposes such as the Transformation Reserve, used to fund revenue investment in areas such as new ways of working and more efficient services, and
- The General Balance.

To provide greater clarity in reporting, these are presented under two headings of 'Restricted Funds' which covers the first bullet point above and 'Reserves', which covers the last two.

Among the restricted funds, there are items to cover the waste strategy and the associated PFI, and also the PFI contracts for the A130 and various schools. This approach effectively smooths what could be significant year on year increases in budget requirement and contract costs to more manageable levels.

We also use these specific cash backed reserves to generate interest receipts and minimise the cost of debt. We expect to earn **£3m** in 2020/21 from temporarily investing surplus cash in the market, which is included in the budget, and will be used to fund services. However, it saves substantially more by using the reserves to offset what would otherwise be external borrowing costs. In 2020/21, it is estimated that this will enable us to avoid borrowing costs of **£7m**, thereby allowing funds to be used instead for front line service delivery.

Appendix A Organisation Plan 2020/21

**Reserves**

	Estimated closing balances						
				2020/21		2021/22	2022/23
	Balance at 1 April 2019 £000	Balance at 1 April 2020 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
General Balance	(56,610)	(56,610)	-	-	(56,610)	(56,610)	(56,610)
Reserves earmarked for future use							
Adults Digital Programme	(5,256)	(1,839)	-	1,839	-	-	-
Capital Receipts Pump Priming	(3,204)	(2,704)	(1,000)	500	(3,204)	(3,704)	(4,204)
Carbon Reduction and Energy Risk	(2,303)	(309)	76	-	(233)	(119)	(9)
Carry Forward	(23,250)	(5,431)	-	5,431	-	-	-
Climate Action	-	-	-	-	-	-	-
Collection Fund Risk	(1,412)	(1,412)	-	-	(1,412)	(1,412)	(1,412)
Commercial Investment in Essex Places*	-	-	-	-	-	-	-
Community Initiatives Fund	(1,153)	-	(350)	350	-	-	-
Digital Infrastructure	(3,053)	-	-	-	-	-	-
EES Pensions	-	(4,000)	-	-	(4,000)	(4,000)	(4,000)
Emergency	-	(4,000)	(10,000)	4,000	(10,000)	(10,000)	(10,000)
Emergency Planning	(300)	(300)	-	-	(300)	(300)	(300)
Essex Climate Change Commission	-	(250)	(5,000)	1,500	(3,750)	(2,500)	-
Future Capital Funding	(12,061)	(9,838)	(4,074)	4,074	(9,838)	(9,838)	(9,838)
Health and Safety	(881)	(631)	-	-	(631)	(631)	(631)
Highways	-	-	(5,000)	5,000	-	-	-
Insurance	(8,061)	(8,061)	1,151	-	(6,910)	(6,910)	(6,910)
Property Investment	(326)	(652)	(326)	-	(978)	(1,304)	(1,630)
Quadrennial Elections	(618)	(1,091)	(500)	-	(1,591)	(91)	(591)
Service Improvement	-	(3,720)	(4,000)	-	(7,720)	(10,920)	(14,120)
Technology Solutions	-	-	(5,000)	5,000	-	-	-
Tendring PPP	(496)	-	-	-	-	-	-
Transformation	(25,193)	(29,387)	(20,339)	18,000	(31,726)	(27,346)	(22,966)

\* Reserve will hold the proceeds of sale of EES. Closing balance 2019/20 is subject to final accounting entries relating to the sale.



**Restricted Funds**

	Estimated closing balances						
				2020/21		2021/22	2022/23
	Balance at 1 April 2019 £000	Balance at 1 April 2020 £000	Budgeted Contributions/ Withdrawals £000	Assumed usage £000	Closing balance £000	£000	£000
Long Term Contractual Commitment							
PFI Reserves							
A130 PFI	(42,136)	(31,916)	4,652	(1,101)	(28,366)	(19,589)	(9,643)
Building Schools for the Future PFI	(2,267)	(0)	-	(155)	(155)	(314)	(477)
Clacton Secondary Schools' PFI	(2,518)	0	-	(95)	(95)	(199)	(306)
Debden School PFI	(3,633)	0	-	(363)	(363)	(876)	(1,404)
Waste Reserve	(103,631)	(109,618)	-	-	(109,618)	(109,618)	(109,618)
Grant Equalisation Reserve	(12,636)	(10,253)	-	-	(10,253)	(10,253)	(10,253)
Trading Activities	(653)	(653)	413	(413)	(653)	(653)	(653)
Partnerships and Third Party	(1,815)	(1,815)	-	-	(1,815)	(1,815)	(1,815)
Schools	(38,025)	(38,025)	-	-	(38,025)	(38,025)	(38,025)

# **Annex 2: Performance**

## How we intend to measure the progress we make towards the achievement of our strategic aims

This annex provides detail on how we intend to measure the progress we make towards the achievement of our strategic aims.

For each of our four strategic aims it sets out the key measures and milestones on which we will focus attention and on which we will base assessments of our progress, performance and impact.

### Enable inclusive economic growth

Our work to secure inclusive economic growth is focused on investing in places to increase productivity; supporting economic growth in specific opportunity areas and improving the skills of Essex residents.

#### Over the long-term we will measure the success of our work with reference to measures of:

- **Economic prosperity** – we will use a basket of indicators that reflect the economic prosperity of places across Essex. These indicators will include measures of the value of economic output (including Gross Value Added (GVA)), productivity (GVA per job), average earnings, business turnover, foreign investment and employment in the knowledge economy.  
We will target significant improvement in the overall position of Basildon, Chelmsford, Colchester, Harlow and Uttlesford relative to districts across England by the mid-2030s.
- **Economic inclusion** – we will use a basket of indicators that reflect economic inclusion in places across Essex. This will include measures of poverty and inequality (including deprivation scores, child poverty levels, fuel poverty); measures of economic participation (e.g. employment rates, benefit claimant rates, the number of people who are not in education, employment and training), and measures of housing affordability and homelessness.  
We will target significant improvement in the overall position of Basildon, Colchester, Harlow and Tendring relative to districts across England by the mid-2030s.
- **Deprivation** – seeking to ensure that, by the mid-2030s, no neighbourhoods in Essex are within England's most deprived 10% as identified by the Index of Multiple Deprivation;
- **Skills levels within the workforce** – we want to increase the percentage of people with higher-level skills (level 4) living in Basildon, Colchester, Harlow and Tendring.

Much of our initial work will focus on building a strong foundation for this longer-term change. We will do this by ensuring children and young people in Essex receive an outstanding education, and by setting the right conditions to unlock significant public and private investment across our towns and cities. We have therefore set the following milestones for the next financial year.

**We will use the following indicators and targets to measure the success of our work to secure an outstanding education for children and young people in Essex:**

Measure	Baseline	Target for 2020/21
Percentage of early years settings rated 'good' or 'outstanding' by Ofsted	96.4% (Sept 2019)	100%
Percentage of children 'ready for school' (achieving at least grade expected across all prime areas of learning)	74.4% (2019)	Top quartile (the top quartile benchmark was 74.1% in AY 2018-19)
Percentage of schools rated 'good' or 'outstanding' by Ofsted	89% (Sept 2019)	100%
Percentage of children achieving expected levels at KS2 (reading, writing, maths)	66% (2019)	Top quartile (the top quartile benchmark was 68.1% in AY 2018-19)
Percentage of children achieving a standard pass in English and Maths at KS4	63.6% (2019)	Top quartile (the top quartile benchmark was 68.3% in AY 2018-19)
Number of young people who are not in education employment or training	4.9% (Sept 2019)	Top quartile (the top quartile benchmark was 3.8% in AY 2018-19)

**We have identified the following milestones, to be achieved over the 2020/21 financial year, as we work to setting the conditions to unlock investment across our town and cities.**

By March 2021 we will have:

- scoped and planned out a new, targeted Essex Investment Programme, that includes our approach to the following projects:

- Quantum Engineering and Space Technology Campus;
- Bradwell B;
- Clacton Health Campus;
- Basildon economic land project including securing of university presence;
- North Essex energy opportunities;
- Essex Garden Communities; and
- M11 and West Essex Life Sciences Medtech clustering.
- published an intra-urban growth and connectivity strategy, and a supporting delivery plan, with Basildon Borough Council and the National Infrastructure Commission;
- agreed a Harlow Regeneration Strategy and town centre master plan;
- agreed, adopted and published an action plan for the Colchester Town Deal with Colchester Borough Council;
- agreed, adopted and published a 'place plan' and a long-term transformation strategy for Clacton-on-Sea with Tendring District Council; and
- agreed a 'place plan' and long-term financial strategy for Jaywick Sands with the Integrated Steering Board.

## Help people get the best start and age well

Our work to help people get the best start and age well is focused on protecting the most vulnerable people in Essex and improving the health of all people across the county. We work to help keep vulnerable children safe and enable them to fulfil their potential and we work to enable vulnerable adults to live independently of social care support. We also work to improve the health of the population of Essex.

**We will use the following indicators to measure the success of our work to ensure the safety of vulnerable children:**

Measures	Baseline	Management thresholds 2021/22*
The number of children known to social care per 10,000 of the population	188.9 (March 2019)	185-195
The number of children subject to Children in Need plans (at any one time)	2,643 (March 2019)	2500-2800
The number of children subject to child protection plans	589 (March 2019)	550-600
The percentage of children subject to child protection plans for the second or subsequent time	8.9% (March 2019)	<12%
The number of children in unregistered accommodation a) age under 16; and b) aged 16+	a) 0 b) 160 (March 2019)	a) 0 b) 140 - 180 (March 2019)
The number of care leavers aged 19-25	835 (March 2019)	825-875
The number of care leavers in suitable accommodation	88.7% (March 2019)	85%-95%

\*It would be inappropriate to manage our work with vulnerable children to specific targets – the decisions we take regarding the welfare and safety of children must reflect the needs and interests of the child rather than targets. We have however, defined a set of thresholds to enable us to manage our work within defined parameters.

**We will use the following indicators and targets to measure the success of our work to improve the mental and physical health of children.**

Measures	Baseline	Target/ thresholds for 2020/21
Percentage of children who are overweight or obese (year 6)	31.4% (2018/19)	30%
Take up of immunisations	77.8% (March 2019)	75% - 80%
Under 18 Conception rates per 1000 girls (15-17years)	16.7 (2017)	15
Inpatient admission rate for mental health disorders per 100,000 population aged 0-17 year olds	51.60 (2018)	51
Number Children in Care receiving health checks	91.9% (March 2019)	85% - 95%
Percentage of Children in Care receiving dental checks	81.1% (March 2019)	75% - 85%

**We will use the following indicators and targets to measure the success of our work to improve the opportunities available to vulnerable children.**

Measures	Baseline	Target for 2020/21
Overall school absence rate	4.7% (2018)	Top quartile (the top quartile benchmark was 4.7% in 2018)
Permanent exclusion rate	0.05% (2018)	Top quartile (the top quartile benchmark was 0.10% in 2018)

Percentage of disadvantaged children achieving expected levels at KS2 (reading, writing, maths)	49% (2018)	Top quartile (the top quartile benchmark was 56.1% in AY 2017-18)
Percentage of disadvantaged children achieving a standard pass at KS4 (Attainment 8)	35.2% (2018)	Top quartile (the top quartile benchmark was 38.7% in AY 2017-18)
Percentage of children with SEND achieving expected levels at KS2 (reading, writing, maths)	9% (2018)	Top quartile (the top quartile benchmark was 11.1.% in AY 2017-18)
Percentage of children with SEND achieving a standard pass at KS4 (Attainment 8)	15% (2018)	Top quartile (the top quartile benchmark was 15.3% in AY 2017-18)
Percentage of Children in Care achieving expected levels at KS2 (reading, writing maths)	32.0% (2018)	Top quartile (the top quartile benchmark was 44.1% in AY 2017-18)
Percentage of Children in Care achieving a standard pass in English and Maths at KS4 (Attainment 8)	21.1% (2018)	Top quartile (the top quartile benchmark was 26.0% in AY 2017-18)
Number of care leavers who are in education, employment and training	49% (2018)	Top quartile (the top quartile benchmark was 58.1% in 2018)

**We will use the following indicators and targets to measure the success of our work to improve outcomes for vulnerable adults.**

Measures	Baseline	Target for 2020/21
Gap in the employment rate learning disability and the wider population	67.6% (2017/18)	66%



Gap in employment rate between people receiving secondary mental health support and the wider population	74.2% (2017/18)	72%
Percentage of people with learning disabilities in paid employment	16% (2018/19)	18%
Percentage of people known to secondary mental health services in paid employment	4% (2018/19)	6%
Rate of admissions to residential/nursing homes (per 100,000)	393 (2017/18)	380
Percentage of people still at home 91 days after reablement	88% (2017/18)	82%*
Diagnosis rate for dementia	64.5% (March 2019)	67%
Percentage of care homes rated good or outstanding	82% (Nov 2019)	85%
Number of delayed transfers of care (per 100,000)	2.9 (2018/19 average)	2.4
Percentage of people over 65 in receipt of long-term services who are satisfied with these services (captures satisfaction with the whole care system – not just our services)	62.9% (2017/18)	63%
Adult Social Care vacancy rate	20% (Oct 2019)	15%

*\*Target set for Essex at the national level*

**We will use the following indicators and targets to measure the success of our work to improve public health.**

Measures	Baseline	Target for 2020/21
Percentage of children who are overweight or obese (year 6)	31.4%	30%

	(2018/19)	
Referral rates for people at risk of diabetes	3,000 (2019/20)	6,000
Percentage of primary schools delivering the 'daily mile'	36% (Jan 2019)	70%
The number of people supported through weight management programmes	10,000 (2019/20)	15,000
Percentage of adults who are physically active adults (19+)	66.1% (2017/18)	67%
Major employers (500+ employees) committed to strengthen their role as 'anchor institutions'	N/A (New measure)	12
Stroke - all ages prevalence	1.8% (2018/19)	1.8%
Emergency hospital admissions due to falls in people aged 65 and over	2,059 (2017/18)	2000
Percentage of residents who are lonely	8% (2018)	6%
The number of businesses engaged in healthy workplace initiatives	258 (2019/20)	300

We have also identified the following milestones, to be achieved over the 2020/21 financial year, in support of our work to improve public health. By March 2021 we will have:

- Agreed a strategic approach with Public Health England, to maximise the economic and social benefits of the organisation's relocation to Harlow.
- Progressed work to attract a government department to locate in Clacton.

**Over the long-term we will measure the success of our work to improve health across Essex with reference to:**

- **Measures of life expectancy** – seeking increases in life expectancy across Essex that are 10% greater than the national rate by the mid-2030s;
- **Reducing health inequalities** – seeking a 50% reduction in the life expectancy gap between the national average and key localities in Essex (including Clacton, Harwich, Basildon town, Colchester town and Canvey). We want to secure significant progress by the mid-2030s.
- **Reducing suicide rates in Essex** – seeking to reduce the suicides to a rate of 10.7 per 100,000 people by 2024; and
- **Reducing disadvantage** – we want to ensure that, by the mid-2030s, people with mental health issues and/or learning disabilities have no disadvantages linked to employment and lifestyle opportunities, that might impact on life expectancy.



## Help create great places to grow up, live and work

We will invest in quality homes and building communities' capacity and capability to support themselves. We recognise the threats posed by climate change and will support low carbon and sustainable travel options for the people of Essex. By looking after our natural environment, and by taking care of the waste we produce, we will secure a sustainable environment for everyone to enjoy.

### Over the long-term we will measure the success of our work with reference to measures of:

- **Development in new communities** – seeking to secure 33,000 new homes across new garden communities by 2035.
- **Sustainable travel** – we are targeting:
  - increases in the share of journeys taken using sustainable modes of transport in key urban centres (Colchester, Chelmsford, Basildon, Harlow, Braintree) by the mid-2030s;
  - a reduction in sedentary / inactive travel to 15% of journeys over the same timeframe.
- **Carbon emissions** – ensuring that Essex is 65% of the way to becoming net carbon neutral by 2035, and on track to be net carbon neutral by 2050;
- **Landfilled waste** – we are targeting zero household waste to landfill by 2035;
- **Environmental stewardship – in particular:**
  - delivering all sections of the Essex Coastal path by 2024;
  - planting 1 million trees across the county by 2035;
  - establishing Clean Air Zones in major urban centres (Chelmsford, Colchester, Basildon, Harlow); and
  - creating green space to reduce the impact of transport pollution in highways and redevelopment schemes.

We recognise these are ambitious targets to transform Essex, and to deliver our long-term plans for the county. The groundwork needs to be laid over the next year. We have therefore set the following milestones for the next financial year.

By March 2021 we will have:

- secured £500m of infrastructure funding to enable Garden community delivery in North Essex and Chelmsford;
- built 550 homes in new garden communities;
- helped secure the adoption of Local Plans to provide the statutory planning policy framework and land allocations for all Essex Garden Communities;
- enabled 100 parish councils to deliver local wellbeing plans and initiatives;
- established a network of 100 Social Media Groups to support community level public health initiatives;

- identified Strategic Electric Vehicles charging point locations across Essex;
- submitted a successful bid to the Government's Electric Bus Fund;
- delivered Essex's Climate Action Commission - carrying out extensive engagement to build a strong evidence base and deliver ambitious and implementable recommendations;
- implement plans for circular economy approach and increased recycling across our core estate;
- implemented measures to improve air quality on the A127;
- created one green space/feature in Air Quality Management Areas to reduce the impact of transport pollution;
- established an initial section of the Essex Coastal Path (Maldon – Salcott); and
- planted 25,000 trees as part of the Essex Forest initiative.

## Transform the Council to achieve more with less

Our work to transform the Council to achieve more with less is focussed on four key areas, income, social value, our workforce and our digital services.

**We will use the following indicators and targets to measure the success of our work:**

Measures	Baseline	Target for 2020/21
Income generated from sales, fees and charges	£37.3m (2019/20)	£39.2m
Social value achieved through our procurement and workforce practices, focussing on: <ul style="list-style-type: none"><li>the number of new jobs (full time equivalent) created for people with physical disabilities and/or mental health issues;</li><li>the number of new employees taken on who are care leavers;</li><li>the number of car miles saved on the project (e.g. through cycle to work, public transport and car-pooling arrangements); and</li><li>the number of miles driven by no or low emission staff vehicles</li></ul>	N/A – Pilot measure	Target to be set in Summer 2020
Return of investment/ costs avoided through our portfolio of business design, organisation design and continuous improvement projects	N/A – Pilot Measure	Target to be set in Summer 2020
Workforce productivity – based on indices that quantify the effectiveness and efficiency of our workforce*	N/A – Pilot Measure	Target to be set in July 2020
Digital completion rates - the number of digital transactions that our customers complete as a proportion of the total number of digital transactions started**	30% (2018/19 average across all channels)	Target will be set in September 2020

The digital take up rate - the number of customers completing transactions online as a proportion of those customers who carry out the same transactions through other all channels (i.e. digital, telephone or paper)**	N/A – programme in early stages	Targets will be set from March 2020
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\* we propose to develop this measure further within 2020/21 to include measures of supplier productivity.

\*\* measurement will focus on transactions relating to Highways, Blue Badges, Schools, Registrations, Libraries and Trading Standards.

# **Annex 3**

## **Capital and Treasury Management Strategy**



# CAPITAL AND TREASURY MANAGEMENT STRATEGY

This Strategy explains how decisions are made about capital expenditure, investments and treasury management. The Strategy contains several elements as follows:

- **Capital expenditure**  
In this section, the process for approving, monitoring and financing capital projects is explained.
- **Capital financing and borrowing**  
This section provides a projection of our Capital Financing Requirement and the external borrowing required. It also explains how we will discharge our duty to repay debt.
- **Treasury management investments**  
This section explains how and where funds will be invested to ensure that the funds are protected from loss and are available when needed.
- **Commercial investments**  
This section contains an overview of our approach to commercial investment activities, including processes, due diligence and defining our risk appetite in respect of these, including proportionality in respect of overall resources.
- **Knowledge and skills**  
The final section explains the knowledge and skills available to us in relation to management of borrowing and investment activities.

Further details are provided in the following sections.

# CAPITAL EXPENDITURE

## CAPITALISATION POLICIES

Capital expenditure is expenditure on the acquisition or construction of land, buildings, roads and bridges, vehicles, plant and equipment and other assets that:

- Will be held for use in the delivery of services, for rental to others, or for administrative purposes; and
- Will be of continuing benefit to us for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

There may be instances where expenditure does not meet this definition but would still be treated as capital expenditure, including:

- Where we have no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if we did control or benefit from the resulting assets; and
- Where statutory regulations require us to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

We operate several limits for capital expenditure which means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

De-minimis limits	£
<b>General limit</b> (applied where no specific limit is applicable)	<b>10,000</b>
<b>Specific limits:</b>	
▪ Schools' capital projects funded or supported by Formula Capital Grant	<b>2,000</b>
▪ Transport (highways) infrastructure	<b>Nil</b>
▪ Land	<b>Nil</b>

## GOVERNANCE

The Leader (who is currently the Cabinet Member for Finance, Property and Housing), in conjunction with the Executive Director for Finance and Technology, manages the preparation of a capital programme, on behalf of the Council, on an annual basis in accordance with our capital projects governance arrangements and capitalisation criteria.

Each scheme that is added to the Capital Programme is allocated:

- A 'start date' for planning purposes;
- An overall 'scheme approval' which sets the overall budget for the scheme; and
- An 'annual payments guideline' which sets the parameters for expenditure in each of the financial years over which the scheme is expected to span.

Once the Capital Programme or a scheme is approved, Executive Directors are, subject to the rule in the Constitution that officers may not take a Key Decision and limits within the scheme of delegation to officers, authorised to progress with capital projects that have:

- An approved 'start' date in the current or a prior financial year (i.e. schemes with a start date in a future financial year are indicative only, and do not constitute approval to spend); and
- Adequate scheme and payments approval in the Capital Programme to finance these projects.

Schemes will usually only be added to, or removed from, the Capital Programme as part of the annual budget setting process. Any request outside of this process to change the capital programme by adding or removing schemes, or by allocating additional scheme and payment approvals to an approved scheme, must be approved by the Leader (who is currently the Cabinet Member for Finance, Property and Housing) (up to a limit of **£5m**) or by the Cabinet (for schemes of **£5m** or more).

Executive Directors will ensure that:

- All officers responsible for committing expenditure on any approved capital project comply with all relevant guidance and follow approved certification processes;
- Budget holders are accountable for the effective management of the scheme and payment approvals allocated to them to either oversee or directly manage;
- Appropriate monitoring processes are in place to ensure that the scheme and payment approvals for a capital project are not over spent; and
- Reports are made to the relevant Cabinet Member(s) on expenditure compared with the scheme and payment approvals for the capital projects for which they are accountable.

The Executive Director for Finance and Technology will ensure that timely information is available on expenditure for each capital project, which is sufficiently detailed to enable Executive Directors and their managers to fulfil their budgetary responsibilities.

The Executive Director for Finance and Technology will also monitor performance against our approved capital programme on an on-going basis and will advise upon the overall financial position. Specifically, the Executive Director for Finance and Technology will prepare financial overview reports for the Leader (who is currently the Cabinet Member for Finance, Property and Housing) to present to Cabinet on a regular basis. These financial overview reports will provide a comparison of our projected expenditure with the latest approved Capital Programme and assess the financing implications of variations in forecast under / over spends against payment approvals.

## **CAPITAL EXPENDITURE PLANS**

The proposal is for capital investment of **£235m** for the 2020/21 programme, with an indicative programme for the subsequent three years totalling **£1.047bn**. These planning levels represent a continued major investment in the infrastructure and economy of Essex. Further details are presented elsewhere within our 2020/21 Organisation Plan.

When expenditure is classified as capital expenditure for capital financing purposes, this means that we can finance that expenditure from any of the following sources:

- **Capital grants and contributions** - amounts awarded to us in return for past or future compliance with certain stipulations.
- **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
- **Borrowing** - amounts that we do not need to fund immediately from cash resources, but instead charges to the revenue budget over several years into the future.

Actual capital expenditure and financing sources for 2018/19, together with the original and updated plans for 2019/20, proposals for 2020/21 and the indicative guidelines for the subsequent three years, are summarised in Annex 3A, with detailed plans presented within the Organisation Plan.

# CAPITAL FINANCING REQUIREMENT AND BORROWING

## CONTEXT

We are required by regulation to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') when assessing the affordability, prudence and sustainability of our capital investment plans.

Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These prudential indicators are intended to collectively build a picture that demonstrates the impact over time of our Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

A summary of the Prudential Indicators for the period 2018/19 through to 2023/24 is provided in Annex 3A. Explanatory comments are provided in the following paragraphs.

## CAPITAL FINANCING REQUIREMENT

When we finance capital expenditure from borrowing, this means that we can charge the expenditure to the revenue budget over several years into the future. We do this in accordance with our policy for the repayment of debt (see Annex 3C).

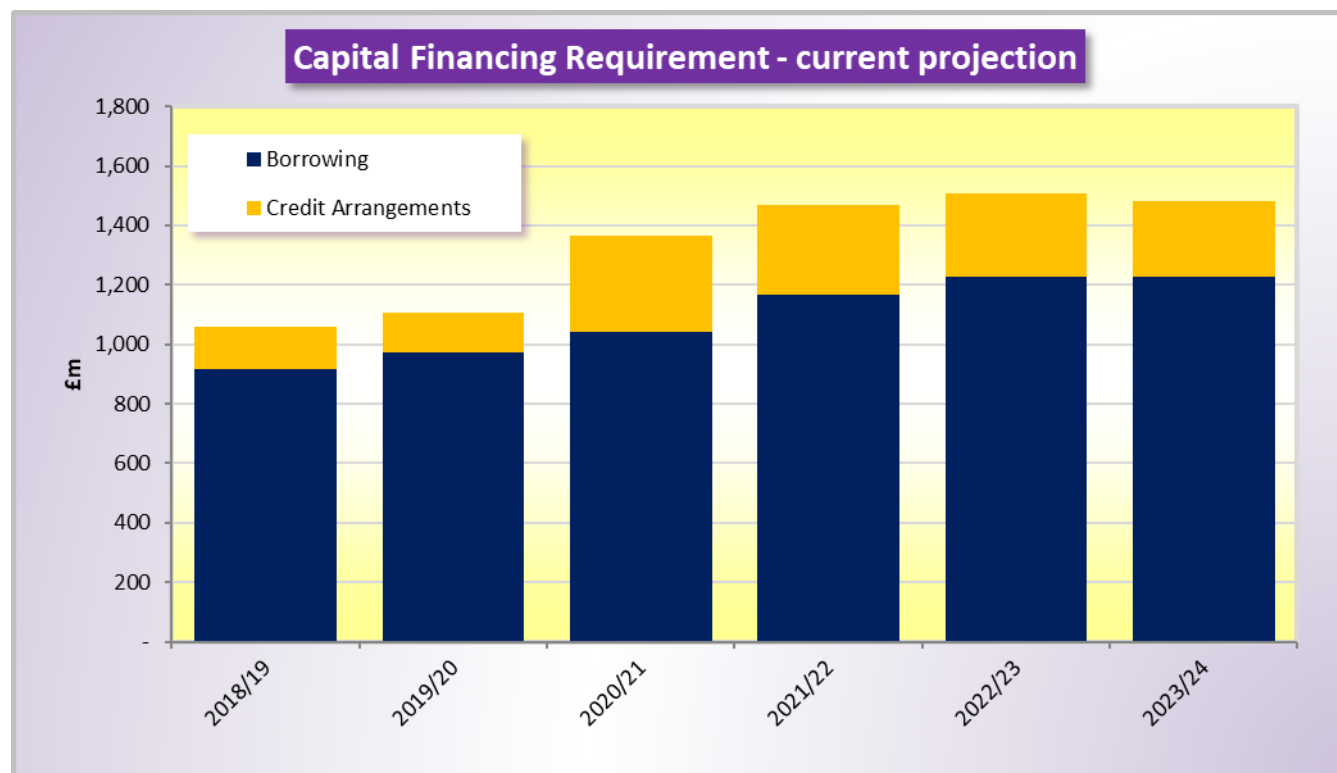
The actual Capital Financing Requirement (CFR) for 2018/19 provides a measure of the amount of capital expenditure that we have already spent that has yet to be funded from cash resources. That is, it provides a measure of our indebtedness, and hence of our need to borrow for capital financing purposes.

Credit arrangements are also included in the calculation of the CFR because they have the same practical impact as borrowing; credit arrangements are those that enable us to acquire the use of assets on deferred payment terms – typical examples include finance leases and Private Finance Initiative schemes.

The forward projections of the CFR reflect:

- Our intention to finance further capital expenditure from borrowing (*which results in **increases** to the CFR*); and
- Revenue budget provision being made for the repayment of debt (*which results in a **reduction** to the CFR*).

The actual CFR for 2018/19 and forward projections for the current and forthcoming years are illustrated in the graph below:



This graph shows that the estimates of the CFR are on an upward trajectory. This is because the amount of capital expenditure that we intend to finance from borrowing exceeds the annual provision for the repayment of debt each year up to and including 2023/24. In addition, there is a substantial increase in credit arrangements in 2020/21, reflecting the estimated impact of bringing leases currently classified as operating leases onto our Balance Sheet in that financial year, which is a requirement of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020.

The estimates of the CFR assume that:

- The Government will continue to support local authorities' capital investment over the medium term via the provision of capital grant rather than by 'supported borrowing'; and
- We will repay debt on the basis set out in Annex 3C.

## EXTERNAL BORROWING LIMITS

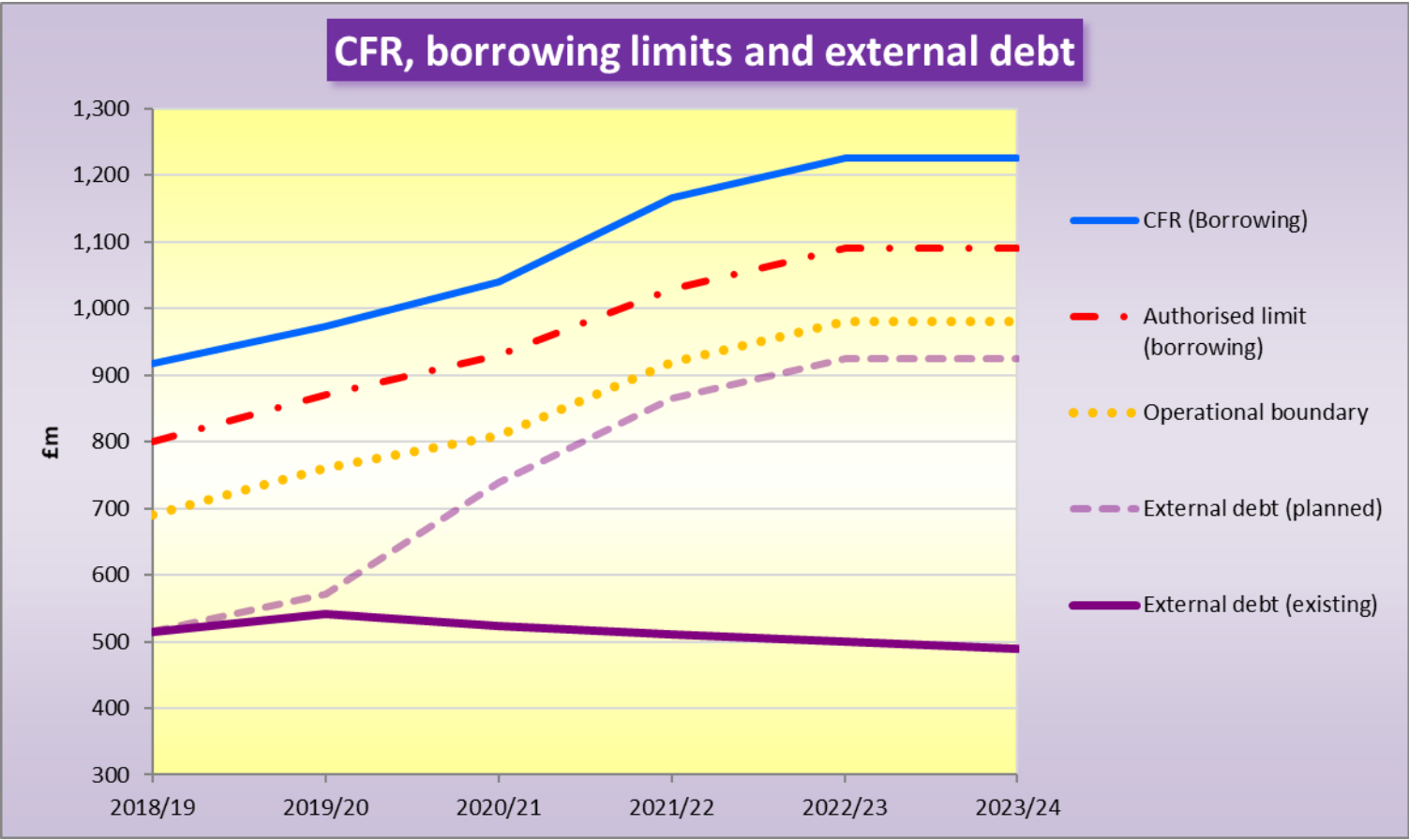
We are permitted to borrow externally (including via credit arrangements) up to the level implied by our Capital Financing Requirement (CFR).

To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by us, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003. This is set at **£1,255m** for 2020/21.
- **Operational boundary** – this is an estimate of the probable level of our external debt and provides the means by which external debt is managed to ensure that the 'authorised limit' is not breached.

The proposed limits, which are set out in Annex 3A, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst-case scenarios. They allow enough headroom for fluctuations in the level of cash balances and in the level of the Capital Financing Requirement.

As illustrated in the graph below, the authorised limit and operational boundary related to external borrowing are below the current estimates of the Capital Financing Requirement for borrowing.



This graph also shows the current level of external borrowing and how this is expected to increase as a result of our current capital expenditure plans.

We can sustain external borrowing at a level below our Capital Financing Requirement because we are able to temporarily utilise its cash balances as a short to medium term alternative to external borrowing. This practice, which is referred to as 'internal borrowing', does not reduce the magnitude of funds held in reserves and balances; the funds are merely being borrowed until they are required for their intended purpose.



## BORROWING STRATEGY

The Capital Financing Requirement (CFR) provides a measure of our need to borrow in order to manage the cash flow implications of incurring capital expenditure that we do not immediately fund from cash resources.

Currently, long-term external borrowing amounts to **£542m**, which will equate to around **56%** of the estimated CFR at 31 March 2020. It is however possible (and assumed, for the purposes of this Strategy) that further external borrowing (up to **£30m**) will be undertaken before 31 March 2020.

We can maintain external borrowing at a level below its CFR by temporarily using the cash we have set aside for other purposes (a practice referred to as 'internal borrowing').

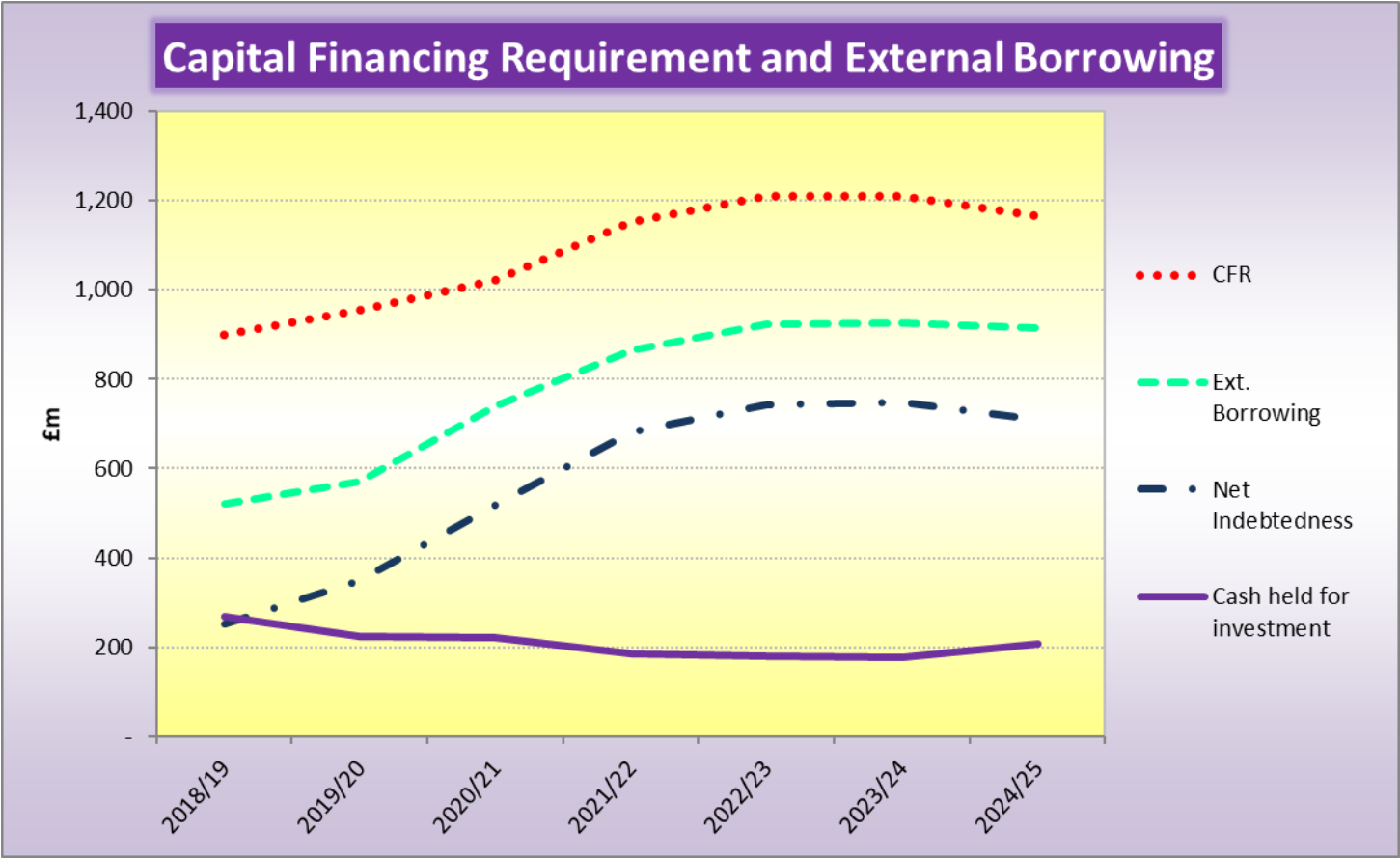
The use of internal borrowing has:

- Enabled us to avoid significant external borrowing costs (*i.e. making it possible to avoid net interest payments of around **£8.6m** per annum*); and
- Mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

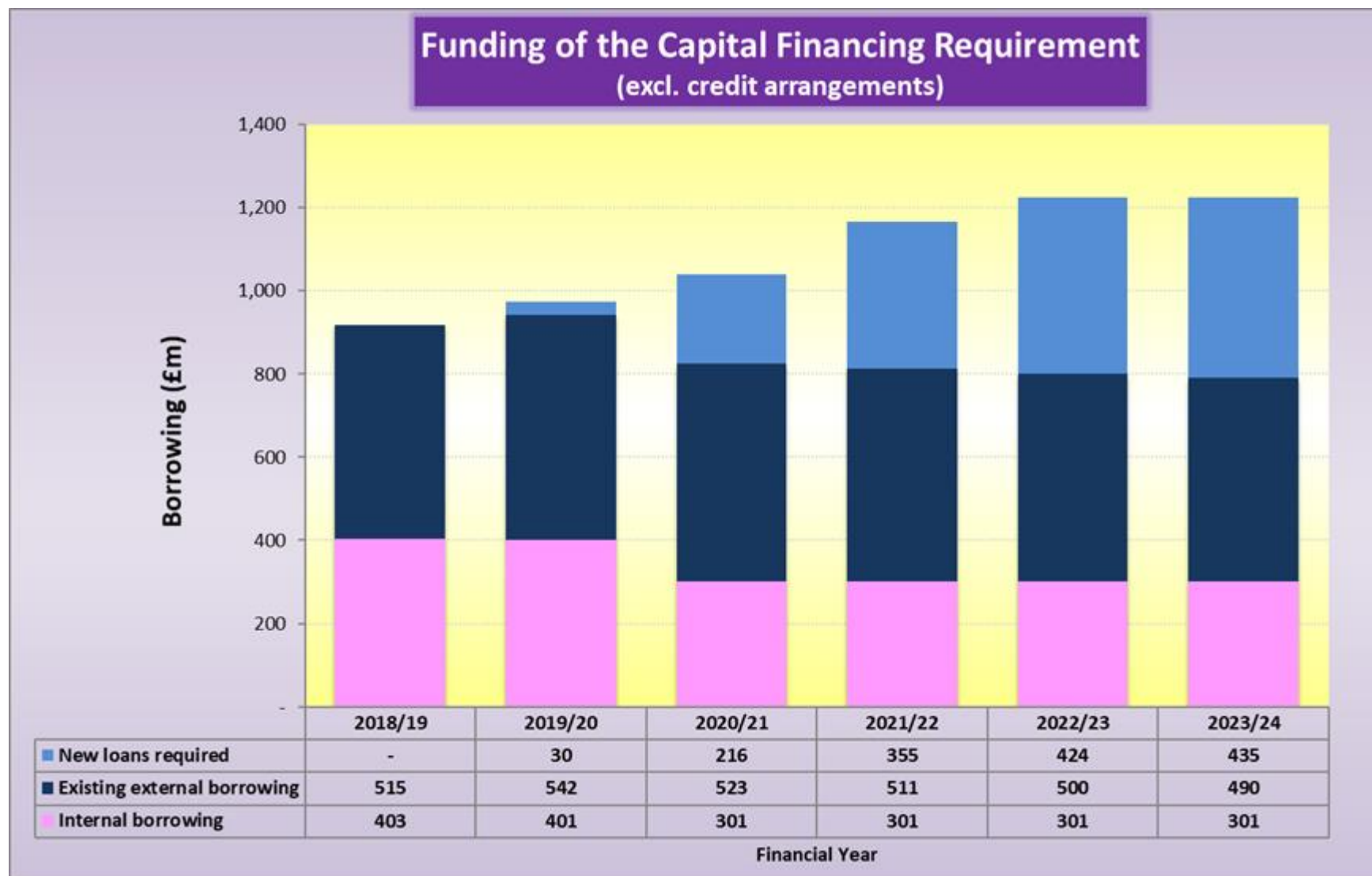
However, it is necessary to keep under review our capacity to 'internally borrow', and to plan to replace internal for external borrowing as the availability of cash balances changes.

It is assumed that long term external borrowing will be undertaken at a level to ensure that our underlying cash balances are maintained at around **£200m**. Maintaining our underlying balances at this level will provide enough headroom to enable us to temporarily defer new long-term borrowing should it be considered advantageous to do so.

The graph below provides a graphical representation of this position – that is, it shows that we expect to maintain external borrowing at a level well below our Capital Financing Requirement. The graph also shows that that net indebtedness is lower than external borrowing because we expect to maintain cash balances for investment:



The following graph shows how we anticipate funding the Capital Financing Requirement:



That is, it shows how much will be funded from internal borrowing and how external borrowing is expected to increase.

This translates into the following levels of long-term external borrowing over the period covered by this strategy:

Current Forecast	Long term borrowing requirement				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b>Existing external loans</b>	<b>541,710</b>	<b>523,360</b>	<b>510,723</b>	<b>500,296</b>	<b>489,735</b>
<b>Requirement for further borrowing</b>					
2019/20	30,000	30,000	30,000	30,000	30,000
2020/21	-	186,000	186,000	186,000	186,000
2021/22	-	-	139,000	139,000	139,000
2022/23	-	-	-	69,000	69,000
2023/24	-	-	-	-	11,000
<b>Total new borrowing</b>	<b>30,000</b>	<b>216,000</b>	<b>355,000</b>	<b>424,000</b>	<b>435,000</b>
<b>Total external borrowing</b>	<b>571,710</b>	<b>739,360</b>	<b>865,723</b>	<b>924,296</b>	<b>924,735</b>
<i>Internal borrowing</i>	<i>401,772</i>	<i>300,922</i>	<i>300,854</i>	<i>300,833</i>	<i>300,521</i>
<b>Total borrowing</b>	<b>973,482</b>	<b>1,040,282</b>	<b>1,166,577</b>	<b>1,225,129</b>	<b>1,225,256</b>

Further long-term external borrowing may be undertaken, in excess of the amounts shown above, if it is not possible or desirable to sustain internal borrowing at the current forecast.

The external borrowing requirement will be kept under review, and long-term external loans will be secured within the parameters established by the authorised limit and operational boundary for external debt (as set out within Annex 3A).

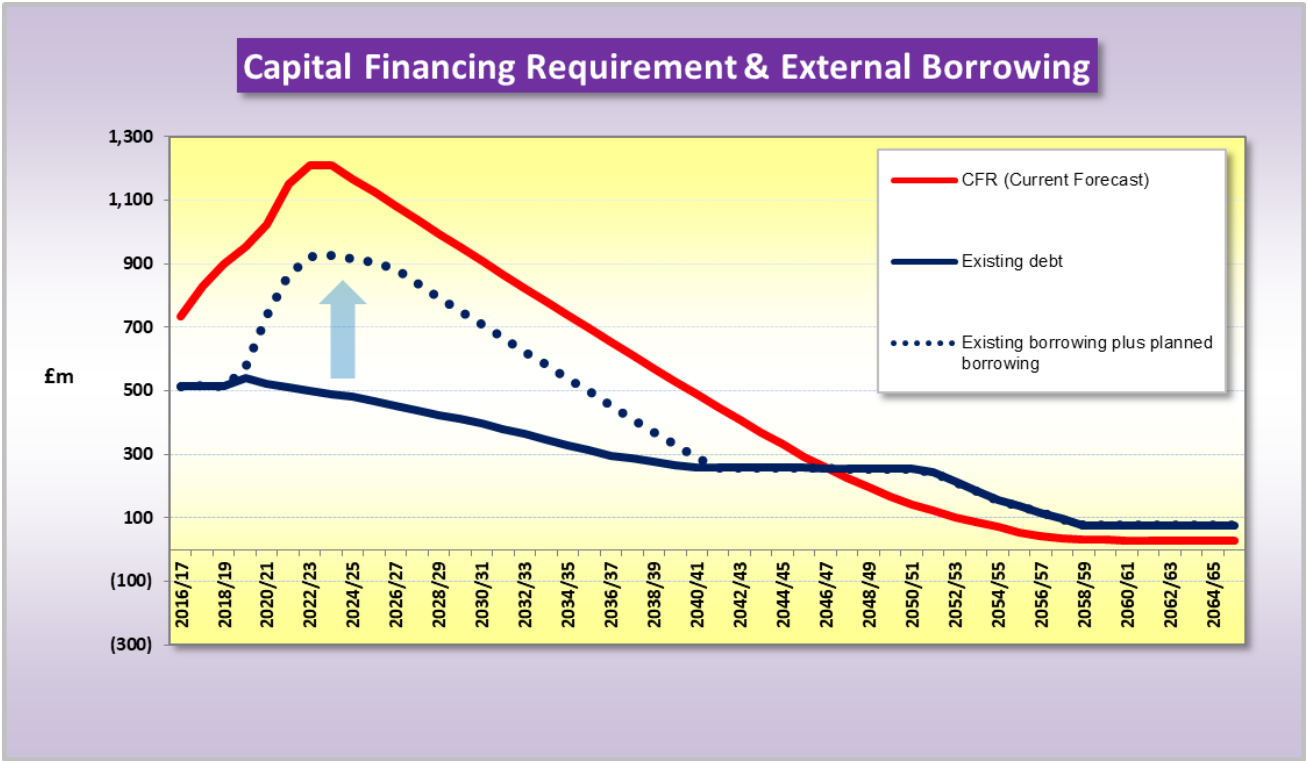
Opportunities to generate savings by refinancing or prematurely repaying existing long-term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

# MATURITY STRUCTURE OF BORROWING

Limits are proposed, in Annex 3C, for the maturity structure of borrowing. The purpose of these limits is to guide decisions about the period over which new borrowing will be secured, to ensure that we do not have:

- A large amount of debt maturing in any one year that it may need to refinance in that year alongside any new borrowing that may be required; and
- External loans in excess of its CFR, other than in the short term.

Although external borrowing is currently at a level well below the CFR, this only remains the case until 2046/47; in 2046/47, the CFR falls below existing loans on a sustained basis, as illustrated in the graph below:



However, no assumptions are included in the above forecast of additional capital expenditure beyond the current planning horizon. Therefore, it is probable that the longer term forecast of the CFR will exceed that shown above. However, any new loans secured over the period covered by this Strategy will be repaid before 2046/47, to ensure that external loans do not further exceed the longer term forecast of the CFR.

## **INTEREST RATE EXPOSURE**

In order to manage and minimise the impact of movements in interest rates, limits are proposed within Annex 3C that will establish the ranges within which fixed and variable rate borrowing will be undertaken.

We usually secure our long-term loans at fixed rates of interest, to provide certainty over the cost of maintaining the loans over their lifetime (indeed, all our current long-term borrowing is at rates of interest that were fixed at the outset, for the whole duration of the loans).

Whilst any new loans secured over the period of this strategy are likely to also be secured at fixed rates of interest, up to **30%** could, alternatively, be secured at variable rates of interest. This would, for example, be appropriate if funding is required for a relatively short period, or when we wish to defer locking into fixed rate loans when interest rates are high but are forecast to reduce in the near term.

## **PERFORMANCE INDICATORS**

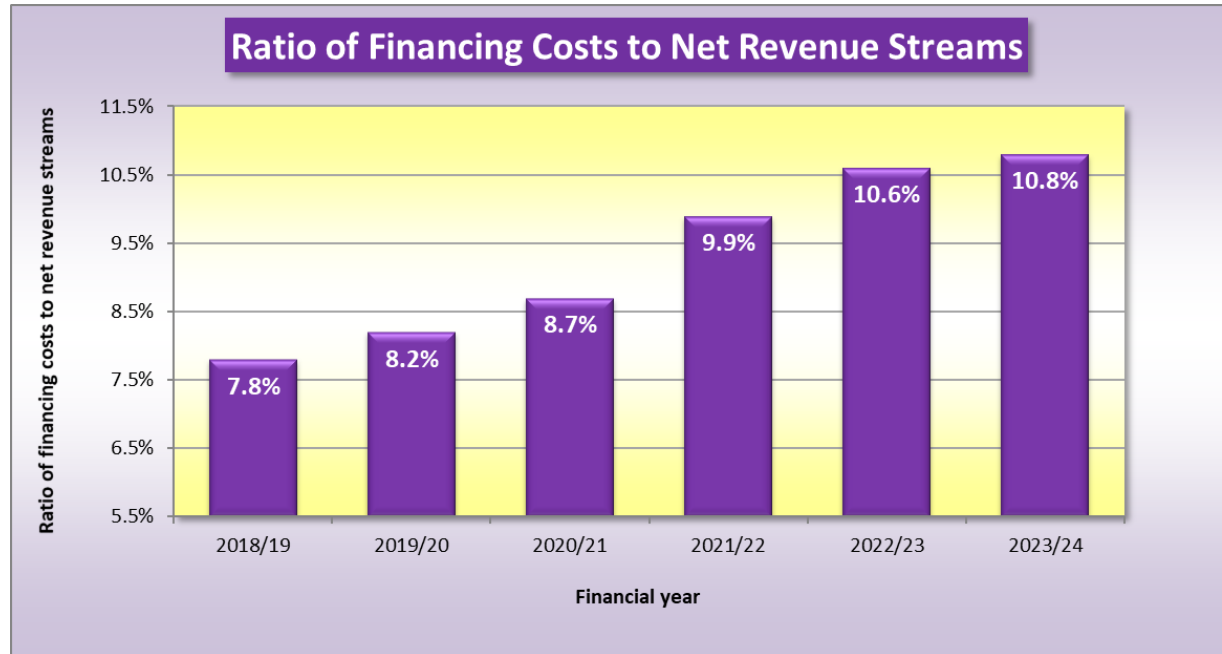
If long-term borrowing is undertaken, performance will be assessed against the average PWLB rate for the year for the applicable loan type and interest rate banding.

Short term borrowing will be assessed against the average 7 Day London Inter Bank Offer Rate (**7DLIBOR**) for the year.

## **RATIO OF FINANCING COSTS TO NET REVENUE STREAMS**

The trend in the 'cost of capital' is provided by the 'ratio of financing costs to net revenue streams'. This ratio provides a key indicator of affordability, as it shows the proportion of the annual revenue budget that is being consumed year on year in order to finance the costs of borrowing (i.e. interest and debt repayments, net of investment income).

The actual ratios for 2018/19, and the latest estimates for the current and forthcoming three years, are provided in Annex 3C. The trend in this ratio over this period is illustrated as follows:

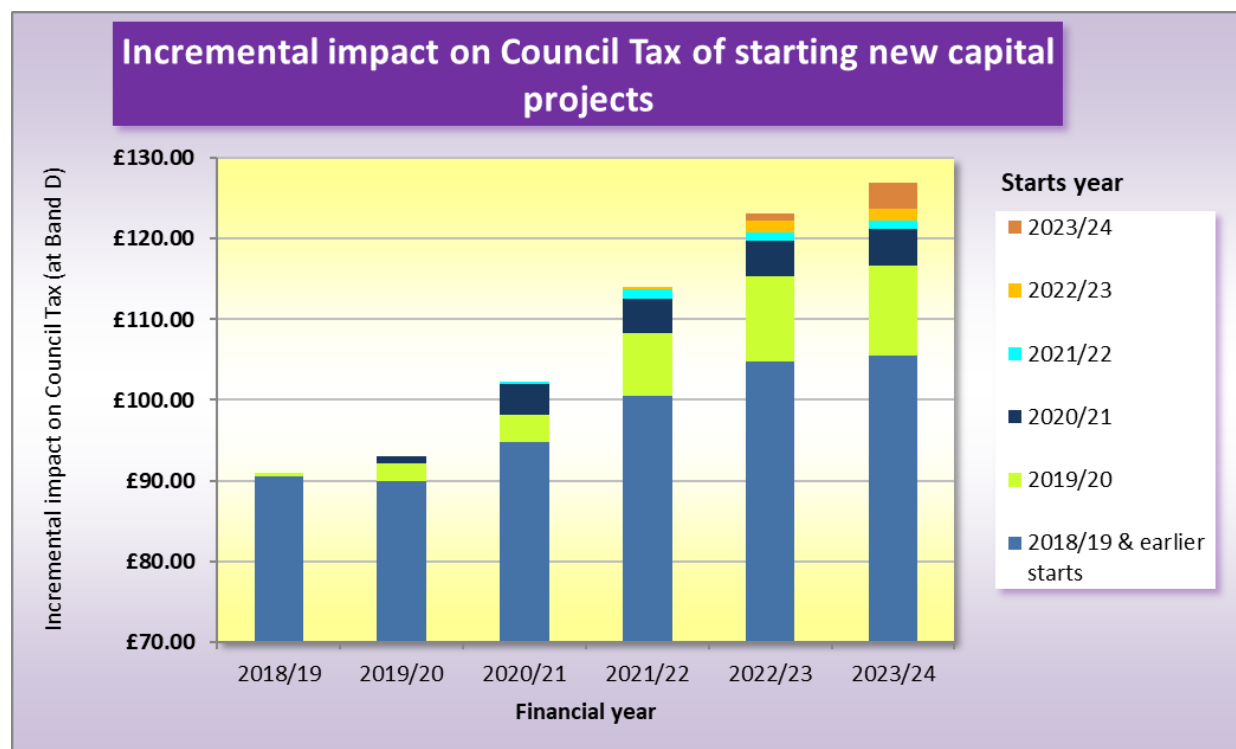


This shows that the proportion of the revenue budget that is required to fund borrowing costs is expected to increase from **7.8%** in 2018/19 to **10.8%** by 2023/24. This increase largely reflects the impact of our capital programme proposals over the forthcoming four years.

## INCREMENTAL IMPACT ON COUNCIL TAX

Another measure of the affordability of the capital programme proposals is their impact upon council tax. The incremental impact upon council tax (at **band D**) from continuing with capital schemes started in, and prior to, 2018/19 and the additional amounts that result from commencing new capital projects in the current and subsequent three years is set out in Annex 3A.

The graph below shows the amount of council tax income required to meet debt financing costs, split between the amounts that arise because of capital projects that started in 2018/19 or earlier years, and the amounts arising as a consequence of commencing additional capital projects in each year of our current planning horizon:



The actual impact upon council tax may be lower than that implied in Annex 3A because:

- The indicator is calculated on the basis that the revenue implications of borrowing decisions will be funded entirely from council tax; the Budget Requirement is funded from a combination of financing sources, including council tax, business rates and general government grants.
- No account has been taken of the savings that may accrue from invest to save / improve schemes.



## REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

When we finance capital expenditure from borrowing, we do not immediately fund the expenditure from cash resources. Instead, we set cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as making minimum revenue provision (or MRP) for the repayment of debt.

The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that we have yet to fund from cash resources.

Statutory guidance requires MRP to be provided annually on a prudent basis, and interprets 'prudent' to mean that:

- MRP charges on Government **supported** and **pre-April 2008** borrowing should (as a minimum) be made over a period commensurate with the period implicit in the determination of the original grant; and
- MRP charges on **unsupported** borrowing should be made over a period commensurate with the period the capital expenditure provides benefit.

The Secretary of State does not rule out or otherwise preclude the use of alternative methods to those listed above if another method is considered more appropriate.

In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', we ensure that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology explained in Annex 3C.

The revenue budget provision for 'revenue provision' charges in 2020/21 has been compiled on a basis consistent with the policy set out in Annex 3C.

# TREASURY MANAGEMENT INVESTMENTS

## INTRODUCTION

Our treasury management investment activities must be undertaken in compliance both with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (referred to as the Treasury Management Code) and with statutory guidance. The Treasury Management Code and statutory guidance require us to prepare an annual strategy that explains how we will invest our funds, giving priority to security and liquidity, and then to yield.

## ECONOMIC OUTLOOK

Forecasts of future interest rates are provided in Annex 3C. These forecasts are predicated on the assumption of an agreement being reached on UK's exit from the EU.

An agreement on the EU exit is likely to lead to a boost in consumer and business confidence which could, in turn, increase inflationary pressure in the economy and lead the Bank of England to gently increase the Bank Rate. Just how fast interest rates will rise will depend on the nature of the UK's exit from the EU:

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would act to cut the Bank Rate, in order to help economic growth.
- If there was a **disorderly EU exit**, then any cut in the Bank Rate would be likely to last for a longer period and also depress short and medium-term gilt yields. Quantitative Easing could also be restarted to act as a fiscal stimulus to protect economic growth.

The overall balance of risks to economic growth in the UK is probably to the downside, due to the weight of all the uncertainties over the EU exit, as well as a softening global economic picture.

## INVESTMENT PROJECTIONS

We have cash backed resources which we have set aside for longer term purposes (such as funds set aside in reserves and balances), and working capital balances, that can either be invested or temporarily utilised to defer the need for external borrowing.

Forecasts of the investment balances for the forthcoming three years are set out in Annex 3C.

## INVESTMENT STRATEGY

When we have surplus cash balances, these are invested until they are next required. Usually, this means that funds are invested on a short-term basis (i.e. up to a maximum period of 365 days), but up to **£50m** may be invested for periods beyond 365 days.

In accordance with regulatory requirements, the primary objectives, when investing our funds, are **security** (*protecting the capital sum invested from loss*) and **liquidity** (*ensuring the funds invested are available for expenditure when needed*). The generation of **yield** is distinct from these prudential objectives. However, this does not mean that we ignore yield; once proper levels of security and liquidity are determined, yield is then considered.

Our funds will primarily be invested according to the Secretary of State's definition of **specified** investments. Specified investments are sterling deposits made for periods of less than one year with investment schemes of high quality and which are not defined by regulation as capital expenditure. Specified investments include deposits with the UK Government, other local authorities, money market funds and bodies of high credit quality.

Funds may also be invested according to the Secretary of State's definition of **non-specified investments**. Non specified investments are any financial investments that are not loans and do not meet the criteria to be treated as a specified investment. The inclusion of non-specified investments in the investment strategy is to allow funds (up to a maximum of **£50m**) to be invested for periods of in excess of one year.

A lending list will be compiled to include counterparties satisfying the criteria set out within Annex 3D. The lending limits that will be applied to counterparties satisfying these criteria are also set out within Annex 3D. Additional operational market information (e.g. Credit Default Swaps, negative rating watches/outlooks etc.) will also be considered before making any specific investment decisions.

The criteria for choosing counterparties (as set out within Annex 3D) provide a sound approach to investing in normal market circumstances. However, the Executive Director for Finance and Technology will determine the extent to which the criteria set out within Annex 3D will be applied in practice.

## INTEREST RATE EXPOSURE

In order to manage and minimise the impact of movements in interest rates, limits are proposed within Annex 3B that will establish the ranges within which fixed and variable rate investments will be undertaken. As noted elsewhere, most of our investments are made for periods of less than 365 days, for durations that ensure that the cash is available to meet expenditure when needed. Because of the relatively short-term nature of these deposits, there is little to differentiate between fixed and variable rates of interest – funds could equally be invested fully at fixed rates of interest or fully at variable rates.

## LIQUIDITY

Liquidity is defined as having adequate, but not excessive cash resources, borrowing arrangements and overdraft or standby facilities to ensure that funds are always available for the achievement of our objectives. In this respect, we will seek to maintain liquid short-term deposits of at least **£20m** available with a week's notice.

## PERFORMANCE

Performance on cash invested short term, in order to maintain liquidity of funds, will be benchmarked against the Seven Day London Inter Bank Bid Rate (**7DLIBID**) rate; the aim being to achieve investment returns that are equivalent to, or greater than, the average 7-day LIBID rate for the year.

## TREASURY MANAGEMENT ADVISORS

We employ **Link Asset Services, Treasury Solutions** to provide us with treasury management advice.

The services provided by Link Asset Services, Treasury Solutions include advice on treasury matters and capital finance issues, economic and interest rate analysis and creditworthiness information. Notwithstanding this, the final decision on all treasury matters remains vested us.

The services received from Link Asset Services, Treasury Solutions are subject to regular review.

## OTHER MATTERS

We currently provide treasury management support to our local trading companies (principally Essex Cares Ltd) and holds cash balances on behalf of the partnerships for which we are 'accountable' body (principally the South East Local Enterprise Partnership). As part of the agreement to provide treasury management support to these organisations, we may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash. Any amounts borrowed from, or lent to, these organisations are consolidated with our own cash balances daily, and we invest or borrow on the net position. We charge interest on amounts lent to these organisations, and pay interest on amounts borrowed, in accordance with the terms of a formal agreement between the respective parties.

Accounting arrangements require some investments to be classified as 'fair value through profit and loss' (FVPL) and carried at 'fair value'. Statutory regulations allow revaluation gains and losses on investments classified as FVPL to be held in an unusable reserve, but only until **31 March 2023**; thereafter, revaluation gains and losses will be recognised in the Revenue Account as they arise. Use of FVPL investments will be considered carefully.

## COMMERCIAL INVESTMENTS

Statutory guidance on local authority investments (issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003) classifies local authority investments into the following categories:

- Investments held for treasury management purposes
- Other investments

Investments held for treasury management purposes are dealt with in the 'Treasury Management Investments' section of this document. This section deals with 'other investments', where the intention is for investments to contribute to our service delivery objectives and/or place making role. The following paragraphs provide an overview of the commercial investments already undertaken.

### INVESTMENT PROPERTIES

We have acquired three properties, at a total cost of **£33.9m** (two in 2017/18 and one in 2018/19), which are held solely for capital appreciation and/or to earn rental income. These commercial properties are leased to end users on commercial leases.

These properties are measured at their fair value annually (which ensures the valuation reflects the market conditions at the end of each reporting period). The fair value measurements enable us to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer enough (on a sustained basis) to provide security against loss, mitigating actions will be considered, to ensure that appropriate action is taken to protect the capital sum invested.

Expansion of the property programme will be subject to the approval of the Cabinet.

### NORTH EAST GARDEN COMMUNITIES PROJECT

The Cabinet agreed in December 2016 that we would enter into a joint arrangement with the district and borough councils of Braintree, Colchester and Tendring to create an overarching body known as North East Garden Communities Ltd (NEGC), to coordinate the development of new garden communities in North Essex, and local delivery vehicles (LDV) for each garden community settlement.

There will be a separate decision for Cabinet at a later stage once the funding requirements are clarified.

### MEDTECH ACCELERATOR LTD

In October 2017, Cabinet approved the investment in **500,000** ordinary **£1** shares of Medtech Accelerator Ltd, representing **20%** of the shares of the company. The acquisition of the share capital was categorised as capital expenditure.

The aim of Medtech Accelerator is to identify and support the development of new medical technologies so that new companies and new employment opportunities can be formed in the region.

By investing in Medtech Accelerator Limited, we have taken a commercial investment risk in order to generate a return on investment which, if successful, will help address the financial challenges that it is facing. The investment will also provide additional benefits by supporting growth within the Lifesciences and Medtech sector which is a key sector for growth not only by us, but also by the South East Local Enterprise Partnership (SELEP) and UK Government. This sector of the economy is one of the areas led by the Science and Innovation Audit for the East of England.

Like any investment that potentially offers high levels of return, there are risks that the projects supported by Medtech Accelerator will not all advance or, if they do, will not generate a return on investment. The aim is that some of the investments generate a large enough return to mitigate the impact of losses in projects which fail.

## **LOANS TO LOCAL ENTERPRISES AND THIRD PARTIES**

Loans to local enterprises will be considered, as part of a wider strategy for local economic growth, even though they may not necessarily put security and liquidity above other aims.

Such loans will be considered when all of the following criteria are satisfied:

- The loan is given towards expenditure which would, if incurred by us, be capital expenditure;
- The purpose for which the loan is given is consistent with our corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms our legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period (which will not exceed 20 years), repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect us from loss;
- No more than **£5m** is awarded as a single loan, with no more than **£20m** being loaned in total to a single entity.
- All loans will be subject to approval by the Executive Director for Finance and Technology.

We have agreed the following loans for capital purposes to date:

Counterparty	Year of advance	Loan amount £000	Loan term (years)	Interest rate %	Balance o/standing at 31 March 2020 £000
<b>Stow Maries Great War Aerodrome Ltd</b>	2013/14	200	8 years	Bank rate + 1.5%	125
<b>South East Local Enterprise Partnership Loans</b>					
• Essex University – Centre for Advanced Engineering	2017/18 and 2018/19	2,000	4 years	1.04%	2,000
• Colchester Northern Gateway	2019/20	1,350	3 years	N/A	1,350
<b>Total</b>		<b>3,550</b>			<b>3,475</b>

## SUPPORT TO SUBSIDIARIES

We currently provide treasury management support to our local authority trading companies (principally Essex Cares Ltd). As part of the agreement to provide treasury management support to these organisations, we may borrow their surplus funds, or lend to them to cover temporary shortfalls of cash (we have provided a **£5m** overdraft facility to Essex Cares Ltd for this purpose).

In addition to providing Essex Cares' with an overdraft facility, we have also agreed to the following longer-term loans to its subsidiary:

Counterparty	Loan advanced £000	Financial year advanced	Loan term (years)	Interest rate %	Balance o/standing at 31 March 2020 £000
<b>Refurbishment of Freebournes</b>	610	2014/15	10	4%	305
<b>Refurbishment of Walter Boyce Centre</b>	314	2016/17	10	4%	189
<b>Total</b>					

## KNOWLEDGE AND SKILLS

We recognise the importance of ensuring that all officers involved in the treasury management function (including commercial investment activities) are fully equipped to undertake the duties and responsibilities allocated to them. The Executive Director for Finance and Technology is responsible for recommending and implementing the necessary arrangements and does this by:

- **Appointing individuals who are both capable and experienced**  
All individuals involved in the delivery of the treasury management function are required to be professionally qualified accountants, who have a responsibility to undertake continuing professional development.
- **Providing training and technical guidance**  
All individuals involved in the delivery of the treasury management function are provided with access to relevant technical guidance and training necessary to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills to undertake the duties and responsibilities allocated to them.
- **Appointing a treasury management and other professional advisors**  
By employing external providers of treasury management services, the Executive Director for Finance and Technology ensures that the individuals involved in delivery of our treasury management activities have access to specialist skills and resources. In addition, professional advisors are employed as required to ensure that we have access to the specialist skills and resources necessary to undertake commercial investment activities. A professional property advisor was appointed to assist us with the acquisition and management of investment properties.

The Executive Director for Finance and Technology will ensure that elected members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The statement by the Executive Director for Finance and Technology is set out in Part 1 of Organisational Plan and Budget 2020/21 report.



## ANNEX 3A - PRUDENTIAL INDICATORS

Summary of prudential indicators		2018-19	2019-20		2020-21	2021-22	2022-23	2023-24
		Actual	Original Estimate	Updated Estimate	Estimate	Forecast	Forecast	Forecast
<b>Capital expenditure &amp; financing</b>								
<b>Capital Expenditure</b>	£m	255	249	210	<b>235</b>	323	359	365
<b>Capital Financing</b>								
Borrowing	£m	101	128	87	<b>103</b>	179	138	83
Grants and contributions	£m	144	106	105	<b>111</b>	122	206	255
Capital receipts and earmarked reserves	£m	10	15	18	<b>21</b>	22	15	27
<b>Total capital financing</b>	£m	<b>255</b>	<b>249</b>	<b>210</b>	<b>235</b>	<b>323</b>	<b>359</b>	<b>365</b>
<b>Capital financing requirement</b>								
<b>Capital financing requirement (CFR)</b>								
Opening CFR	£m	992	1,070	1,057	<b>1,104</b>	1,365	1,470	1,506
Add								
Additional borrowing	£m	101	128	87	<b>103</b>	179	138	83
Additional credit liabilities (PFI / Finance leases)	£m	2	-	1	<b>207</b>	-	-	-
		1,095	1,198	1,145	<b>1,414</b>	1,544	1,608	1,589
Less								
Revenue provision for debt repayment	£m	(33)	(37)	(37)	<b>(44)</b>	(55)	(61)	(64)
Capital receipts applied to repay debt	£m	(5)	(7)	(4)	<b>(5)</b>	(19)	(41)	(42)
<b>Capital Financing Requirement</b>	£m	<b>1,057</b>	<b>1,154</b>	<b>1,104</b>	<b>1,365</b>	<b>1,470</b>	<b>1,506</b>	<b>1,483</b>

Summary of prudential indicators			2018-19 Actual	2019-20		2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
				Original Estimate	Updated Estimate				
Analysis of the Capital Financing Requirement									
Supported borrowing and pre 2008/09 unsupported borrowing		£m	466	454	454	442	430	418	406
Unsupported borrowing									
General		£m	444	554	511	585	685	758	791
Deferred (loans, housing and investment properties)		£m	8	18	9	13	51	49	29
Sub total - borrowing		£m	918	1,026	974	1,040	1,166	1,225	1,226
Credit arrangements (PFI / Finance leases)		£m	139	128	130	325	304	281	257
Total		£m	1,057	1,154	1,104	1,365	1,470	1,506	1,483
Gross borrowing and the CFR									
Medium term forecast of CFR		£m	1,365	1,244	1,470	1,506	1,483	1,420	1,358
Forecast external debt (Long term) and credit arrangements		£m	654	640	673	848	814	782	747
Headroom		£m	711	604	797	658	669	638	611
External debt									
Authorised limit									
Borrowing		£m	620	950	870	930	1,030	1,090	1,090
Other long term liabilities		£m	284	128	130	325	302	281	257
Total authorised limit		£m	904	1,078	1,000	1,255	1,332	1,371	1,347
Operational boundary									
Borrowing		£m	520	850	760	810	920	980	980
Other long term liabilities		£m	265	108	121	305	283	261	238
Total operational boundary		£m	785	958	881	1,115	1,203	1,241	1,218
Actual external debt (incl. credit arrangements)		£m	511	N/A	N/A	N/A	N/A	N/A	N/A

Summary of prudential indicators		2018-19 Actual	2019-20		2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
			Original Estimate	Updated Estimate				
<b>Financing to net revenue streams</b>								
Financing to Net Revenue Streams	%	7.3%	8.2%	8.2%	<b>8.7%</b>	9.9%	10.6%	10.8%
<b>Incremental impact on Council Tax</b>								
Effect of capital schemes starting in:								
2018/19 and earlier years	£	£78.34	£90.89	£90.48	<b>£90.00</b>	£94.80	£100.49	£104.76
2019/20	£	£1.86	£7.08	£0.54	<b>£2.15</b>	£3.42	£7.79	£10.56
2020/21	£		£0.45	-	<b>£0.88</b>	£3.82	£4.32	£4.37
2021/22	£		-	-	-	£0.29	£1.11	£1.10
2022/23	£		-	-	-	-	£0.38	£1.44
2023/24	£		-	-	-	-	-	£0.88
<b>Total</b>	£	<b>£80.20</b>	<b>£98.42</b>	<b>£91.02</b>	<b>£93.03</b>	<b>£102.33</b>	<b>£114.09</b>	<b>£123.11</b>

## ANNEX 3B - TREASURY MANAGEMENT SUMMARY

Treasury Management Summary	2018-19 Actual	2019-20		2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
		Original Estimate	Latest Estimate				
<b>Estimated debt and investments</b>							
<b>Investments</b> (estimated balance at each 31st March) <b>£m</b>	259	181	213	<b>212</b>	176	170	170
<b>External debt</b> (operational boundary for borrowing) <b>£m</b>	520	850	760	<b>810</b>	920	980	980
<b>Expected movement in interest rates</b>							
<b>Bank Rate</b> (at each 31st March) %		1.25%	0.75%	<b>0.75%</b>	1.00%	1.25%	1.25%
<b>PWLB (borrowing) rates</b>							
5 year %		2.30%	2.30%	<b>2.50%</b>	2.80%	3.10%	3.20%
10 year %		2.80%	2.60%	<b>2.70%</b>	3.10%	3.30%	3.50%
25 year %		3.20%	3.20%	<b>3.40%</b>	3.74%	4.00%	4.10%
50 year %		3.00%	3.10%	<b>3.30%</b>	3.60%	3.90%	4.00%
<b>Source:</b> Link Asset Services (Treasury Solutions) ( <b>December 2019</b> )							
<b>Effect of 1% increase in interest rates</b>							
Interest on borrowing <b>£000</b>		1,885	2,736	1,897	1,683	1,659	1,659
Interest on investments <b>£000</b>		(1,800)	-	-	-	-	-
Interest attributed to reserves & balances <b>£000</b>		1,363	(2,229)	(2,211)	(1,852)	(1,799)	(1,764)
Interest attributed to other bodies <b>£000</b>		23	150	1,230	2,855	3,895	4,295
Net total <b>£000</b>		<b>1,471</b>	<b>657</b>	<b>916</b>	<b>2,686</b>	<b>3,755</b>	<b>4,190</b>
<b>Borrowing requirement (external borrowing)</b> <b>£m</b>	-	197	60	<b>186</b>	139	69	11

Treasury Management Summary		2018-19 Actual	2019-20		2020-21 Estimate	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
			Original Estimate	Latest Estimate				
<b>Interest rate exposures</b>								
<b>Upper limits for exposure to fixed rates</b>								
Net exposure	£m	620	950	870	<b>930</b>	1,030	1,090	1,090
Debt	%	100%	100%	100%	<b>100%</b>	100%	100%	100%
Investments	%	100%	100%	100%	<b>100%</b>	100%	100%	100%
<b>Upper limits for exposure to variable rates</b>								
Net exposure	£m	186	285	261	<b>279</b>	309	327	327
Debt	%	30%	30%	30%	<b>30%</b>	30%	30%	30%
Investments	%	100%	100%	100%	<b>100%</b>	100%	100%	100%
<b>Maturity structure of borrowing (upper limit)</b>								
Under 12 months	%	1%	40%	40%	<b>40%</b>	40%	40%	40%
12 months and within 24 months	%	1%	40%	40%	<b>40%</b>	40%	40%	40%
24 months and within 5 years	%	4%	40%	40%	<b>40%</b>	40%	40%	40%
5 years and within 10 years	%	10%	40%	40%	<b>40%</b>	40%	40%	40%
10 years and within 25 years	%	26%	60%	79%	<b>78%</b>	67%	63%	60%
25 years and within 40 years	%	23%	40%	47%	<b>40%</b>	40%	40%	40%
40 years and within 50 years	%	12%	20%	20%	<b>20%</b>	20%	20%	20%
50 years and above	%	15%	20%	20%	<b>20%</b>	20%	20%	20%
<b>Maturity structure of borrowing (lower limit)</b>								
All maturity periods	%	0%	0%	0%	<b>0%</b>	0%	0%	0%
<b>Total sums invested for more than 364 days</b>								
Upper limit for sums invested for more than 364 days	£m	4	50	50	<b>50</b>	50	50	50

## ANNEX 3C – REVENUE PROVISION FOR THE REPAYMENT OF DEBT POLICY

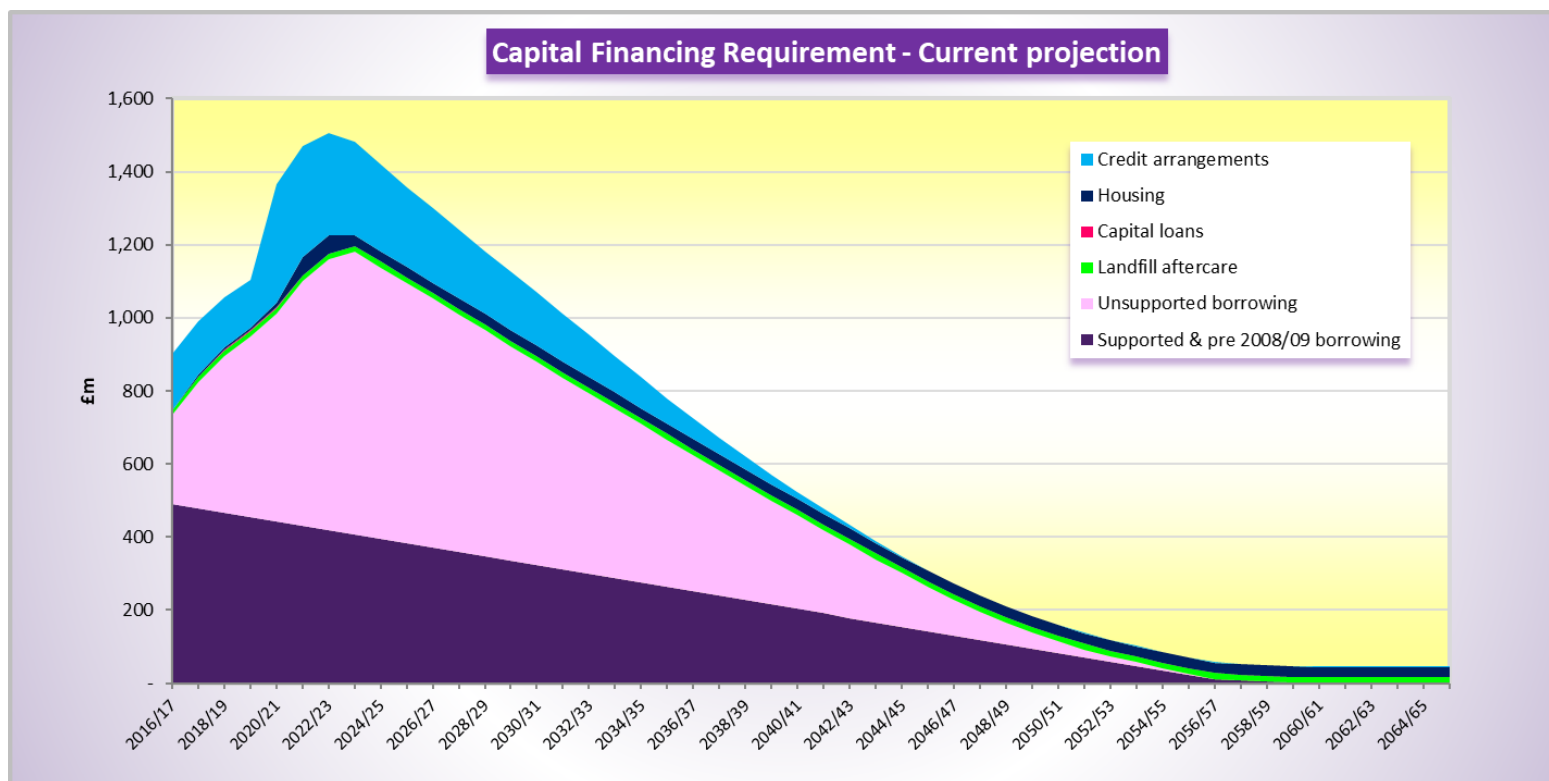
In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', we ensure that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the following methodology:

Borrowing	MRP repayment basis
<b>Pre 1<sup>st</sup> April 2008 debt</b>	This element of the Capital Financing Requirement is being repaid on a 50 year ' <b>Equal instalments</b> ' basis, with commencement of the 50-year term in 2007/08.
<b>Government supported debt</b> (2008/09 onwards)	This element of the Capital Financing Requirement is being repaid on a 50 year ' <b>Equal Instalments</b> ' basis, with commencement of the 50 year term in the financial year following the capital expenditure.
<b>Unsupported borrowing</b> General	This element of the Capital Financing Requirement is being repaid using the <b>Asset Life</b> method. This spreads the unsupported borrowing over the useful life estimated at the start of the relevant asset lives (or over a shorter period where use of the standard useful life would not be supportable as prudent).
<b>Unsupported borrowing</b> Loans awarded for capital purposes	Where we give a loan to a third party towards expenditure which would, if incurred by us, be capital expenditure, the amounts paid out count as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of our Capital Financing Requirement. When we receive the repayment of an amount loaned, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).
<b>Unsupported borrowing</b> Assets acquired or developed for resale (including Essex Housing projects)	Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended. Where we will subsequently recoup the amount expended via the sale of an asset, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the fair value of the properties falls below the amount expended).
<b>Credit arrangements</b>	MRP is met by a charge equal to the element of rent/charge that goes to write down the balance sheet liability.

Revenue provision is chargeable in the first financial year after the relevant capital expenditure is incurred.

Where it is practical or appropriate to do so, we may make voluntary revenue provision, or apply capital receipts, to reduce debt over a shorter period.

On the basis of the MRP policies outlined above, and the capital programme proposals outlined elsewhere within the Capital and Treasury Management Strategy, the longer term forecast of the Capital Financing Requirement is as follows:



The revenue budget provision for 'revenue provision' charges in 2020/21 has been compiled on a basis consistent with this policy.

## ANNEX 3D - COUNTERPARTY CRITERIA FOR INVESTMENTS

### 1. Context

In order to minimise the risk to investments, we stipulate the minimum acceptable credit quality of counterparties for inclusion on its lending list. Where applicable, we do this by reference to the credit ratings, watches and outlooks published by all three ratings agencies (i.e. Fitch, Standard and Poor and Moody's). Definitions of the credit ratings of the three main rating agencies are available upon request.

### 2. Banks and building societies

We will invest funds with UK banks and building societies, and non UK banks domiciled in a country with a minimum sovereign rating of **AA**, that have credit ratings equivalent to, or better than, the following:

Rating category	Credit rating agencies		
	Fitch	Standard & Poor's	Moody's
Short term	<b>F1</b>	<b>A-1</b>	<b>P-1</b>
Long term	<b>A</b>	<b>A</b>	<b>A2</b>

These ratings will be used to determine the pool of counterparties with whom we can transact for **term/call deposits** and **certificates of deposit**. This will ensure that funds are invested with high quality counterparties.

Where counterparties are rated by more than one credit rating agency, the lowest ratings will be used to determine whether they are included on the counterparty list.

The short and long-term ratings will be further applied to determine the maximum amount that will be invested with each of the counterparties in the 'pool', and for what duration.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria above. Credit ratings will be kept under review. Counterparties will be removed from our lending list in the event that they receive a downgrading to their credit rating below the minimum criteria outlined above.

Counterparties placed on '**negative ratings watch**' (which indicate a likely change in the counterparty's credit rating) will remain on our lending list at the discretion of the Executive Director for Finance and Technology, in consultation with the Leader (who is currently the Cabinet Member for Finance, Property and Housing).

Although non-UK banks domiciled in a country with a minimum sovereign rating of **AA** may be included on the lending list, due regard will be given to the country exposure of our investments.



In the event that our own banker falls below the minimum credit rating criteria outlined above, and is not nationalised or part nationalised, the bank will be used for transactional purposes only, and not as an active outlet for investments.

### **3. Financial institutions nationalised (or part nationalised) by the UK Government**

UK banks that do not fully meet the credit rating criteria outlined in the previous paragraph, but which have been nationalised or part nationalised, will remain on the counterparty list whilst they continue to be nationalised (or part nationalised).

### **4. Money Market Funds**

Money Market Funds (MMFs) are short term, pooled investments that are placed, by a manager, in a wide range of money market instruments. The size of the investment pool of a MMF enables the manager to not only offer the flexibility of overnight and call money, but also the stability and returns of longer dated deposits.

Strict rules and criteria are set down by the official rating agencies, covering the types of investment counterparties used, the maturity distribution of the funds and investment concentrations.

There are three permitted structural options for money market funds, as follows:

- Constant Net Asset Value (CNAV)
- Low Volatility Net Asset Value (LVNAV)
- Variable Net Asset Value (VNAV)

We will only use **CNAV** and **LVNAV** MMFs with an **AAA** credit rating that are denominated in sterling and regulated within the EU and **VNAV** MMFs with an **AAA** credit rating and a minimum credit score of **1.25** that are denominated in sterling and regulated within the UK.

### **5. UK Government**

No restrictions are placed on the amounts that can be invested with the UK Government (i.e. with the Debt Management Office or via UK Treasury bills or Gilts with less than 1 year to maturity).

### **6. Other local authorities**

Other local authorities are included within the counterparty 'pool'. However, the amount that can be invested will be determined with regard to their size. For this purpose, top tier local authorities will include county councils, unitary and metropolitan authorities and London boroughs and lower tier local authorities will include district / borough councils and police and fire authorities.

## 7. Other products

A range of other investment products may be used for investing our underlying / core cash balances, including:

- **Property Funds** - this is a long term, and relatively illiquid investment, which is expected to yield both rental income and capital gains.
- **Corporate bonds** – bonds issued by companies to raise long term funding other than via issuing equity. Investing in corporate bonds offers a fixed stream of income, paid at half yearly intervals, in exchange for an initial investment of capital.
- **Corporate bond funds** – these are pooled funds investing in a diversified portfolio of corporate bonds, so provide an alternative to investing directly in individual corporate bonds.
- **UK Government Gilts / Gilt Funds** – with greater than 1 year maturity
- **UK Government Treasury bills** – with greater than 1 year maturity

The risks associated with the use of any combination of these investment products may include:

- **Liquidity risk** - Ability to realise assets in a timely manner, at an appropriate price.
- **Security or credit risk** - Capital preservation (principal is returned at contractual maturity); Payments of interest or principal not being made, or not being made in full.
- **Valuation or 'mark to market' risk** - Paper losses may be reported in year-end accounts; liquidating assets prior to maturity could lead to losses being crystallised.

The investment instrument listed above will each demonstrate some combination of these risks – they therefore all need to be weighed against potential rewards of higher returns.

The Executive Director for Finance and Technology will work with our treasury advisors to determine the use of these alternative investment products, taking into account the acceptability or otherwise of the risks associated with their use.

## 8. Time and monetary limits applying to investments

The time and monetary limits for counterparties satisfying the criteria outlined in the previous paragraphs will be determined with reference to the counterparties' short and long term credit ratings (or to other criteria where applicable), as outlined in the table overleaf.

Notwithstanding these limits, the Executive Director for Finance and Technology will ensure appropriate operational boundaries are in place to avoid over exposure in any particular country, sector or group.

## Time and monetary limits

Counterparty type	Short and long term credit rating criteria						Investment Limit  £m	Maximum duration  (No. years)
	Fitch		Standard & Poor's		Moody's			
	Short term	Long term	Short term	Long term	Short term	Long term		
UK Banks & building societies	F1+	AA-	A-1+	AA-	P-1	Aa3	70	3 years
	F1	A	A-1	A	P-1	A2	60	1 year
UK banks & building societies (nationalised)							60	1 year
Non UK financial institutions	F1	A	A-1	A	P-1	A2	35	1 year
'AAA' rated Money Market Funds (CNAV)							50	Not fixed
'AAA' rated Money Market Funds (LVNAV)							35	Not fixed
'AAA' rated / 1.25 credit score Money Market Funds (VNAV)							25	Not fixed
UK Government							No limit	1 year
Local authorities - upper tier							50	3 years
Local authorities - lower tier							35	3 years
Property Funds							20	Not fixed
'AAA' rated Corporate Bonds							20	3 years
Corporate Bond Funds							20	3 years
UK Government Gilts / Gilt Funds							20	3 years
UK Government Treasury Bills							20	3 years

### Notes:

**Property Funds** – these do not have a defined maturity date and the Property Fund may need to sell its underlying assets in order to repay the funds invested by us, so this is an illiquid form of investment.

**Forward deals** - If forward deposits are made, the forward period plus the deal period should not exceed the maximum duration specified above.

## **Appendix B – Equality Impact Assessment (Organisation Plan and Budget)**

### **1. Overview**

- 1.1 This appendix describes the most significant potential equality impacts confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of potential positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2020/21 budget. The analysis also highlights several cumulative impacts that may arise resulting from the 2020/21 budget, and the positive equality impacts based on the activities the Council plans to complete in 2020/21.
- 1.2 It is important to note that the budget is the financial expression of the Organisation Plan and our operational intent, and where known, the equality impact of change is disclosed. However, there are a number of individual decisions that will arise over the period of the 2020/21 budget. These will be subject to specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place where needed.
- 1.3 In making this decision the Council must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, i.e. have due regard to the need to:
  - (a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
  - (c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
- 1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(a)
- 1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149. It is only one factor that needs to be considered and may be balanced against other relevant factors.
- 1.6 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.
- 1.7 The Equality Act also says that public bodies must pay regard to the need to:
  - move or minimise disadvantages suffered by people due to their protected characteristics;

- take steps to meet the needs of people from protected groups where these are different from the needs of other people.

## **2. Identified high-level cumulative equality impact**

- 2.1 An initial equality analysis of the planned activity and budget proposals incorporated in the 2020/21 Organisation Plan identifies that around 30% of the proposals may have a greater impact on some parts of Essex communities than others.
- 2.2 At this stage, it is not possible to fully measure this impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across rural and urban areas of Essex. However, initial cumulative analysis shows impacts across several budget proposals for the following:
- children, young people and families
  - older people
  - disabled people
- 2.3 Key impacts from this initial analysis across the portfolios are outlined from section 5 below.

## **3. Mitigating actions which will be considered**

- 3.1 **Monitoring of impact:** Services must ensure ongoing equalities monitoring of the impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.
- 3.2 **Informing decision-making:** The findings of this monitoring should be used to inform the budget setting process year on year. During 2020/21 the Council will also be developing district equality profiles for elected members, partners and community groups to inform good decision making.
- 3.3 **Equality Impact Assessments (EIA):** As the budget proposals are developed, individual equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.
- 3.4 **Targeting based on need:** Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.

- 3.5 **Gaps in monitoring:** Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

#### 4. Identified Positive Impacts

- 4.1 The Council is fully committed to addressing the challenges facing communities and supporting residents to live better lives. The Organisation Strategy 2017/20 sets out how services are responding to and are planning for these challenges with a key focus on tackling inequalities across the County. This commitment to equality and inclusion is shared by partners and is firmly rooted in the long-term Vision for Essex: The Future of Essex. This outlines commitments to improve the life chances and experiences for all Essex residents. A key ambition within the Vision for Essex is to share prosperity with everyone, an ambition that is vitally important to the Council.
- 4.2 The Organisation Plan and Budget for 2020/21 gives effect to this in the following ways:
- By ensuring that the savings are balanced across service areas and are not targeted at the most vulnerable
  - By driving savings through the delivery of efficiencies and through the reform of services to improve outcomes and make them more cost effective
  - By continuing to invest in services and activities that will reduce inequalities and support better lives for all residents
- 4.3 Examples of areas where the Council will be taking forward action to achieve this include:
- **Mental Health** - developing new approaches to address the wider drivers of poor mental health, then begin a 'test and learn' phase of potential solutions.
  - **Early Years** - developing a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life.
  - **Housing** - working to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, and criminal justice and health partners
  - **Social Mobility** - focusing on improving social mobility, increasing levels of aspiration and providing conditions for individuals to fulfil their potential and benefit from the growing economy and opportunities in our county. To achieve this, the Council understands that hard working people who are just about managing should see the rewards of that hard work and therefore will continue to adopt a targeted approach.
  - **Deprivation** - Testing new approaches to targeting early intervention and prevention in areas of deprivation, helping to better understand the impact of the wider social determinants of health and how to address them.
  - **Physical Activity** - delivering the first phase of the Local Delivery Pilot, a £10m programme in partnership with Sport England to boost the take up

of physical activity in the most inactive groups (families with children, older people and people with poor mental health).

## **5. Policy and Governance Context**

- 5.1 The proposed social care precept may adversely impact some residents of Essex; however, residents on the lowest incomes will remain eligible for support with their bills via their local council tax support schemes (operated and maintained by the city, district and borough councils). This should positively impact on vulnerable adults within Essex by helping to protect and improve social care services.
- 5.2 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a scheme for hardship and investment in collection initiatives including Citizens Advice support. As set out previously, the 12 billing authorities have sustained collection rates against this backdrop, ensuring no negative impact on other council tax payers. Given that success, our budget proposes continuation of the investment into collection and hardship for 2020/21.
- 5.3 We have joined forces with the borough, district and city councils and police and fire authorities to tackle council tax fraud across the county. The programme:
- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;
  - has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;
  - encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.
- 5.4 The Council has anticipated specific increases in demand for services as a result of ongoing national welfare changes. This is likely to predominantly impact on working age adults with disabilities and where families have someone with a disability. It is also expected to increase the levels of children in care.
- 5.5 The budget will be discharged against a background of continuing demand pressure across the health and care system in Essex.

## **6. Portfolio Impacts Overview**

### Children and Families

- 6.1 The Children and Families Service's purpose is to protect children and young people from neglect and abuse, and to promote their development and wellbeing. The Council will continue to work with partners to provide a wide range of early help, family support and social work interventions, to help

families improve their lives and support children to overcome early childhood trauma, look forward to a brighter future and achieve their aspirations. As Corporate Parents, the Council will do its best to see that this happens for children in care and care leavers.

- 6.2 To do this well and get best value for money, the Council aims to be at the forefront of best practice. It will always learn from the most forward-thinking innovations and positive developments in the social work profession, as well as from the children, young people and families the Council works with.
- 6.3 The portfolio has identified budget savings proposals of **£3.6m** for 2020/21. These can be grouped into three main areas; Placement Strategy, Workforce, Reinventing the Children with Disabilities (CwD) offer.
- 6.4 Under the Placement Strategy the Council is seeking to place children in care within a family setting where possible realising **£2.2m**, as evidenced through the Council's fostering programme. To support this, the Council is investing **£2.8m** of one-off funding over three years (2018/19 – 2020/21) into the Internal Fostering Service. It is also working in partnership with the Department for Education (DfE) in respect of the Inside Out project, which is a **£3m** three-year innovation programme to work with children who have had multiple, unsuccessful placements. Additionally, the Council will deliver a further **£569,000** saving through our Divisional Based Intervention Teams (DBIT) re-unification programme for under-10's which aims to help re-integrate children in care back into a family members care. Both of these initiatives are expected to have a positive impact on the children and their families.
- 6.5 There are also **£613,000** of budget savings proposals related to workforce including organisational redesign and managing the vacancy factor by delaying recruitment to vacant posts where there would be no impact on service users by doing so, closing vacant posts where applicable.
- 6.6 Finally, **£210,000** is to be realised through reinventing the Children with Disabilities offer. Engagement will be undertaken with providers to commission outcomes for the provision of short breaks for children with disabilities. Although the total available to providers has been reduced, it is anticipated that the impact on children with disabilities will be positive in that a wider range of innovative engagement options, including those afforded through social media and digital technology, will be commissioned.
- 6.7 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families.

#### Customer, Communities, Culture and Corporate

- 6.8 The portfolio has identified budget savings proposals of **£5m** in 2020/21, the majority of which relate to efficiencies following lean reviews and support service redesign. These changes are not expected to impact on the level of



service provided to residents. Individual equality impact assessments will be undertaken where necessary.

- 6.9 As part of the Council's commitment to equalities it will be making better use of workforce analytics to understand current protected characteristic workforce profiles, highlighting any areas for improvement. We will also be embarking on developing and launching a positive action campaign aimed at improving our representation of women and Black, Asian and Minority Ethnic people at senior levels within the organisation. Finally, it will also be pioneering new approaches to securing professional talent across our services with a focus on apprenticeships and providing opportunities for those with disabilities and care leavers, ensuring the Council better represents the communities we serve.

#### Deputy Leader and Infrastructure

- 6.10 Budget savings proposals of **£3.3m** have been identified for the 2020/21 financial year. These are categorised into the 3 main areas outlined below:
- (a) Partnership improvements and efficiencies within the Essex Highways partnership (highways maintenance) has proposals totalling **£2.1m**; Benefits are being achieved through seeking continuous improvements, economies of scale and different ways of delivering services more efficiently. This may have an impact on the level of reactive maintenance on the highway network.
  - (b) Increased income of **£1m** relating to fees and charges, arising from increased enforcement activity to improve safety and reduce congestion. This will result initially in a higher number of penalties issued to non-compliant users of the highway network. It is anticipated that performance and driver behaviour will improve over time which will mean there will be a significant reduction in penalties issued after an initial increase, and therefore income will decrease over time. Failure to enforce could lead to safety and congestion issues.
  - (c) Combined approach to working with other partners will achieve financial benefits of **£150,000** through one-off opportunities, different methodologies, reducing subsidies and increasing income opportunities.
- 6.11 The Council will continue to look at ways of streamlining the Park and Ride service in order to reflect demand more closely. An indicative saving of **£50,000** may have some impacts on service frequency and availability whilst continuing to ensure it can meet demand. Any significant changes will only take place after consultation and equality impact assessment.
- 6.12 For the majority of these proposals above it is not considered that they will have a disproportionate impact on people who share any relevant protected characteristic, there are some cost reductions that could potentially impact people with protected characteristics as detailed implementation plans are worked up.

- 6.13 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on groups with protected characteristics.

### Economic Development

- 6.14 There are budget savings proposals of **£310,000** relating to a reduction of the Skills Service operational budget to focus on supporting activity that meets our statutory responsibilities. This may impact on service users through reductions in the schools based vocational skills programmes. The statutory tracking and targeted not in education, employment or training (NEET) provision will be protected to ensure that the most vulnerable provision for young people remains in place. Going forward, programme and staffing budgets in this Skills area will be better targeted, both in terms of addressing economic growth and inclusion outcomes as well as geographic targeting in localities.

### Education and Skills

- 6.15 The portfolio has identified budget savings proposals of **£4.4m** for 2020/21, of which the most significant are set out below.
- 6.16 **£1.5m** one-off contribution from education grants. No impact on service users is anticipated.
- 6.17 Staffing savings of **£386,000** through Organisational Design and holding vacancies where appropriate.
- 6.18 Passenger Transport have budget proposals of **£1.8m**, which includes **£1.1m** on Concessionary Fares where the Council will undertake negotiation with operators to deliver a statutory scheme and subsequently reflect any changes against budget. This will have no impact on concessionary users. The Council is consulting on other potential changes to how the passenger transport services are delivered in order to achieve **£700,000** of the savings assumed against the 2020/21 budget but it is not anticipated that there will be any adverse impact to service users.
- 6.19 Increased income of **£407,000** through advertising and the recovery of fees and charges; through advertising within Passenger Transport and fees and charges which mainly relate to income from penalty notice charges to parents who take their children out of school without permission.
- 6.20 Savings of **£250,000** through the reduction in expenditure of costs in securing vacant school properties following the disposal of surplus sites.
- 6.21 Where not specifically mentioned, proposals are not considered to have a disproportionate impact on persons who share any relevant protected characteristics, however an equality impact assessment will be completed as part of the governance and decision making for each of the above individual projects.

- 6.22 The Council will be reviewing our Support and Early Intervention approach by developing a new Early Years Strategy to ensure that all children are given the best foundations to start school and have the optimal opportunities to achieve what they want in life. It will improve the identification of, and response across the whole system to, children who at the age of two are demonstrating signs that they may not be ready to start school or who may require additional support to make a successful start to school.

#### Environment and Climate Change Action

- 6.23 The portfolio has identified budget savings proposals of **£7.9m** for 2020/21. This will be delivered by efficiencies through undertaking a forensic review of budgets and analysing current and historic trends to accurately forecast waste tonnage volumes, contractual and non-contractual spend and optimising our waste infrastructure for maximum utilisation.
- 6.24 It is not considered that savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment will be completed as part of the governance and decision making for each individual project.

#### Finance, Property and Housing

- 6.25 The portfolio has identified budget savings proposals of **£5.9m** in 2020/21, these relate to additional commercial activity across the authority along with a number of efficiency savings. These changes are not expected to impact on the level of service provided to residents. With regards to Housing the Council will be taking action with partners to tackle homelessness and rough sleeping in the county through better practices agreed with housing authorities, criminal justice and health partners as well as better use of data tools to identify need earlier thus helping to reduce the number and level of vulnerability of homeless people placed into Essex.

#### Health and Adult Social Care

- 6.26 The priority is to operate sustainably while fully meeting our legal obligations and in so doing ensure adults, carers and families have access to the information, advice and tools they need to enable them to live ordinary lives, safely and independently, for as long as possible. The Council currently supports around 16,000 adults, of which about 10,000 are older people, over 4,000 are people with learning disabilities, 2,050 are people with physical or sensory impairments and 750 are people with mental health needs.
- 6.27 Included within the total net budget of **£423m** (total gross budget is **£683.9m**) are budget savings proposals of **£24.5m** (5.8% of the total or 3.6% of the gross budget) that need to be made in order to achieve financial sustainability and to accommodate demographic and inflationary pressures in 2020/21.

6.28 The main areas that will see changes as a result of our budget proposals are set out in the following paragraphs.

**(a) Learning Disability** – over the next 3 years the Council aims to improve outcomes for adults with a Learning Disability and Autism (LD/A) reviewing operational practice, shaping the market, improving health outcomes and increasing support for young people as they prepare for adulthood and to improve value for money for the Council.

The programme will:

- i) ensure that individuals are well supported across their whole life and improve health outcomes by reducing health inequalities
- ii) ensure that the Council has a skilled front-line social care workforce that enables people with LD/A to live meaningful lives through excellent practice
- iii) shape a stable and sustainable market that helps to deliver the employment, housing, health and progressive social care outcomes to meet the ambitions and expectations of service users and their families.

Meaningful Lives Matter will define a commissioning approach that enables people to be listened to and valued, have lifestyle opportunities, make their own choices and be integrated within and be contributors to their community.

In addition, the Council is seeking to strengthen adults' local support networks by reviewing the out of county placements and bringing adults back to Essex where this is the appropriate thing to do. It is also supporting adults to access support from other sources, such as Continuing Health Care or Funded Nursing Care at home where this is appropriate, on the basis that this will better meet their needs and ensures appropriate use of public money.

The Council is committed to ensuring that it maximises the use of the in-house provision, to ensure it can offer flexibility in planned respite care and meet the needs of those requiring urgent support to prevent social care placements or hospital admissions. It will also fully exploit the opportunities offered by assistive technology to meet needs and reduce funded care where this is appropriate.

It is anticipated that the initiatives outlined above will generate efficiencies of **£17.7m**.

**(b) Mental Health** – Wherever possible the Council will ensure that adults whose mental health needs can best be met through the provision of accommodation are offered an accommodation option that meets their needs and promotes their recovery. The offer is designed to be flexible and the duration of our support will be based on the support requirements of the adult. Implementing this approach will obtain better longer-term outcomes for the adult and generate efficiencies of **£1m**. The Council currently places

high numbers of people with a mental health and accommodation need into residential settings, which does not always result in good outcomes for the individuals. The Council believes this will have a positive impact on this group. It will be developing new approaches to address the wider drivers of poor mental health, then begin a 'test and learn' phase of potential solutions. This will help ensure that people are able to build their mental health and resilience and are able to access early support before their needs escalate. It will also be delivering improved social value outcomes through how we buy in the market. The Council are going to work with suppliers to ensure it has better, and more, employment opportunities for those with learning disabilities or mental health issues.

**(c) Technology, and Information Advice and Guidance (IAG) -**

The Council will ensure it fully exploits the opportunities offered by technology and where appropriate will use it to replace interventions currently carried out by paid carers.

Care technology can play a key role in supporting vulnerable adults (for example, working age adults with learning disabilities, adults with physical and sensory impairments, and older frail adults) to live as independently as possible, to connect them to their families and friends, and to help prevent episodes of crisis. The programme will drive efficiency savings in 2020/21 of **£2.1m**. This programme does not distinguish between client groups so has the potential for a positive impact for all through an enhanced experience.

**(d) Older people –** The Council will be reviewing the support it is currently offering to ensure that it is both appropriate and sustainable. It will do this through undertaking robust person-centred reviews using the strengths and assets model and exploiting the potential of technology where appropriate. It is possible that for some people the review may result in a change in the way the Council offers support. In all cases this will be based on the assessment of need and professional judgement on how those needs can most appropriately and sustainably be met. It anticipates that this approach will generate efficiencies of **£1.2m**.

For some older people, it is anticipated there will be a positive impact as the Council meets their needs through alternative and improved methods of support.

**(e) Public Health –** savings of **£1.7m** will be achieved through efficiencies and it is not expected that there will be any adverse impact on the delivery of services although this will be carefully monitored in the case of the Housing Related Support contract re-provision. The Council will be developing a strategic approach to prevention: promoting healthy lifestyles, reducing health inequalities and reducing/delaying the impact of changing needs. It will also be testing new approaches to targeting early intervention and prevention in areas of deprivation, helping to better understand the impact of the wider social determinants of health and how to address them. Finally, the Council will be delivering the first phase of the Local Delivery Pilot, a

£10m programme in partnership with Sport England to boost the take up of physical activity in the most inactive groups (families with children, older people and people with poor mental health). Alongside this, it will develop community opportunities around physical activity and obesity and increase the number of residents supported to lose weight to 15,000.

- 6.29 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services.

#### Leader

- 6.30 The portfolio has identified budget savings proposals of **£300,000** in 2020/21, the majority of which relate to efficiencies through support services. These changes are not expected to impact on the level of service provided to residents. Individual equality impact assessments will be undertaken where necessary.

#### Performance, Business Planning and Partnerships

- 6.31 The portfolio has identified budget savings proposals of **£1.5m** in 2020/21, the majority of which relate to efficiencies through support services. These changes are not expected to impact on the level of service provided to residents. Individual equality impact assessments will be undertaken where necessary. In 2020/21 the Council will also be improving the way in which its equality objectives are aligned to the corporate performance framework.

## **Appendix C - Essex County Council Pay Policy Statement 2020/21**

### **1. Introduction**

This is the Council's Pay Policy Statement adopted under the Localism Act 2011.

The Council seeks to be able to recruit and retain employees in a way which is externally competitive and internally fair.

### **2. Determination of Grade and Salary for chief officers and lowest paid employees**

The Council's pay policy is influenced by a number of factors which include market information, market forces, economic climate, measures of inflation and budgetary position. Pay ranges are revisited from time to time to ensure they remain appropriate when benchmarked against external independent appropriate compensation surveys, applicable to each role.

The Essex Pay policy referred to in this Statement is relevant to the majority of Council employees. However, the scope of this Statement does not include all Terms and Conditions as some are set on a national basis. Those outside the scope include:

- Teachers who are covered by the national conditions for school teachers pay and conditions in England and Wales,
- Soulbury Committee, Adult Education, Joint National Council (JNC)
- people on National Health Service (NHS) terms and conditions.

For the main pay scales the appropriate grade for a job is established through the KornFerry HAY job evaluation methodology which provides the basis for grade determination based upon a range of established factors.

No evaluation process exists for Soulbury or Youth and Community conditions, but employees are placed within Nationally defined grading structures.

### **3. Salary Ranges**

The Essex Pay scheme operated by the Council consists of local grades A to J for the main scales and grades SCC to SCH for specialist social care roles. The Chief Executive is on a negotiated rate outside these grades. Each grade is matched to an appropriate salary range. Details of these grades and salary ranges can be found on the Council's website.

The details of the salary package for the Chief Executive, and all members of the Corporate Leadership Team are published and updated on the Council's web site.

The lowest point of the Council's grading structure (bottom of grade J) is set above the National Minimum Wage and is never less than the National Living

Wage. Employees who are employed at the bottom of Grade J are given an agreed progress plan in accordance with the Essex Pay Policy subject to satisfactory progress, employees will be moved off the bottom of the salary range.

All employees who are new to the organisation are appointed at a salary within the salary range and in accordance with Essex Pay / Essex Pay Social Care guidance (pay guidance to be amended to include grades A and B) agreed by the Chief Executive. Further consideration is given to the level of salaries of existing employees to prevent pay inequality.

No other payments are generally made as part of salary. In exceptional circumstances, the use of a market or individual supplement may be required where a business case exists.

#### **4. Appointment of Chief Officers**

Generally new employees will start at a level between the bottom of the grade and the rate for the job (which is the mid-point for Grades A and B).

The appointment of individual chief officers, including those receiving salaries in excess of £100,000, is in accordance with the pay structure and the principles outlined in the Essex Pay / Essex Pay Social Care guidance. No chief officer is appointed to a job without being approved by the Councillors who are on the Committee for determining the terms and conditions of employment of Chief Officers and Deputy Chief Officers.

#### **5. Appointment of other employees paid above £100,000**

The appointment Deputy Chief Officers are also the subject of a vote by the Committee for determining the terms and conditions of employment of Chief Officers and Deputy Chief Officers, which is a committee of elected councillors.

There are a small number of senior posts which are neither chief officer nor deputy chief officer posts which may attract a salary of £100,000 which are not subject to a decision by the Committee.

#### **6. Pay Progression for Chief Officers**

Levels of increase and any unconsolidated payments for Chief Officers are set by the Committee for determining the terms and conditions of employment of Chief Officers annually; considering a number of factors including market conditions, benchmarking data and affordability.

The pay of Chief officers does not currently include a performance related element. Any change to this would result in a change to the pay policy statement.

Where a Chief Officer has been appointed to a role below the mid-point of a grade, accelerated base pay towards mid-point may take place in accordance



with a progression plan. Any pay increase for a Chief Officer or any pay increase for beyond the mid-point for a Deputy Chief Officer requires the approval of the Committee.

## **7. Other Allowances/Payments**

As a general rule, all other forms of payments/allowances are applicable to all employees or specific groups of employees (such as pension contributions, childcare vouchers etc). As an exception, Chief Officers, Deputy Chief Officers and other employees at Grade C may also receive:

- Annual Allowance Payment in lieu of a lease car (other eligible employees may receive a lease car subject to eligibility criteria but they are not entitled to an allowance in lieu)
- Private Medical Health Insurance – This is not contractual but is currently applicable to Chief Officers and roles at grade C and above

## **8. Definition of Lowest and Highest Paid Employees**

The lowest paid employees are defined as those currently evaluated at grade J. This excludes some apprentices who, although employees, are subject to significant investment in terms of training and learning.

The highest paid employee is the Chief Executive. Other than the Chief Executive, the highest paid posts within the Council fall within posts evaluated at grade A.

## **9. Pay Ratios**

The recommendation of the Hutton Report into “Fair Pay in the Public Sector”, as recognised by the Government in the Code of Recommended Practice for Local Authorities on Data Transparency, was that a pay ratio of the Chief Executive compared to the median average salary in the organisation should be published.

For the start of financial year 2020/21 that ratio is 1:7.2. This is a reduction in the differential from last year, driven by increases in pay as part of the introduction of Essex Pay rollout being on average higher than the increase in pay received by the Chief Executive.

## **10. Publication of Pay Data**

The Council will publish the number of people and job title by salary band. This is from £50,000 to £54,999 and then by pay bands of £5,000 thereafter. This will include elements made on a repeatable or predictable basis such as market premium payments.

The pay of all Chief Officers is published on the Council’s website.

## **11. Governance**

The Council’s policy is to delegate authority for decision-making to the

appropriate level and to detail such delegations within the Constitution.

Under the Council's Constitution, the Chief Executive is the Head of the Paid Service and has delegated authority to appoint, dismiss and determine pay for all employees except where this function is specifically delegated to Members under the constitution or by law. The Chief Executive has authorised certain other officers to appoint and dismiss certain staff.

Full Council appoints Members to a politically balanced committee called the 'Committee to determine the Conditions of Employment of Chief and Deputy Chief Officers' referred to as the Chief and Deputy Chief Officers Committee (C&DCOC). This committee has authority to:

- to recommend to Full Council the appointment of the Head of the Paid Service
- to appoint and dismiss Chief and Deputy Chief Officers (other than the Chief Executive, the s151 officer and the monitoring officer) this may be through the appointment of sub-committees of three Members to deal with particular appointments, dismissals or appeals or through authorising the Chief Executive or his nominee to deal with a particular appointment or dismissal
- to consider and approve the recommendations of the Chief Executive and the Leader of the Council in respect of unconsolidated payments (if made) for the Chief Executive and Executive Directors
- to determine pay levels for Chief and Deputy Chief Officers including market supplements and retention payments (which may only be made in exceptional circumstances).

The Committee can delegate functions relating to Layer 2 employees (Directors and Heads of Service) to a Sub-Committee.

Any change of pay for Chief Officers and for Layer 1 (Executive Directors) and Layer 2 employees other than in accordance with normal progression through the grade including market supplements or other retention payments must be approved by the Committee.

The appointment or dismissal of the Head of the Paid Service, the section 151 officer or the monitoring officer is required to be approved by the full Council. The authority must consult with the Secretary of State before dismissing its Director of Public Health.

## **12. Termination of Employment of Chief Officers**

The Council's Policy on the termination of Chief Officers' employment is as detailed at paragraph 10 of this Statement and within the Constitution.

The Council's early retirement Policy is that requests for early payment of benefits will be agreed (before the age of 60) only if there is a compelling business reason for doing so.

In exceptional circumstances to avoid or settle a claim or potential dispute, the Council may agree payment of a settlement sum. All cases must be supported

by a business case and take account of all legal, financial, contractual and other responsibilities.

The Council will implement any restrictions about Public Sector Exit Payments if and when enacted.

# Budget Consultation Report

Strategy, Insight & Engagement  
Essex County Council

## Introduction

This report presents key findings from the consultation, conducted with residents of Essex, to inform Essex County Council in preparing its 2020-21 budget.

The consultation was undertaken during November and December 2019 and for a period of 4 weeks.

It was conducted via ECC's online consultation platform, was open to the public and was promoted through social media, print media, business networks and through ECC's links with voluntary and charity sector organisations. There were 396 responses to the consultation.

## Who took part in the consultation?

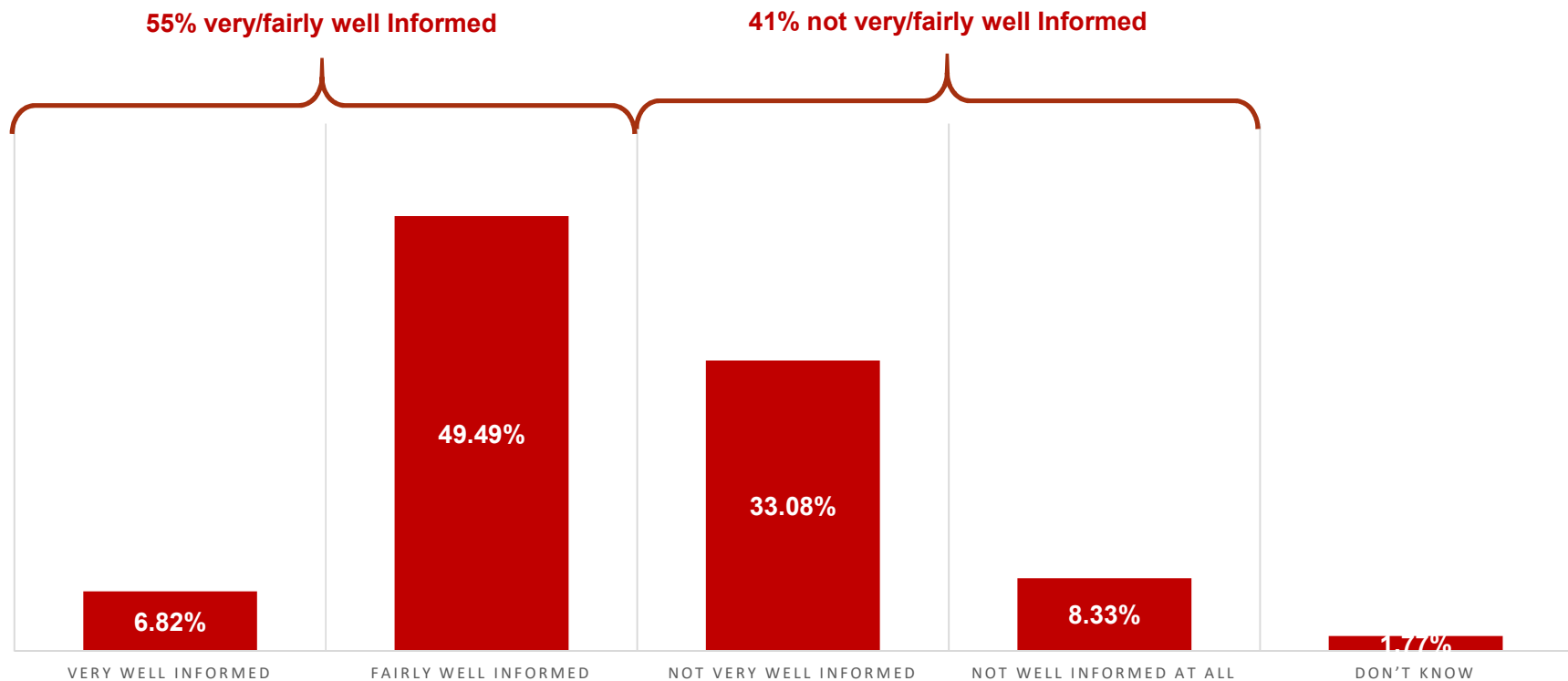
- The vast majority of participants (91%) responded as private residents. The remainder were Councillors at Parish, District or County level, businesses or community groups.
- Participants were more likely to be female (56%) rather than male (37%), although around 10% of respondents preferred to self-describe or not state their gender.
- The consultation saw a good level of participation across the majority of age groups, although the number of participants aged 16-30 was relatively low.
- 89% of respondents stated they were White. 8.59% of respondents preferred not to give details of their ethnic group. All other stated ethnicities were below 0.5% responses.
- Consultation participants were drawn from across all Essex districts. The largest percentage of participants were, from Chelmsford (25%) and Colchester (13%).



## **What we learned from the consultation**

## The majority of Essex residents feel well informed about public services

Participants were asked, “Overall, how well informed do you feel about local public services?”

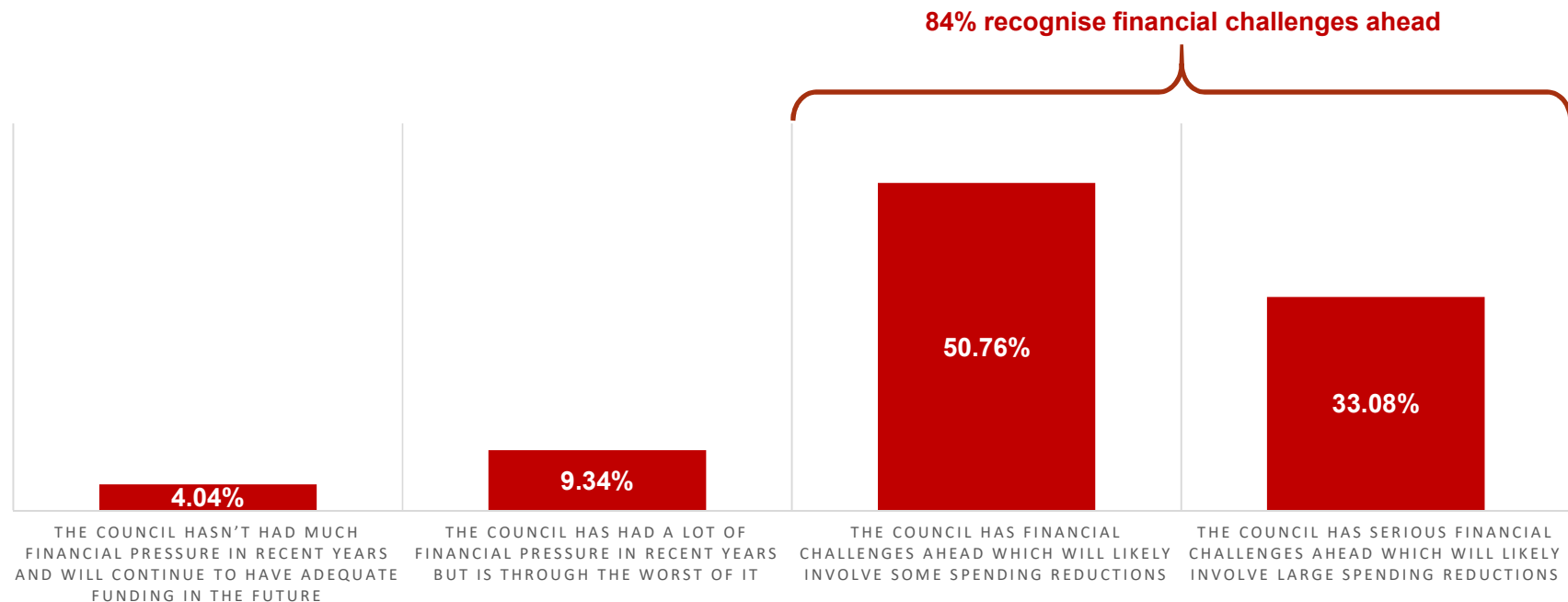


Out of the 396 respondents to this question 6.86% (n=27) felt very well informed, 49.49% (n=196) felt fairly well informed, 33.08% (n=131) not very well informed, 8.33% (n=33) not well informed at all and 1.77% did not know (n=7) and <1% did not answer the question (n=2).



## More than eight out of ten participants recognise the financial challenges facing the county council and the impact that these are likely to have on future spending

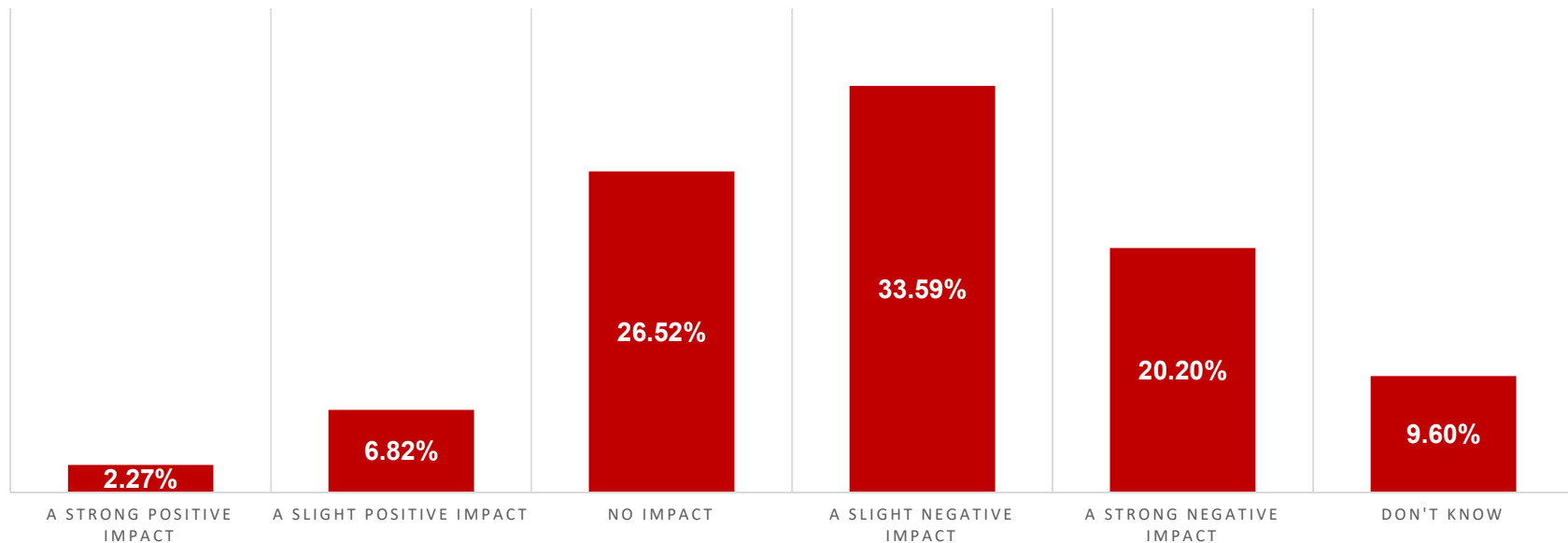
Participants were asked, “Which of the statement best reflects your view?”



*Out of the 396 respondents to this question, 4.04% (n=16) felt The Council hasn't had much financial pressure in recent years and will continue to have adequate funding in the future, 9.34% (n=37) felt The Council has had a lot of financial pressure in recent years but is through the worst of it, 50.76% (n=201) felt The Council has financial challenges ahead which will likely involve some spending reductions and 33.08% (n=131) felt The Council has serious financial challenges ahead which will likely involve large spending reductions. 2.78% of respondents did not answer the question (n=11).*

## The financial pressures on ECC, resulting from national funding reductions, have an impact on households

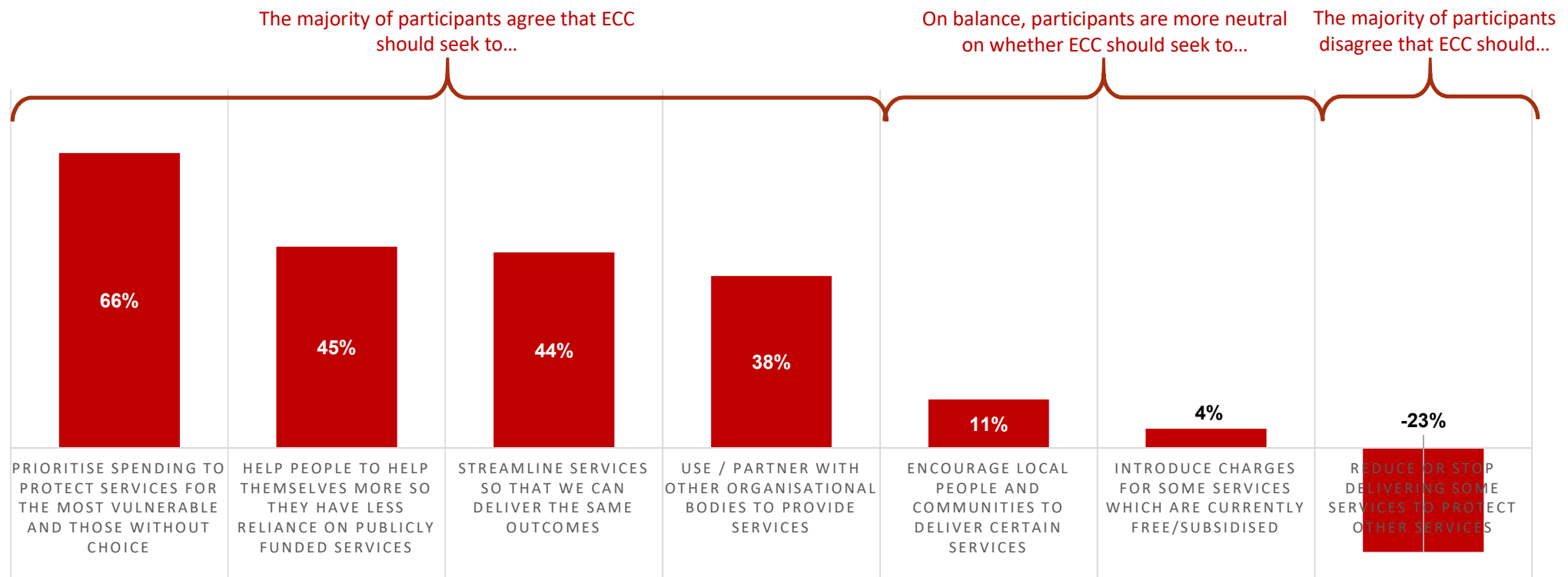
Participants were asked, “What impact have changes to ECC services had on your household or business over the last 4 years



*Out of the 396 respondents to this question 2.27% (n=9) felt a strong positive impact from the changes, 6.81% (n=27) felt a slight positive impact, 26.52% (n=105) felt No impact, 33.59% (n=133) felt a slight negative impact, 20.20% felt a strong negative impact (n=80), 9.60% Did not know the impact of changes (n=38) and 1.01% did not answer the question (n=4).*

## Residents have clear views on the strategies that ECC should pursue in managing financial pressures

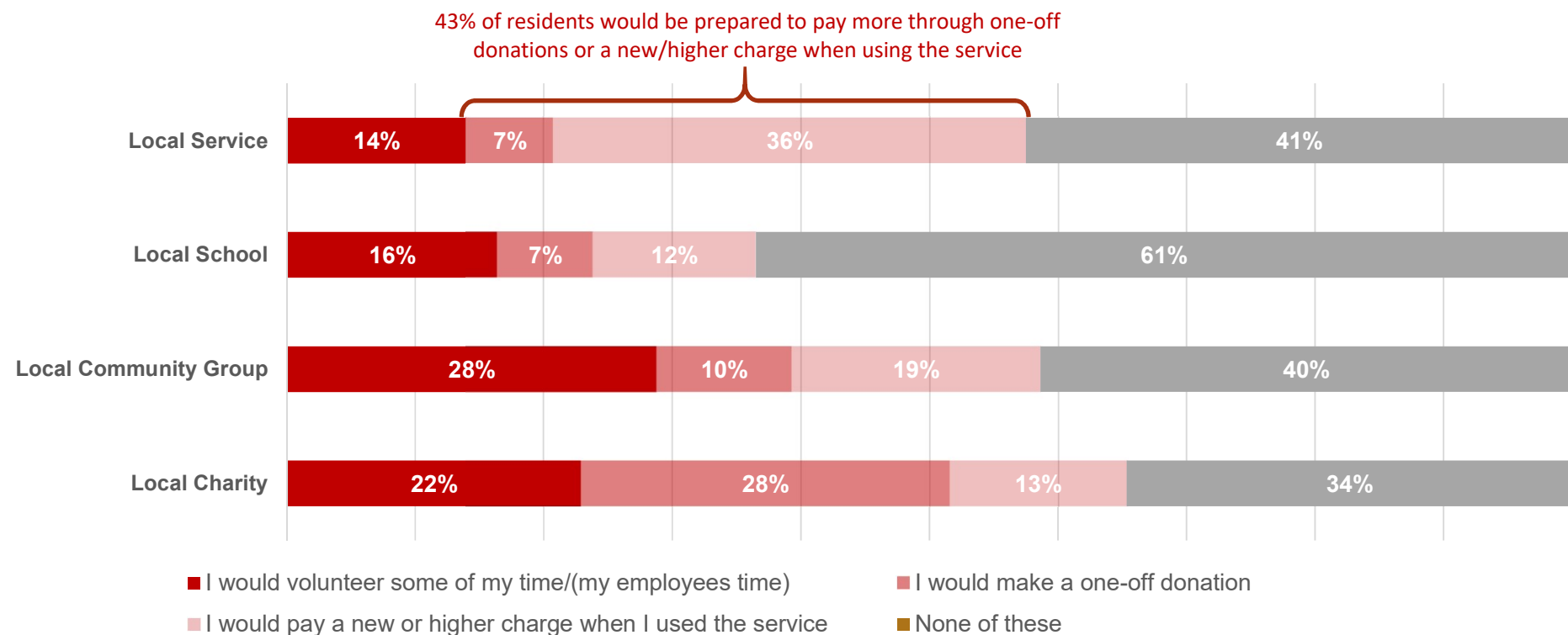
Participants were asked, “How strongly do you agree or disagree that Essex County Council should do each of the following when faced with financial pressures?”



*There were 396 responses asking, for each of these strategies set out above, whether participants agreed /disagreed, strongly or slightly. The percentage figures reported above reflect participants' net support for each strategy. This is the percentage of participants who agree strongly/slightly with the strategy, minus the percentage who disagree strongly/slightly.*

## The majority of residents would be prepared to either pay more, or give their time, to support local services that are experiencing financial pressure.

Participants were asked, “If a service in your local area was at risk from financial pressures, would you do any of the following?”



There were 396 responses asking, for each of the services/organisations set out above, whether participants would be prepared to volunteer some of their time/their employees time to help with a local service under financial pressure, make a one off donation, pay a new or higher charge when they use the service or do none of these.

## Residents want to see key services protected despite financial pressure

Participants were asked, “which services should be protected from any funding reductions? The following services were identified by over 50% of all respondents.

Care and support for vulnerable older people  
Maintenance of roads, footways and bridges  
Care and support for people with mental health needs

**80% - 90%** of participants supported protection of these services

Child Protection  
Waste Management & Recycling  
Children’s mental health services  
Secondary Schools  
Primary Schools  
Care and support for people with learning disabilities  
Care and support for people with physical and sensory disabilities

**70% - 80%** of participants supported protection of these services

Libraries  
Support for learners with special educational needs  
County Parks  
Flood protection

**60% - 70%** of participants supported protection of these services

Investing in Essex’s Transport Infrastructure  
Fostering & adoption services  
Youth Offending Support  
Funding for early years and childcare  
Subsidised transport (e.g. rural busses and concessionary fares)

**50% - 60%** of participants supported protection of these services

## Residents are less able to identify services where reductions in spending should be considered to support investment in other areas

Participants were asked, “which services should be considered for funding reductions in order to allow investment and protection in other areas? The following services were identified by over 10% of all respondents.

Smoking cessation

**42%** of participants identified these as services with which should be considered for funding reductions in order to allow investment and protection in other areas

Obesity programmes

**30% - 40%** of participants identified these as services with which should be considered for funding reductions in order to allow investment and protection in other areas

Adult Education  
Tourism  
Home to school transport  
Subsidised transport (e.g. rural busses and concessionary fares)  
Investing in Essex’s Digital Infrastructure

**20% - 30%** of participants identified these as services considered for funding reductions in order to allow investment and protection in other areas

Street lighting  
Sports and leisure provision  
Drug and Alcohol Treatment  
Attracting inward investment  
Health Checks  
Trading Standards  
Funding for early years and childcare  
Economic Regeneration  
Libraries

**10% - 20%** of participants identified these as services considered for funding reductions in order to allow investment and protection in other areas

This document was prepared by Essex County Council's Research and Citizen Insight function.

For more information of a further discussion, please write to [research@essex.gov.uk](mailto:research@essex.gov.uk)

The Research and Citizen Insight function works to deliver the county council's Corporate Insight Programme. It also provides advice and guidance on research and intelligence across Essex County Council and partner organisations.

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## CORPORATE POLICY AND SCRUTINY COMMITTEE

### WORK PROGRAMME 2019/20 – (ADOPTED BY SEPTEMBER 2019 COMMITTEE MEETING)

Approach to topic selection – where can the committee conduct reviews quickly, influence change and make a difference to the residents of Essex

Date/Timing	Issue/Topics	Focus/other comments	Approach	RAG
<b>February 2020</b>				
February 2020	Procurement – large-scale contracts	Committee to review upcoming contracts that require re-procurement – possible Task and Finish Group	Presentation by Cabinet Member and relevant officers	
February 2020	Commercial Procurement	Committee to receive an update on developments in ECC's procurement service	Presentation by Cabinet Member and relevant officers	
TBC February or March 2020	Property portfolio	Additional detail on the breakdown of ECC's property portfolio	Presentation by relevant Cabinet Member and Officers  Breakdown of ECC property estate and their values	
<b>March 2020</b>				
March 2020	ECC's Transformation Programme	Committee to receive an update on the progress made to date on the Transformation Programme and next steps	Presentation by the Leader and Chief Executive	
March 2020	ECC's Organisation Strategy	Committee to be engaged with future business plan for 2021 – 2024.	Presentation by relevant Cabinet Member and officers	



<b>April 2020</b>				
April 2020	Delivery Risk Assessment Update	Committee to receive six monthly updates on the progress of delivery risk assessment.	Presentation by Cabinet Member and relevant officers	
April 2020	Property Investment Portfolio	To receive an in-depth update on the latest position on ECC's property investment programme.	Presentation by relevant Cabinet Member, Director and Officers	
April 2020	Property Portfolio	Value of ECC Estate and disposal strategy.	Presentation by relevant Cabinet Member and Officers	
<b>May 2020</b>				
May 2020	Financial Overview 2019/20 as at the half year position	Regular six-monthly updates after Cabinet.	Presentation by Cabinet Member and relevant officers	
<b>June 2020</b>				
<b>July 2020</b>				
<b>August 2020</b>				
<b>**NO MEETING PLANNED**</b>				
<b>Topics identified being pursued</b>				
TBC	Essex Legal Services – update on external charging policy		Presentation by Cabinet Member and relevant officers	

TBC	Reserves		Presentation by Cabinet Member and relevant officers	
TBC	ECC's Trading Activities		Presentation by Cabinet Member and relevant officers	
TBC	Brexit		Presentation by the Leader and relevant officers	