

**Forward Plan Reference Number: FP/036/02/23**

<b>Report title:</b> 2023/24 Financial Overview as at the Half Year Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Chancellor of Essex (Cabinet Member with responsibility for Finance)	
<b>Date:</b> 10 October 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## **1 Everyone's Essex**

- 1.1 The Annual Plan and Budget was set for 2023/24 at Council in February 2023. The plan set out the Everyone's Essex strategic aims and commitments, alongside a budget to enable delivery of our aims, while also maintaining the financial sustainability of the Council.
- 1.2 The purpose of this report is to set out the current forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2023/24 financial year. The report highlights that, while there is a small forecast over spend of 1.2% against a net revenue budget of £1.1bn, the short to medium term outlook remains incredibly challenging, with demand uncertainty, market pressures, high inflation and interest rates, and cost of living impacts.
- 1.3 The **£12.7m** over spend is a **£1.6m** favourable movement since the Quarter 1 report of **£14.3m**. This is mostly driven by favourable movements of **£7m** in Other Operating Costs and **£4.3m** in Highways Maintenance and Sustainable Transport, offset by an adverse movement of **£8.6m** in Children's Services and Early Years. **Further details on movements are set out in section 5.**
- 1.4 We are still facing unprecedented circumstances – after reaching a 40 year high back in winter, inflation is now falling but remains high at 6.7%, still almost double the council tax rise applied this year. In the current economic climate forecasts for future inflation remain uncertain. There is a risk to the financial position if inflation does not reduce at the speed forecast by the Bank of England, however with the actual rate now tracking quite closely to the forecast, this risk is beginning to ease. There are other unknowns that risk the position too, including ongoing demand for services, increasing complexity of need, as well as rising interest rates. These will be carefully monitored and are likely to result in ongoing volatility of expenditure for the remainder of the year, making it difficult to produce an accurate forecast.

- 1.5 Despite these challenges, our focus remains on prioritising our resources to achieve the strategic aims outlined in Everyone's Essex. Since Quarter 1 there has been **£1.3m** of funding approved towards Levelling Up and the Economy.

## 2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:

- i. **£1.8m** from the Adults Risk Reserve to the Health, Adult Social Care and ICS Integration portfolio relating to certain disability related expenses being an allowable expense when calculating client contribution (section 5.5.viii)
- ii. **£1.3m** from the Adults Investment Reserve to the Health, Adult Social Care and ICS Integration portfolio relating to various project expenditure which can be found in more detail in section 5 (section 5.5.viii)
- iii. **£564,000** from the Covid Equalisation Reserve to the Chancellor of Essex RSSS portfolio for staffing pressures on fixed term contracts still being felt within Business Support as a result of the pandemic (section 5.16.ii)
- iv. **£462,000** from the Childrens Transformation Reserve to the Children's Services and Early Years portfolio relating to fund the Tendring Multi Disciplinary Team (MDT) (section 5.1.iii)
- v. **£418,000** from the Covid Equalisation Reserve to the Arts, Heritage & Culture portfolio relating to temporary staffing for Registrars (section 5.10.iii)
- vi. **£228,000** from the Private Finance Initiatives (PFI) Equalisation Reserves to the Education Excellence, Life Long Learning and Employability portfolio in relation to Debden Park PFI (section 5.4.iii)
- vii. **£186,000** from the Covid Equalisation Reserve to the Education Excellence, Life Long Learning and Employability portfolio due to the loss of tuition fee income caused by Covid resulting in a lower number of enrolments within Adult Community Learning (section 5.4.iii)
- viii. **£157,000** from the Adults Risk Reserve to the Health, Adult Social Care and ICS Integration portfolio to fund costs associated with the increased payments to providers in respect of the subsidy for fuel price increase inflation (section 5.5.viii)
- ix. **£96,000** from the Waste Reserve to the Climate Czar, Environment, Waste Reduction and Recycling portfolio towards the Mechanical and Biological

Treatment facility (MBT) ongoing legal costs and other associated costs (section 5.2.iv)

- x. **£74,000** from the Transformation Reserve to the Planning a Growing Economy portfolio relating to the Cabinet Member Action FP/945/01/21 Digital Accessibility Compliance Project – Policy and Funding, previously approved, but has now time lapsed (section 5.9.ii)
- xi. **£55,000** from the Technology and Digitisation Reserve to the Chancellor of Essex RSSS portfolio for audit costs relating to the Corporate Systems Project (section 5.16.ii).

2.2 To appropriate funds to reserves as follows:

- i. **£7.9m** to the Waste Reserve from the Climate Czar, Environment, Waste Reduction and Recycling portfolio to appropriate unused funds to the reserve for future use (section 5.2.iv)
- ii. **£502,000** to the Waste Reserve from the Climate Czar, Environment, Waste Reduction and Recycling portfolio relating to various Waste projects and for use in 2024/25 (section 5.2.iv)

2.3 To approve the following adjustments:

- i. Vire **£134,000** within the Climate Czar, Environment, Waste Reduction and Recycling portfolio to repurpose funds from the Residual Waste project (FP/066/05/21) for use on the Waste Strategy project (FP/537/10/22) (section 5.2.iv)
- ii. Vire **£4,000** from the General Balance to Other Operating Costs to remove the planned appropriation from Music Services relating to ECC pension fund deficit (section 9.4 and 5.12.iii)
- iii. Transfer **£9m** from the Ambition Fund Reserve to the Reserve for Future Capital Funding to address priority highways issues. This funding was allocated via the Executive statement at Full council in February 2023 (FP/134/05/23) (section 7.8 and 9.2)
- iv. Transfer **£112,000** from the Transformation Reserve to the Reserve for Future Capital Funding towards the refurbishment of Colchester Library (section 9.3)
- v. Transfer **£5.8m** from the Covid Equalisation Reserve to the Waste Reserve to replenish the waste reserve with Covid funding for additional waste tonnages experienced during the pandemic that were originally funded through the Waste reserve (section 9.3).
- vi. **£6.8m** relating to the Care Workforce Retention Claims Fund, currently approved for draw down via Cabinet Member Action FP/112/05/23, now to be

funded from the Market Sustainability and Improvement Fund (new funding announced in July 2023) (section 5.5.vii)

- vii. Amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£11.7m** from 2023/24 and **£1.8m** from 2026/27, into 2024/25 **£6.1m**, 2025/26 **£405,000** and 2027/28 **£7.1m**. Capital budget additions of **£25.4m**, capital budget reductions of **£7.8m** and advanced works of **£3.3m**, **£1.1m** from 2024/25, **£2.1m** from 2025/26 and **£87,000** from 2027/18 (see section 7.2).
- 2.4 Agree that the Director, Highways and Transportation may issue new task orders or amend current task orders to Ringway Jacobs for the work outlined in section 7.8 to a value of £9m.

### 3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£12.7m (1.2%** against a net budget of **£1.1bn)**. The overall over spend position is driven by Children's Services and Early Years, Health and Adult Social Care and ICS Integration and The Chancellor of Essex portfolios:
- i. Children's Services and Early Years, **£16.6m**, where a higher proportion of children in care are now placed in more expensive types of care than assumed when the budget was set, due to greater levels of complexity and risk. These issues are being seen nationally across the country.
  - ii. Health and Adult Social Care and ICS Integration, **£4.8m**, predominantly due to capacity pressures within Reablement support, requiring additional spot purchasing.
  - iii. The Chancellor of Essex, **£4.4m** pressure in relation to delivery of an ECC wide staffing review saving for 2023/24. An assessment of in-year delivery options is in progress, and full delivery of the saving is now expected from 1 April 2024 onwards.

Partially offset by under spends in:

- iv. Other Operating Costs, **£7m** driven by higher levels of income on interest earned from treasury management activity due to rising interest rates, plus reduced expectations on capital financing costs following re-profiling in the capital programme.
- v. Highways Maintenance and Sustainable Transport (**£4.4m**) and Chancellor of Essex RSSS (**£1.8m**) in relation to energy costs –

following a stabilisation of the energy market since the budget was set, unit rates are now nearly half that assumed.

- 3.2 The Council continues to find itself in an extremely uncertain economic environment. CPI inflation is continuing to decline but at 6.7% is still far in excess of what we have come to consider the norm. The Bank of England's most recent forecast (August Monetary Policy Committee (MPC) Report) continued to forecast an ongoing reduction in inflation, down to around 4% by the end of this financial year, averaging over 6% for the year. Whilst this broadly matches assumptions built into the budget for 2023/24, a slower decline than predicted will potentially create pressure against 2023/24 budgets, and impact our medium term plans. Alongside this, interest rates continue to rise, and the expectation is they will rise further, which will impact on the capital cost of borrowing in the medium term.
- 3.3 At this time, pressure of over £14m relating to inflation is being reported. We continue to hold reserves specifically set aside for inflationary risk, which can mitigate any emergent pressure if necessary in the short term. The position will require careful monitoring and is likely to result in ongoing volatility of forecasting in the remaining months of the year, which makes it difficult to produce an accurate forecast.
- 3.4 The position reported in section 5 assumes the approval of the proposed adjustments in this report as set out in the recommendations in paragraphs 2.1 to 2.3.

#### 4. Executive Summary: Capital

- 4.1 The original capital programme for 2023/24 as set by Full Council in February 2023 was **£274.9m**. The forecast outturn is **£331.3m**, before adjustments proposed within this report. This represents an over spend of **£12.2m** (3.8%) against the latest approved budget of **£319.1m**. After taking account of budget change requests in this report there is a residual over spend of **£3.2m**, mainly in relation to Schools cash balances. More detail is set out in Section 7.
- 4.2 The **£12.2m** over spend in the 2023/24 Capital Programme position relates to the following requests in this report:
- 2023/24 Slippage: **£11.7m** (£6.1m into 2024/25, £405,000 into 2025/26, £1.8m from 2026/27 and £7.1m into 2027/28)
  - 2023/24 Additions: **£25.4m**
  - 2023/24 Reductions: **£7.8m**
  - 2023/24 Advanced Works: **£3.3m** (£1.1m from 2024/25, £2.1m from 2025/26 and £87,000 from 2027/28)
- 4.3 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2023/24 since approval of the original programme in the

Budget Report to Council in February 2023. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

- 4.4 The Council has an ambitious four-year capital programme totalling over £1.2bn. In the current economic climate of high general inflation, specific materials inflation and market instability, we face some significant risks, particularly on our large major schemes. These risks are being seen nationally on major building schemes, and while the risks do not impact on the current year capital programme, the Council is working to resolve these risks as far as possible with partners, to ensure any impact on the aspirational capital programme is minimised.
- 4.5 The Council has been working over a number of years to understand the extent of reinforced autoclaved aerated concrete (RAAC) across the maintained school estate and has been proactive in identifying and putting in place mitigation measures complying with all the guidance available at the time. On 30 August 2023, the DfE changed its policy and that required immediate action to be taken where RAAC was identified in schools.
- 4.6 As at 19 September ECC had identified 60 schools as having RAAC in all, or some, of their buildings. 15 are local authority maintained schools, with the remaining 43 being academies. ECC are required to take immediate action for the maintained Schools, and are also working to support Academy Trusts where this is needed. Of those 60 schools, 44 have structural mitigations in place or identified with no impact on face to face learning, 5 are utilising alternative accommodation and the remaining 11 have some hybrid learning in place and either have temporary accommodation plans urgently being drawn up or already being implemented. At present all necessary expenditure is being drawn down from the Health and Safety reserve and the DfE has confirmed that it will reimburse Local Authorities for expenditure incurred. However, it should be noted that at present full details on what costs can be recovered from the DfE have yet to be received. Therefore, there is a risk that ECC may not recover all of the expenditure and it is uncertain how long it will take to recover this.

## 5. Revenue Position

### 5.1 Children's Services and Early Years:

- **Non DSG - £16.6m (13.5%) over spend**
  - **DSG – £3.8m under spend**
- i. The forecast over spend in Non DSG is predominantly as a result of a change in the placement mix where more children are being placed in mainstream residential care, external fostering, and unregistered provision. In addition, the average weekly cost per residential placement is 31% higher than budgeted. Greater complexity of needs, increased risk and very limited sufficiency in the market has seen price inflation far in excess of forecast levels. In addition,

there is a forecast £2.2m over spend on staffing, which is under review and is as a result of some social workers remaining in post longer than anticipated.

- ii. There has been an adverse movement since Quarter 1 of **£8.6m**:
  - **£7m** placement costs:
    - **£2.7m** residential costs due to 12% rise in average weekly rate
    - **£2m** unregistered placements
    - **£2m** supported living
  - **£1.1m** direct payments and home care support; both services pay for personal assistants and other support to prevent families falling into crisis and allow the child to remain within the family home. Families can choose to receive cash payments to employ personal assistants or allow the Council to manage this support on their behalf.
- iii. Approval is sought in this report for the following:
  - **£462,000** from the Childrens Transformation Reserve relating to fund the Tendring Multi Disciplinary Team (MDT)

## 5.2 **Climate Czar, Environment, Waste Reduction and Recycling - £64,000 (0.1%) under spend**

- i. The portfolio reports a small forecast under spend of **£64,000** and favourable movement of **£59,000** from Quarter 1.
- ii. The unadjusted position is an under spend of **£8.485m** which related to Waste Management.
- iii. The following should be noted for 2023/24 in relation to Waste Management:
  - Actual tonnages remain outstanding for a limited number of waste streams and so the forecast outturn may be adjusted upon receipt.
  - Tonnage variances will be carefully monitored and reviewed throughout the year to assess impact on the full year forecast outturn position specifically when actuals to date are received.
- iv. Approval is sought in this report for the following:
  - **£96,000** from the Waste Reserve towards the Mechanical and Biological Treatment facility (MBT) ongoing legal costs and other associated costs
  - **£7.9m** to the Waste Reserve to appropriate unused funds to the reserve for future use
  - **£502,000** to the Waste Reserve for use in 2024/25 and relating to various Waste projects as follows:
    - **£229,000** for the Residual Waste Project (FP/066/05/21)
    - **£209,000** for the Waste Portfolio Project (FP/927/12/20)
    - **£33,000** for Senior resources (FP/086/03/23)
    - **£31,000** for Recycling Centre and Household Waste options (FP/324/03/22)

- Vire **£134,000** within the portfolio to repurpose funds from the Residual Waste project (FP/066/05/21) for use on the Waste Strategy project (FP/537/10/22)

### 5.3 Education Excellence, Lifelong Learning and Employability (DSG) - **£6.7m under spend**

- An in year **£6.7m** under spend is reported which results from the increase in funding for 2023/24.
- This is an adverse movement of **£4.5m** since Quarter 1 mainly attributable to:
  - £1.6m in the High Needs Block now that funding has been committed
  - £1.1m for Individual Packages of Education Support (IPES) due to an increase in the volume of pupils placed through the framework
  - £1m for Independent Schools due to an increase in volume and cost of placements
  - £799,000 for Alternative Provision largely due to an increase in the cost of personal budgets and suppliers not covered by the IPES contract
  - £437,000 for SEN Therapies largely due to the increase in costs of Independent Therapists
  - £278,000 for Other LA SEN top ups due to an increase in the volume of mainstream places and the cost of special school places.
- The High Needs Block (HNB) funding was increased by the Government by **£21.6m** (post recoupment) for 2023/2024. The HNB is expected to remain in surplus this financial year and early intervention projects are being developed to try to suppress demand in future years.
  - However significant pressures exist within the forecast, in particular, Independent Schools are forecasting a £4.7m over spend, a 24.7% increase in expenditure compared to 2022/23. The 2023/24 budget is £31.3m, an increase of 11.7% from 2022/23.

### 5.4 Education Excellence, Lifelong Learning and Employability (Non DSG) - **£410,000 (1.6%) over spend**

- A forecast over spend of **£410,000** is largely due to:
  - **£605,000** which reflects the latest pay position for Educational Psychologists of £270,000, and the use of associate Education Psychologists of £618,000, these variances are only partially offset by staffing vacancies.  
  
Offset by:
    - **£317,000** vacancies in the SEND Operations teams where recruitment is ongoing for the new posts created through the SEND restructure.
- This is an adverse movement of **£277,000** since Quarter 1 mainly attributable to the Education Psychologists latest pay position.

- iii. Approval is sought in this report for
- **£228,000** from the Private Finance Initiatives (PFI) Equalisation Reserves in relation to Debden Park PFI
  - **£186,000** from the Covid Equalisation Reserve due to the loss of tuition fee income caused by Covid resulting in a lower number of enrolments within Adult Community Learning

## 5.5 Health, Adults Social Care and ICS Integration - £4.8m (1.1%) over spend

- i. As we approach the half year stage Adult Social Care system continues to experience increased volumes. There has been a 1.1% increase in the number people entering a reablement service and a 16.5% increase in the average number of hours of support per week being provided to those in reablement, driven by an increase in people's needs compared to those supported in the services in the first half of last financial year. In addition there has been a 1% increase in people requiring support in a residential or nursing setting compared to the budgeted level.
- ii. These increased volumes are driving the over spend, the most significant being the purchase of spot reablement which continues to create an unbudgeted pressure, as it was expected that the contracted capacity via block contract arrangements would be sufficient to meet demand. The pressure arising from the increased demand over and above the budgeted expectation for people needing to be supported in a residential or nursing setting is in part dampened by the increased contribution from them towards their care costs.
- iii. Decisions taken to increase funding to the market have started to result in improvements in the supply and demand mismatches that were experienced at the end of last financial year, but staff recruitment and retention for the sector remains an issue.
- iv. The Adult Social Care forecast to the end of the year is based on volume growth being in line with latest assumptions and price uplifts as per Cabinet Decision papers. The forecast makes no prediction about further savings delivery over and above that already validated. The service is actively pursuing the delivery of savings not reflected in the forecast (£4.6m), and as these savings come to fruition, and if all other assumptions remain in line with budget, the outturn position should move favourably.
- v. The adverse movement of £900,000 since Quarter 1 is driven by increased residential and nursing care demand, however some of this demand is offset by over recovery of residential income and non residential income where we have an increased number of clients paying a higher contribution towards their care. In addition, there has been a £320,000 favourable movement on the Social Fund as the expenditure will be fully covered by utilisation of the Household Support Fund Grant from the Department for Work and Pensions.

This grant is to support families post Covid and with cost of living pressures. It has been used to support ECC with the statutory delivery of this welfare provision via the Social Fund since October 2020. £7.6m of Household Support Fund Grant is now forecast to be spent via the Social Fund this year.

- vi. The Public Health forecast outturn is an online position. The Public Health grant received by ECC for 2023/24 totals £67.7m. In line with the approved Wellbeing, Public Health and Communities business plan (2022-25), a number of workstreams have been identified and programmes are currently being developed to address gaps in service delivery and allocate ongoing expenditure within the grant. Areas of focus include obesity and healthy weight, mental health, marginalised groups and risk factor work. The estimated remainder of the grant unallocated for 2023/24 after these project allocations is approximately £900,000 and the funds remain subject to the normal Public Health grant conditions. Of the £2.5m of Central Government Contain Management Outbreak funding (COMF) carried forward from 2022/23, £2.3m is allocated to the Essex Wellbeing Service which has a major focus on enabling communities to become more confident post Covid and the remainder allocated to Digital Inclusion. There will be no carry forward of COMF monies into 2024/25.
- vii. At the end of July the Department of Health and Social Care announced additional grant, Market Sustainability and Improvement Fund (Workforce Fund), of £9m for Essex, it is proposed via this report that £6.8m of this fund is utilised to fund the Care Workforce Retention Claims Fund for ECC contracted care providers that was approved in Cabinet Decision Care Market New Funding Allocations 2023/24 (FP/112/05/23) and that the £6.8m approved to be drawn down from the Adult Investment Reserve remains in the reserve.
- viii. Approval is sought in this report for the following:
  - **£1.8m** from the Adults Risk Reserve relating to certain disability related expenses being an allowable expense when calculating client contributions
  - **£1.3m** from the Adults Investment Reserve relating to various project expenditure as follows:
    - **£300,000** for backfilling Apprenticeships
    - **£274,000** in relation to Systems Development Team
    - **£253,000** in relation to Mental Health Social Work Review
    - **£245,000** in relation to Information, Advice and Guidance
    - **£90,000** in relation to Advocacy Commissioning posts
    - **£69,000** to support continued delivery of advocacy in Essex
    - **£39,000** in relation to the Shared Care Record resource
    - **£33,000** in relation to the sensory contract uplift
  - **£157,000** from the Adults Risk Reserve to fund costs associated with the increased payments to providers in respect of the subsidy for fuel price increase inflation.

**5.6 Highways Maintenance and Sustainable Transport - £4.4m (3.6%) under spend**

- i. The forecast under spend of **£4.4m** predominantly relates to energy under spends across policy lines.
- ii. There is a favourable movement from Quarter 1 of **£4.3m**, of which the largest variances are:
  - **£6.9m** under spend in relation to energy across policy lines as energy prices are nearly half the unit price expected when the budget was set
  - **£353,000** under spend across a number of policy lines. These predominantly relate to staffing and higher income than budgeted.

Offset by:

- **£2.4m** over spend within Home to School Transport policy lines; £1.7m resulting from an unfunded pressure within Hired Transport due to a number of factors which include more complex passenger needs and further mileage travelled, and also an estimated £600,000 transporting 176 Asylum students from hotels to 20 mainstream schools across the county. Work is underway, which includes detailed data analysis, to fully understand what is driving the additional costs, building on learning from previous reviews, to develop a plan to manage the escalating costs.
- **£750,000** over spend in relation to non-delivery of the Parking Partnerships on street parking saving initiative which requires development of a permanent solution.

**5.7 Leader – £41,000 (1.9%) under spend**

- i. The £41,000 forecast under spend is due to lag in recruitment across Democratic Core and Corporate Policy.

**5.8 Levelling Up and the Economy – £20,000 (0.3%) under spend**

- i. The portfolio reports a nominal under spend and movement from Quarter 1.

**5.9 Planning a Growing Economy – £32,000 (0.3%) over spend**

- i. The portfolio reports a forecast over spend of **£32,000** which is an adverse movement of **£53,000** from Quarter 1. This is mainly attributable to the following:
  - **£46,000** over spend within Developer Management & Staffing due to lower than budgeted staffing recharges
  - **£19,000** over spend within Economic Renewal relating to staffing due to maternity cover.

Offset by:

- **£34,000** under spend within Housing Growth & Strategic Sites due to staffing vacancies.

- ii. Approval is sought in this report for the following:
  - **£74,000** from the Transformation Reserve relating to the Cabinet Member Action FP/945/01/21 Digital Accessibility Compliance Project – Policy and Funding, previously approved, but has now time lapsed.

#### 5.10 The Arts, Heritage and Culture – £185,000 (0.7%) under spend

- i. The portfolio reports a forecast under spend of **£185,000** mainly attributable to the following:
  - **£321,000** under spend within Youth Services largely due to income exceeding budget (£209,000) and staff vacancies (£66,000).

Offset by

- **£66,000** over spend in the Libraries Service attributable to ongoing work to refine delivery plans in relation to the libraries saving
  - **£44,000** over spend in Outdoor Education due to staffing costs
  - **£32,000** over spend in Trading Standards due to the New Burdens grant not being received directly to the service as it has been included in the overall government funding to ECC.
- ii. This is an adverse movement of **£94,000** from Quarter 1 largely attributable to Youth Services due to vacant posts being filled.
  - iii. Approval is sought in this report for the following:
    - **£418,000** from the Covid Equalisation Reserve relating to temporary staffing for Registrars.

#### 5.11 The Chancellor of Essex – £4.4m (62.3%) over spend

- i. The **£4.4m** forecast over spend and the adverse movement of **£1.9m** from Quarter 1 is driven by an organisation wide saving budgeted within the portfolio relating to staff resource levels. A full assessment of in-year delivery options is in progress, and full delivery of the saving is now expected from 1 April 2024 onwards.

#### 5.12 Other Operating Costs – £7m (6.7%) under spend

- i. The **£7m** forecast under spend is the total movement from Quarter 1. This is driven by higher levels of income on interest earned from treasury management activity due to higher than anticipated interest rates (**£5m**), plus reduced expectations on capital financing costs following re-profiling in the capital programme (**£2m**).
- ii. Work will continue on reviewing the impact of any further capital programme slippage and opportunities for further income on our cash balances.
- iii. Approval is sought in this report for the following:

- Vire **£4,000** from the General Balance to remove the planned appropriation from Music Services relating to ECC pension fund deficit.

**5.13 Leader Recharged Strategic Support Services - £14,000 (0.7%) over spend**

- i. The portfolio reports a nominal over spend position.

**5.14 Levelling Up and the Economy Recharged Strategic Support Services – £18,000 (0.3%) under spend**

- i. The portfolio forecasts a nominal under spend position.

**5.15 Planning a Growing Economy Recharged Support Services - £19,000 (1.7%) under spend**

- i. This forecast under spend and favourable movement from Quarter 1 of **£19,000** is due to revised staffing forecasts.

**5.16 The Chancellor of Essex Recharged Support Services - £1.8m (1.7%) under spend**

- i. This **£1.8m** forecast under spend position is an adverse movement of £2m since Quarter 1 and is driven by:
  - **£2.2m** under spend within Property Utilities & Energy due to the 2023/24 unit rate for electricity being significantly lower than the unit rate assumed in the current year budget. The market price is now relatively stable and the energy requirement for the current year has mostly been purchased.
  - **£50,000** under spend within Property Landlord which is due to staffing vacancies within the Core Management Team; the staffing structure is currently under review.

Offset by:

- **£466,000** over spend within Property Contracts of which £240,000 relates to estate transformation savings not being achievable and £208,000 relates to Iron Mountain storage costs.

- ii. Approval is sought in this report for the following:

- **£564,000** from the Covid Equalisation Reserve for staffing pressures on fixed term contracts still being felt within Business Support as a result of the pandemic
- **£55,000** from the Technology and Digitisation Reserve for audit costs relating to the Corporate Systems Project.

## 6. Trading Activities

- 6.1 Trading activities as a whole are reporting a **£10,000** surplus against the budgeted surplus of **£300,000**. The budgeted surplus figure has been reduced by **£4,000**, relating to Music Services, due to the ECC pension fund deficit payments which have now been repaid.
- 6.2 Place Services is forecasting an achievement of the planned target of **£300,000** which will be appropriated to County Reserves
- 6.3 Music Services is forecasting a surplus of **£10,000**.
- 6.4 These forecast positions will leave a net residual surplus in reserves of **£1.7m**, of which **£1.4m** relates to Place Services
- 6.5 Appendix B shows the position by each Trading Activity.

## 7. Capital

- 7.1 An over spend of **£12.2m** (3.8%) is forecast against the latest capital budget of **£319.1m**. After taking account of budget change requests in this report there is a residual over spend of **£3.2m**.
- 7.2 Approval is sought for:
  - i. 2023/24 Slippage: **£11.7m** (£6.1m into 2024/25, £405,000 into 2025/26, £1.8m from 2026/27 and £7.1m into 2027/28)
  - ii. 2023/24 Additions: **£25.4m**
  - iii. 2023/24 Reductions: **£7.8m**
  - iv. 2023/24 Advanced Works: **£3.3m** (£1.1m from 2024/25, £2.1m from 2025/26 and £87,000 from 2027/28)
- 7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C(ii).
- 7.4 **Children's Service and Early Years – £936,000 (16%) under spend**
  - i. An under spend of **£736,000** is forecast on the New Farm Road Children's Residential project. In order to ensure placement continuity for young people, the profile of works now needs to be extended, in addition Reinforced autoclaved aerated concrete (RAAC) issues within Essex have also increased pressure on contractor capacity. Discussions for rescheduling the works are currently ongoing. Approval is sought to re-profile £736,000 into 2024/25.
  - ii. An under spend of **£200,000** is forecast on the Solo Placements project related to the works that are required to the Roach Vale school, in exchange for the appropriation of the vacant caretaker's property to deliver registered emergency care and accommodation. The works were due to take place over

the summer holidays to minimise disruption but have been delayed due to a change in Headteacher. Approval is therefore sought to slip £200,000 into 2024/25

#### 7.5 **Climate Czar, Environment, Waste Reduction and Recycling – on line**

- i. The forecast is currently on line with the latest approved budget of **£886,000**.

#### 7.6 **Education Excellence, Lifelong Learning and Employability - £309,000 (0.6%) under spend**

- i. Overall, approval is sought to;
  - Re-profile **£2.6m** from 2023/24, **£3.3m** from 2025/26 and **£1.8m** from 2026/27 (£748,000 into 2024/25 and £7.1m into 2027/28);
  - To advance **£227,000** into 2023/24 and **£1.8m** into 2024/25 from 2025/26;
  - For capital programme additions of **£1.7m**;
  - Partially offset by capital programme reductions of **£2.8m**.

The most material adjustments relate to the following:

- ii. An under spend of **£1.5m** relates to the Temporary Accommodation programme and approval is sought to re-profile £1m into 2024/25, as the planned programme for the replacement of relocatable units is affected by the Reinforced autoclaved aerated concrete (RAAC) situation as the focus is on emergency work rather than planned work.
- iii. An under spend of **£1.2m** is forecast on Schools Capitalised Building Maintenance; approval is sought for a reduction of £1m to contribute towards the additional cost of works associated with the Public Sector Decarbonisation Scheme (PSDS) 3 and PSDS4 projects at Essex Schools, within The Chancellor of Essex Portfolio, and a reduction of £205,000 to support roof maintenance costs on the Harlow Fields Special School project.
- iv. Schools Cash Balances is reporting a non-controllable over spend of **£3.4m** in relation to grants to Schools. This will be fully funded by the Devolved Formula Capital grant.

#### 7.7 **Health, Adult Social Care and ICS Integration – £1.9m (77%) under spend**

- i. The business case for the Independent Living Older People Investment project has been delayed and the start on site payment is now expected in quarter 1 of 2024/25 and practical completion payment in quarter 3 of 2025/26. Approval is sought to re-profile **£500,000** into 2024/25 and **£500,000** into 2025/26.
- ii. The Independent Living Adults with Complex Needs project aims to develop up to 4 schemes to provide in-county placements for adults with complex

needs, promoting independent living. To date, one site has been identified relating to the Lexden Ambulance Station site in Colchester, therefore the remaining budget is currently uncommitted and as a result approval is sought for slippage of **£912,000** into 2024/25.

## 7.8 Highways Maintenance and Sustainable Transport - £107.7m forecast, £17.7m (19.6%) over the current approved budget

- i. An addition of **£10.5m** is sought to the Roads Maintenance programme and **£4m** to the Footway Maintenance programme; £5.5m in relation to the additional DfT Pothole grant awarded in the 2023 Budget which will enable additional carriageway maintenance to take place and £9m from the Ambition Fund Reserve via the Reserve for Future Capital Funding (£5m for Roads Maintenance and £4m for Footways Maintenance) relating to the funding allocated via the Executive statement at Full council in February 2023 (FP/134/05/23). The task order allocations for the £9m draw down is as follows:

<b>Capital:</b>
<b>Carriageways – Task Order 17b Value £3m</b> This relates to the delivery of additional machine surfacing work within high priority carriageway schemes to address the current backlog of work.
<b>Carriageways – Task Order 17b Value £0.46m</b> This relates to the delivery of additional micro surfacing work within high priority carriageway schemes to address current backlog of work.
<b>Carriageways – Task Order 18 Value £1.54m</b> This relates to the delivery of permanent defect repair treatments for Carriageways (including Jet Patcher, Machine Patching and Hand Patching treatments).
<b>Footways – Task Order 81 Value £4m</b> This relates to surfacing and defect repairs for Footways, with c.£2m being used for Large Footway Repairs and c£2m for Small Footway Repairs.

- ii. Approval is sought for advanced works of **£1.6m** in relation to the LED rollout programme and **£1.3m** on Active Travel 2. Following several delays as a result of global supply shortages after the Covid pandemic, it is now anticipated that the LED rollout programme can be bought forward and will complete by early 2024 as the service have been able to bulk purchase stock now that it is available; Active Travel 2 previously saw delays due to objections raised in relation to the Traffic Regulation Orders (TROs) required for the schemes to progress, however these issues have now been resolved which has allowed project delivery to accelerate and completion is now expected ahead of schedule.

## 7.9 Leader – on line

- i. The forecast is currently on line with the latest approved budget of **£66m**

**7.10 Levelling up and the Economy – £16,000 (16%) over spend**

- i. Approval is sought for an addition of **£16,000**, in relation to the implementation of a cooling system for the community supermarket being set up in Colchester. The addition is funded by a grant to be received from Colchester City Council.

**7.11 Planning a Growing Economy - £4.3m (4.7%) under spend**

- i. Approval is sought for slippage of **£2.3m** into 2025/26 in relation to the A133-A120 Link Road due to delays caused by changing the procurement strategy from a single stage tender, where only one tender return was received, to a two stage tender which is more attractive to bidders due to the ability to design out risk.
- ii. The Harlow Town Centre Regeneration project is in its early stages, with planning and enabling works expected to be carried out this financial year and the majority of construction works to be carried out in future years. Therefore approval is sought to re-profile **£915,000** into 2025/26.
- iii. An under spend of **£725,000** is forecast on the Cycling Infrastructure programme for which approval is sought for a reduction and corresponding addition to Active Travel 3, within the Highways Maintenance and Sustainable Transport Portfolio. This is required to enhance the cycle route being delivered in Colchester under the Active Travel 3 programme.

**7.12 The Arts, Heritage and Culture – £405,000 (100%) over spend**

- i. Approval is sought for an addition of **£515,000** and to re-profile **£110,000** into 2024/25 in relation to a new project to refurbish Colchester Library, creating a new Children's Imagination and Literacy Centre on the ground floor of the library and relocating the registrars office to the first floor. The addition is to be funded by a grant from the Arts Council and a transfer to the Reserve for Future Capital Funding from the Transformation Reserve for the allocation earmarked for the Future Libraries Strategy.

**7.13 The Chancellor of Essex – £1.7m (20.8%) over spend**

- i. An over spend of **£1.7m** is forecast in relation to the Salix Public Sector Decarbonisation scheme (PSDS) property projects. Approval is sought for an addition of **£1m** to be funded by a reduction to the schools capitalised building maintenance budget, within the Education Excellence, Lifelong Learning and Employability Portfolio, to contribute towards the additional cost of works associated with the PSDS3 and PSDS4 projects at Essex Schools. Approval is also sought for an addition of **£650,000** for a new PSDS project at Tollesbury Primary School to be funded by a contribution from the school.

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

## 8. Policy context and Outcomes Framework

- 8.1 This report is an assessment of the financial position of the County Council, which itself is a representation of the Annual plan. The budget and Annual plan were approved in parallel in February 2023.

## 9. Reserves

- 9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.
- 9.2 Of the recommendations requested in this report the most significant are to approve **£9m** from the Ambition Fund Reserve to the Reserve for Future Capital Funding to address priority highways issues as previously allocated in the Executive statement to Full Council in February 2023, and also to appropriate **£7.9m** to the Waste Reserve to appropriate unused funds mainly relating to lower than expected tonnage levels, recycling credits and removal of a structural budget deficit.
- 9.3 Approval is also sought in this report to transfer **£5.8m** from the Covid Equalisation reserve to the Waste reserve to replenish the Waste reserve with Covid funding for usage in respect of additional waste tonnages experienced during the pandemic. In addition approval is sought to transfer **£112,000** from the Transformation Reserve to the Reserve for Future Capital Funding towards the refurbishment of Colchester Library.
- 9.4 To remove the planned contribution relating to Music Traded Service which has now been fully repaid relating its pension fund contribution to ECC, **£4,000** is sought in this report from the General Balance to Other Operating Costs.

## 10. Financial Implications

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

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

## **11. Legal Implications**

- 11.1 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.

## **12. Equality and Diversity implications**

- 12.1 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.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

## **13. 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)

## **14. List of Background Papers**

Budgetary control reports.

## Appendix A

## Revenue Forecast Outturn

Portfolio	Latest Budget £000	Half Year Forecast Variance £000	% of Latest Budget	Quarter 1 Forecast Variance £000	Movement £000	Direction of Travel
Children's Services and Early Years DSG	(401)	(3,812)	950.2%	8	(3,820)	↑
Children's Services and Early Years Non DSG	122,735	16,608	13.5%	8,004	8,604	↓
Climate Czar, Environment, Waste Reduction and Recycling	101,738	(64)	(0.1%)	(5)	(59)	↑
Education Excellence, Life Long Learning and Employability DSG	(2,662)	(6,712)	252.2%	(11,253)	4,541	↓
Education Excellence, Life Long Learning and Employability Non DSG	25,376	410	1.6%	133	277	↓
Health, Adult Social Care and ICS Integration	446,168	4,795	1.1%	3,884	911	↓
Highways Maintenance and Sustainable Transport	123,792	(4,413)	(3.6%)	(156)	(4,257)	↑
Leader	2,126	(41)	(1.9%)	-	(41)	↑
Levelling Up and the Economy	5,936	(20)	(0.3%)	(0)	(19)	↑
Planning a Growing Economy	9,837	32	0.3%	(21)	53	↓
The Arts, Heritage and Culture	25,379	(185)	(0.7%)	(279)	94	↓
The Chancellor of Essex	7,093	4,416	62.3%	2,509	1,907	↓
Other Operating Costs	105,022	(6,997)	(6.7%)	6	(7,003)	↑
Leader RSSS	1,961	14	0.7%	-	14	↓
Levelling Up and the Economy RSSS	6,524	(18)	(0.3%)	-	(18)	↑
Planning a Growing Economy RSSS	1,122	(19)	(1.7%)	-	(19)	↑
The Chancellor of Essex RSSS	105,288	(1,791)	(1.7%)	267	(2,058)	↑
<b>Total</b>	<b>1,087,035</b>	<b>2,204</b>	<b>0.2%</b>	<b>3,097</b>	<b>(893)</b>	
DSG Offset	3,063	10,524	343.6%	11,245	(721)	
<b>Total Excluding DSG</b>	<b>1,090,098</b>	<b>12,727</b>	<b>1.2%</b>	<b>14,342</b>	<b>(1,614)</b>	
Funding					-	
<b>Revised Total</b>	<b>1,090,098</b>	<b>12,727</b>	<b>1.2%</b>	<b>14,342</b>	<b>(1,614)</b>	

Appendix B

Trading Activities

	Revenue reserve 1 April 2023	Income	Budget Expenditure (Surplus) /Deficit		Income	Expenditure	Forecast (Surplus) / deficit	Final Outturn position	To County Revenue Account	To Trading Activity reserve	Final Outturn position	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2024
Traded Services	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Place Services	(1,443)	(3,968)	3,668	(300)	(4,098)	3,798	(300)	-	(300)	-	-	-	(1,443)
Music Services	(285)	(4,338)	4,338	-	(4,689)	4,679	(10)	(10)	-	-	(10)	-	(285)
<b>Total</b>	<b>(1,729)</b>	<b>(8,306)</b>	<b>8,006</b>	<b>(300)</b>	<b>(8,787)</b>	<b>8,477</b>	<b>(310)</b>	<b>(10)</b>	<b>(300)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>(1,729)</b>

## Appendix C (i)

## Capital Forecast Outturn

	Year to date			Budget Movement		Full Year		
	Budget	Actuals	Variance	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Children's Services and Early Years	1,365	356	(1,009)	3,010	2,838	5,849	4,912	(936)
Climate Czar, Environment, Waste Reduction and Recycling	369	885	516	-	886	886	885	(0)
Education Excellence, Life Long Learning and Employability	19,258	21,767	2,510	55,201	(2,233)	52,969	52,660	(309)
Health, Adult Social Care and ICS Integration	118	21	(97)	2,277	206	2,483	571	(1,912)
Highways Maintenance and Sustainable Transport	40,849	43,983	3,134	85,963	4,017	89,980	107,656	17,676
Leader	18,436	23,946	5,510	42,527	23,450	65,977	65,977	(0)
Levelling Up, and the Economy	50	67	17	100	-	100	116	16
Planning a Growing Economy	26,253	13,723	(12,530)	78,953	13,911	92,863	88,522	(4,341)
The Arts, Heritage and Culture	(25)	-	25	61	(61)	-	405	405
The Chancellor of Essex	2,838	2,972	134	6,768	1,182	7,950	9,600	1,650
<b>ECC Capital Programme</b>	<b>109,511</b>	<b>107,721</b>	<b>(1,789)</b>	<b>274,859</b>	<b>44,197</b>	<b>319,056</b>	<b>331,305</b>	<b>12,249</b>

## Financed by:

	Budget Movement		Full Year		
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000
<b>ECC Capital Programme</b>					
Grants	137,479	33,046	170,525	183,718	13,193
Reserves	7,300	-	7,300	16,367	9,067
Developer & Other contributions	23,627	3,547	27,174	23,472	(3,702)
Capital receipts	5,000	(1,422)	3,578	3,578	-
Unsupported borrowing	101,454	9,025	110,479	104,170	(6,309)
<b>ECC Capital Programme</b>	<b>274,859</b>	<b>44,197</b>	<b>319,056</b>	<b>331,305</b>	<b>12,249</b>

## Appendix C(ii)

## Capital Variance Plan

Portfolio	Approved changes					Variance Plan (2023/24)					
	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's Services and Early Years	1,082	1,530	-	227	2,839	(936)	-	-	-	(0)	(936)
Climate Czar, Environment, Waste Reduction and Recycling	886	-	-	-	886	-	-	-	-	(0)	(0)
Education Excellence, Life Long Learning and Employability	(4,395)	5,507	(3,265)	(79)	(2,232)	(2,635)	1,744	(2,833)	227	3,188	(309)
Health, Adult Social Care and ICS Integration	206	-	-	-	206	(1,912)	-	-	-	0	(1,912)
Highways Maintenance and Sustainable Transport	(1,681)	64,936	(59,217)	(21)	4,017	(1,118)	16,033	(167)	2,927	0	17,676
Leader	(608)	-	-	24,058	23,450	-	-	-	-	(0)	(0)
Levelling Up, and the Economy	-	-	-	-	-	-	16	-	-	-	16
Planning a Growing Economy	(11,004)	18,550	(6,027)	12,391	13,910	(5,035)	1,478	(896)	112	(0)	(4,341)
The Arts, Heritage and Culture	-	-	(61)	-	(61)	(110)	515	-	-	-	405
The Chancellor of Essex	317	865	-	-	1,182	-	5,603	(3,953)	-	(0)	1,650
<b>ECC Capital Programme</b>	<b>(15,197)</b>	<b>91,388</b>	<b>(68,570)</b>	<b>36,576</b>	<b>44,197</b>	<b>(11,746)</b>	<b>25,389</b>	<b>(7,849)</b>	<b>3,266</b>	<b>3,187</b>	<b>12,249</b>

## Variance plan - Future years

Variance Plan - Future Years											
Portfolio	2024/25		2025/26		2026/27		2027/28		2028/29		Total Variance
	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works	Slippage	Advanced Works	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Children's Services and Early Years	936	-	-	-	-	-	-	-	-	-	936
Education Excellence, Life Long Learning and Employability	748	1,802	(3,319)	(2,029)	(1,846)	-	7,052	-	-	-	2,408
Health, Adult Social Care and ICS Integration	1,412	-	500	-	-	-	-	-	-	-	1,912
Highways Maintenance and Sustainable Transport	1,118	(2,927)	-	-	-	-	-	-	-	-	(1,809)
Planning a Growing Economy	1,811	-	3,224	(25)	-	-	-	(87)	-	-	4,923
The Arts, Heritage and Culture	110	-	-	-	-	-	-	-	-	-	110
ECC Capital Programme	6,135	(1,125)	405	(2,054)	(1,846)	-	7,052	(87)	-	-	8,480

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2023/24 Changes
	£000	£000	£000	£000	Requested
INDEPENDENT LIVING ADULTS WITH COMPLEX NEEDS	(912)	-	-	-	(912)
IL OP INVESTMENT	(1,000)	-	-	-	(1,000)
<b>Health, Adult Social Care and ICS Integration</b>	<b>(1,912)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,912)</b>
CHILDRENS RESIDENTIAL	(736)	-	-	-	(736)
SOLO PLACEMENTS	(200)	-	-	-	(200)
<b>Children's Services and Early Years</b>	<b>(936)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(936)</b>
COMMUNITY SUPERMARKET COOLING SYSTEM	-	16	-	-	16
<b>Levelling Up, and the Economy</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>16</b>
COLCHESTER LIBRARY REFURBISHMENT	(110)	515	-	-	405
<b>The Arts, Heritage and Culture</b>	<b>(110)</b>	<b>515</b>	<b>-</b>	<b>-</b>	<b>405</b>
A133-A120 LINK HIF	(2,309)	-	-	-	(2,309)
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	-	75	-	-	75
COLCHESTER ITP (BOROUGH WIDE)	-	43	-	-	43
SAFER ROADS A104 ESSEX	(1,304)	1,360	-	-	56
CYCLING INFRASTRUCTURE	-	-	(725)	-	(725)
SOUTH MALDON RELIEF ROAD	-	-	-	87	87
ADVANCED SCHEME DESIGN	-	-	(43)	-	(43)
ADVANCED SCHEME DESIGN - ECONOMIC GROWTH	-	-	(128)	-	(128)
HARWICH LEVELLING UP	(507)	-	-	-	(507)
Harlow Town Centre Regeneration	(915)	-	-	-	(915)
PRIMROSE MEADOW ILOP	-	-	-	25	25
<b>Planning a Growing Economy</b>	<b>(5,035)</b>	<b>1,478</b>	<b>(896)</b>	<b>112</b>	<b>(4,341)</b>
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	-	(1,205)	-	(1,205)
BASILDON PRIMARY BASIC NEED	-	175	-	-	175
EPPING FOREST PRIMARY BASIC NEED	-	-	(558)	-	(558)
BRAINTREE PRIMARY BASIC NEED	-	-	-	227	227
MALDON SECONDARY BASIC NEED	(260)	-	-	-	(260)
TENDRING PRIMARY BASIC NEED	(622)	-	-	-	(622)
TENDRING SECONDARY BASIC NEED	-	5	-	-	5
UTTLESFORD PRIMARY BASIC NEED	(84)	70	-	-	(14)
CHELMSFORD PRIMARY BASIC NEED	-	553	-	-	553
SPECIAL SCHOOLS	(669)	667	(462)	-	(464)
TEMPORARY ACCOMMODATION	(1,000)	50	(590)	-	(1,540)
<b>Education Excellence, Life Long Learning and Employability</b>	<b>(2,635)</b>	<b>1,520</b>	<b>(2,815)</b>	<b>227</b>	<b>(3,703)</b>
Core Estate Carbon Reduction Fund	-	-	(500)	-	(500)
TOLLESBURY TCP PSDS PROJECT	-	650	-	-	650
SALIX PSDS3B	-	2,509	-	-	2,509
SALIX PSDS3A	-	2,445	-	-	2,445
CAPITALISED BUILDING MAINTENANCE	-	-	(3,453)	-	(3,453)
<b>The Chancellor of Essex</b>	<b>-</b>	<b>5,604</b>	<b>(3,953)</b>	<b>-</b>	<b>1,651</b>
BRIDGES	-	594	-	-	594
ACTIVE TRAVEL	-	-	-	1,327	1,327
ACTIVE TRAVEL 3 & COL TWN FD LCWIP4	(902)	650	-	-	(252)
EV CHARGEPOINTS	-	236	(167)	-	69
FOOTWAY MAINTENANCE	-	4,000	-	-	4,000
LED ROLLOUT	-	-	-	1,600	1,600
ROAD MAINTENANCE	-	10,455	-	-	10,455
SECTION 106	-	98	-	-	98
FLOOD MANAGEMENT	(216)	-	-	-	(216)
<b>Highways Maintenance and Sustainable Transport</b>	<b>(1,118)</b>	<b>16,033</b>	<b>(167)</b>	<b>2,927</b>	<b>17,675</b>
<b>ECC Capital Programme</b>	<b>(11,747)</b>	<b>25,164</b>	<b>(7,831)</b>	<b>3,266</b>	<b>8,852</b>
Devolved Formula Capital	-	224	(17)	-	207
<b>Total Capital Programme</b>	<b>(11,746)</b>	<b>25,389</b>	<b>(7,849)</b>	<b>3,266</b>	<b>9,058</b>

2023/24 Financial Overview as at the Half Year Stage

Portfolio & Scheme	2024/25		2025/26		2026/27		2027/28	
	Slippage £000	Advanced Works £000	Slippage £000	Advanced Works £000	Slippage £000	Advanced Works £000	Slippage £000	Advanced Works £000
INDEPENDENT LIVING ADULTS WITH COMPLEX NEEDS	912	-	-	-	-	-	-	-
IL OP INVESTMENT	500	-	500	-	-	-	-	-
<b>Health, Adult Social Care and ICS Integration</b>	<b>1,412</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
CHILDRENS RESIDENTIAL	736	-	-	-	-	-	-	-
SOLO PLACEMENTS	200	-	-	-	-	-	-	-
<b>Children's Services and Early Years</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
COMMUNITY SUPERMARKET COOLING SYSTEM	-	-	-	-	-	-	-	-
<b>Levelling Up, and the Economy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
COLCHESTER LIBRARY REFURBISHMENT	110	-	-	-	-	-	-	-
<b>The Arts, Heritage and Culture</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A133-A120 LINK HIF	-	-	2,309	-	-	-	-	-
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	-	-	-	-	-	-	-	-
COLCHESTER ITP (BOROUGH WIDE)	-	-	-	-	-	-	-	-
SAFER ROADS A104 ESSEX	1,304	-	-	-	-	-	-	-
CYCLING INFRASTRUCTURE	-	-	-	-	-	-	-	-
SOUTH MALDON RELIEF ROAD	-	-	-	-	-	-	-	(87)
ADVANCED SCHEME DESIGN	-	-	-	-	-	-	-	-
ADVANCED SCHEME DESIGN - ECONOMIC GROWTH	-	-	-	-	-	-	-	-
HARWICH LEVELLING UP	507	-	-	-	-	-	-	-
Harlow Town Centre Regeneration	-	-	915	-	-	-	-	-
PRIMROSE MEADOW ILOP	-	-	-	(25)	-	-	-	-
<b>Planning a Growing Economy</b>	<b>1,811</b>	<b>-</b>	<b>3,224</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(87)</b>
SCHOOLS CAPITALISED BUILDING MAINTENANCE	-	-	-	-	-	-	-	-
BASILDON PRIMARY BASIC NEED	-	-	-	-	-	-	-	-
EPPING FOREST PRIMARY BASIC NEED	-	-	-	-	-	-	-	-
BRAINTREE PRIMARY BASIC NEED	-	1,802	-	(2,029)	-	-	-	-
MALDON SECONDARY BASIC NEED	(1,000)	-	(691)	-	1,951	-	-	-
TENDRING PRIMARY BASIC NEED	622	-	-	-	-	-	-	-
TENDRING SECONDARY BASIC NEED	-	-	-	-	-	-	-	-
UTTLESFORD PRIMARY BASIC NEED	-	-	84	-	-	-	-	-
CHELMSFORD PRIMARY BASIC NEED	(542)	-	(2,712)	-	(3,797)	-	7,052	-
SPECIAL SCHOOLS	669	-	-	-	-	-	-	-
TEMPORARY ACCOMMODATION	1,000	-	-	-	-	-	-	-
<b>Education Excellence, Life Long Learning and Employability</b>	<b>749</b>	<b>1,802</b>	<b>(3,319)</b>	<b>(2,029)</b>	<b>(1,846)</b>	<b>-</b>	<b>7,052</b>	<b>-</b>
Core Estate Carbon Reduction Fund	-	-	-	-	-	-	-	-
TOLLESBURY TCP PSDS PROJECT	-	-	-	-	-	-	-	-
SALIX PSDS3B	-	-	-	-	-	-	-	-
SALIX PSDS3A	-	-	-	-	-	-	-	-
CAPITALISED BUILDING MAINTENANCE	-	-	-	-	-	-	-	-
<b>The Chancellor of Essex</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
BRIDGES	-	-	-	-	-	-	-	-
ACTIVE TRAVEL	-	(1,327)	-	-	-	-	-	-
ACTIVE TRAVEL 3 & COL TWN FD LCWIP4	902	-	-	-	-	-	-	-
EV CHARGEPOINTS	-	-	-	-	-	-	-	-
LED ROLLOUT	-	(1,600)	-	-	-	-	-	-
ROAD MAINTENANCE	-	-	-	-	-	-	-	-
SECTION 106	-	-	-	-	-	-	-	-
FLOOD MANAGEMENT	216	-	-	-	-	-	-	-
<b>Highways Maintenance and Sustainable Transport</b>	<b>1,118</b>	<b>(2,927)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ECC Capital Programme</b>	<b>6,136</b>	<b>(1,125)</b>	<b>405</b>	<b>(2,054)</b>	<b>(1,846)</b>	<b>-</b>	<b>7,052</b>	<b>(87)</b>
Devolved Formula Capital	-	-	-	-	-	-	-	-
<b>Total Capital Programme</b>	<b>6,135</b>	<b>(1,125)</b>	<b>405</b>	<b>(2,054)</b>	<b>(1,846)</b>	<b>-</b>	<b>7,052</b>	<b>(87)</b>

## Balance Sheet – Earmarked Reserves

	2023/24 movements				Adjustments proposed in quarterly report included within this position £000
	Balance at 1 April 2023 £000	(Contributions)/ Withdrawals agreed £000	Future commitments £000	Estimated Closing balance £000	
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(17,324)	10,052	695	(6,577)	
Building Schools for the Future PFI	(2,122)	-	(861)	(2,983)	
Debden School PFI	(1,154)	-	524	(630)	228
Clacton Secondary Schools' PFI	(1,409)	-	609	(800)	
Waste Reserve	(114,589)	9,884	(8,627)	(113,332)	(14,110)
Grant Equalisation Reserve	(43,933)	-	5,037	(38,896)	
Trading Activities (not available for use)	(1,729)	304	(304)	(1,728)	
Partnerships and Third Party (not available for use)	(2,267)	-	-	(2,267)	
Schools (not available for use)	(43,704)	-	-	(43,704)	
General Balance	(68,096)	-	4	(68,092)	4
Reserves earmarked for future use					
Adults Digital Programme	(28)	-	28	0	
Adults Risk	(12,561)	-	2,837	(9,724)	1,907
Adults Investment	(9,802)	(21,567)	21,567	(9,802)	1,303
Ambition Fund	(10,551)	(9,925)	15,890	(4,586)	9,000
Bursary for Trainee Carers	(263)	-	263	-	
Capital Receipts Pump Priming	(10,034)	(1,000)	500	(10,534)	
Carbon Reduction	(711)	152	-	(559)	
Carry Forward	(15,039)	-	15,039	(0)	-
Childrens Risk	-	(5,000)	-	(5,000)	
Childrens Transformation	(6,010)	-	2,949	(3,061)	462
Collection Fund Risk	(17,084)	(9,114)	-	(26,198)	
Commercial Investment in Essex Places	(15,469)	650	14,296	(523)	
Community Initiatives Fund	(277)	(350)	350	(277)	-
Covid Equalisation Reserve	(26,273)	-	23,698	(2,575)	6,968
EES Pension Risk	(4,000)	-	-	(4,000)	
Emergency	(23,227)	(4,000)	4,009	(23,218)	
Emergency Planning	(300)	-	-	(300)	
Equalities Fund Reserve	(261)	-	-	(261)	
Essex Climate Change Commission	(3,067)	-	2,218	(849)	
Essex Crime and Police	(73)	-	-	(73)	
Everyones Essex	(44,987)	(2,000)	23,344	(23,643)	
Future Capital Funding	(36,295)	(7,463)	16,877	(26,880)	(9,112)
General Risk	(14,841)	(10,338)	500	(24,679)	-
Health and Safety	(4,649)	-	1,205	(3,443)	
Highways	(3,000)	-	-	(3,000)	
Insurance	(11,125)	-	600	(10,525)	
Newton	(151)	-	-	(151)	
Property Fund	(962)	-	28	(934)	
Quadrennial Elections	(1,491)	(500)	-	(1,991)	
Renewal Fund	(2,427)	-	181	(2,246)	
Social Distancing & Hygiene	(900)	-	-	(900)	
Technology and Digitisation	(20,119)	(5,000)	12,052	(13,067)	55
Transformation	(58,880)	(11,820)	17,189	(53,511)	186

## Appendix E

## Treasury Management

	Actual Balance 1 April 2022 £000	Movements			Estimated Balance at 31 March 2023 £000
		Raised	Repaid	Net movement	
	£000	£000	£000	£000	£000
<b>Borrowing</b>					
Long Term	583,831	-	(12,044)	(12,044)	571,787
Temporary	12,150	1,125	-	1,125	13,275
<b>Total External Borrowing (A)</b>	<b>595,981</b>	<b>1,125</b>	<b>(12,044)</b>	<b>(10,919)</b>	<b>585,062</b>
<b>Investments</b>					
Long Term	4,853	4,178	(2,921)	1,257	6,110
Temporary	635,558	437	(428,100)	(427,663)	207,895
<b>Total External Investments (B)</b>	<b>640,411</b>	<b>4,615</b>	<b>(431,021)</b>	<b>(426,406)</b>	<b>214,005</b>
<b>Net indebtedness (A-B)</b>	<b>(44,430)</b>	<b>(3,490)</b>	<b>418,977</b>	<b>415,487</b>	<b>371,057</b>
<b>Borrowing</b>					
Average balance of long term borrowing during the year over the period to date (£000)					582,117
Opening pool rate at 1 April 2023 (%)					3.37%
Weighted average rate of interest on new loans secured to date					N/A
Average pool rate for year (%)					3.40%
<b>Investments</b>					
Average daily cash balance over period to date (£000)					710,036
Average interest earned over period					4.71%
Benchmark rate - average 1 month SONIA rate					4.63%

## Appendix F

## Prudential Indicators - Summary

		Approved Indicator	Current Forecast
Affordability			
Incremental impact on Council Tax of 2023/24 and earlier years 'starts'	£	£123.99	£112.99
Ratio of financing costs to net revenue streams	%	9.7%	9.4%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	275	331
Capital Financing Requirement (excluding credit arrangements )	£m	1,324	1,123
External Debt			
Authorised limit (borrowing only )	£m	1,080	N/A
Operational boundary (borrowing only )	£m	900	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	596
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,080	548
Debt		100.0%	98.7%
Investments		100.0%	74.7%
Upper limit for exposure to variable rates			
Net exposure	£m	380	202
Debt		35.0%	2.3%
Investments		100.0%	85.6%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	30.0%	2.1%
12 months and within 24 months	%	30.0%	3.0%
24 months and within 5 years	%	30.0%	10.3%
5 years and within 10 years	%	40.0%	17.1%
10 years and within 25 years	%	85.0%	24.1%
25 years and within 40 years	%	40.0%	30.3%
40 years and within 50 years	%	20.0%	0.0%
50 years and above	%	20.0%	13.2%
Total sums invested for more than 364 days			
Authorised limit	£m	30	N/A
Actual sums invested (maximum position during year )	£m	N/A	-
Summary			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators			
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.			