

<b>Report title: 2019/20 Provisional Outturn Report</b>	
<b>Report to: Councillor David Finch, Leader of the Council</b>	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology and Section 151 Officer	
<b>Date:</b> 9 June 2020	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for 2019/20 prior to formal closure of the accounts. The report also explains the key movements since the third quarter report (presented to Cabinet on 21 January 2020) to the year-end position.
- 1.2 The report sets out an under spend on revenue of **£6.308m (0.7%)** against a budget of **£876.129m** (or 0.4% of gross expenditure £1.6bn), of which £2.3m relates to a one-off year end adjustment to the insurance provision. This position is after adjusting for proposals to carry forward under spends for use in 2020/21 and other reserve movements. It is proposed that the underlying under spend is appropriated into a new COVID-19 Recovery Reserve (**£2.900m**), Health and Safety Reserve (**£2.008m**), a new Social Distancing and Hygiene Reserve (**£900,000**) and a new Bursary Reserve for trainee carers (**£500,000**) (see 2.1 to 2.4).
- 1.3 This is an improvement of £7.094m on the position reported at the Third Quarter stage, mainly driven by an increase in Adult Social Care under spend of £3.8m due to direct payments where surplus clawbacks were above average, as the Council has been working with the organisation that support service users with the administration of their funds about the level of funds that need to be held, which identified more cash to be returned to the Council, and where a review of day care packages highlighted that a number have been terminated. There was also a £2.4m movement on Infrastructure, which was previously reporting an over spend, however the services put in place recovery measures to bring the position back on line. Finally, there was a one-off insurance adjustment of £2.3m following an actuarial valuation.
- 1.4 The report also shows an under spend on capital of **£23.746m** against the final approved budget of **£210.052m** –This is **93%** delivery against the final approved budget, or **78%** against original budget.
- 1.5 BDO LLP, Essex County Council's external auditor for the 2019/20 financial year, will carry out their audit of the Council's 2019/20 Statement of Accounts during the summer, and it is possible that changes may be made to the Accounts during this

period which may alter the position presented within this report. The results of the external audit will be reported to the Audit, Governance and Standards Committee on **28 September 2020**, at which stage that Committee is expected to approve the 2019/20 Statement of Accounts for publication. The Statement of Accounts will then be published on the Council's website.

## 2. Recommendations

Approval is sought for the following in relation to the 2019/20 outturn position:

- 2.1 To create a new Bursary Reserve to fund bursaries for trainee carers.
- 2.2 To create a new COVID-19 Recovery Reserve to support COVID-19 recovery activity.
- 2.3 To create a new Social Distancing and Hygiene Reserve to support new burdens on the Council to manage social distancing requirements.
- 2.4 That the net under spend **£6.308m** is appropriated to the following reserves, as set out in the table below:
  - a. £2.900m to the COVID-19 Recovery Reserve
  - b. £2.008m to the Health and Safety Reserve
  - c. £900,000 to the Social Distancing and Hygiene Reserve
  - d. £500,000 to the Bursary for trainee carers Reserve

	£000
Under spend on portfolios	(6,002)
Under spend on interest, capital financing and dividends	(3,462)
Under recovery on funding	1,514
<b>Total under spend before proposals</b>	<b>(7,950)</b>
Carry forward requests	7,623
Appropriations to/from reserves	(5,981)
<b>Net under spend</b>	<b>(6,308)</b>
<b>Proposed use of under spend</b>	
COVID-19 Recovery Reserve	2,900
Health and Safety Reserve	2,008
Social Distancing and Hygiene reserve	900
Bursary for trainee carers	500
<b>Balance</b>	<b>-</b>

- 2.5 That under spends are allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of **Appendix B**.
- 2.6 That the following amounts are appropriated to / from restricted and other revenue reserves:

## **Restricted Funds**

### **- Private Finance Initiative (PFI) Reserves**

- Building Schools for the Future - **£2.293m** withdrawal (Appendix D 6iii)
- Clacton Secondary Schools - **£1.502m** withdrawal (Appendix D 6iii)
- Debden School - **£2.553m** withdrawal (Appendix D 6iii)

The above withdrawals are in line with the decision taken to terminate the Tending Public Private Partnership (PPP) contract (FP/170/06/18 and FP/590/12/19)

- A130 Road - **£336,000** contribution (Appendix D 3iii)
- **Waste Reserve - £600,000** withdrawal per the Joint Working Agreement with Southend in relation to the Waste PFI contract (Appendix D 7iii)
- **Schools - £3.383m** net withdrawal from the Schools' reserve, in line with additional spending against the 'individual schools' budget' in 2019/20 (Appendix D 5i)
- **Partnership Reserves**
  - Essex Safeguarding Board Partnership Reserve - **£24,000** contribution (Appendix D 1ii)
  - Adults Safeguarding Board Partnership Reserve - **£11,000** contribution (Appendix D 9iii)
  - Public Sector Reform Partnership Reserve - **£33,000** contribution (Appendix D 1ii and 12iii)
  - Youth Offending Teams Partnership Reserve - **£237,000** withdrawal (Appendix D 1ii)
  - Essex Online Partnership Reserve - **£7,000** net contribution (Appendix D 2iii and 12iii)
- **Trading activities**
  - Information Services Infrastructure - **£221,000** withdrawal (Appendix F 3ii)
  - EES for Schools – **£249,000** withdrawal (Appendix F 1ii)

## **Capital funding**

- **Capital funding - £11.220m** net withdrawal to transfer capital financing resources to revenue in respect of:
  - Remainder of EES sale proceeds into Commercial Reserve - **£12.0m** withdrawal
  - Under spend on Interest budgets - **£1.528m** contribution
  - Pothole repairs - **£612,000** withdrawal
  - A131 Braintree/Sudbury roundabout. Abortive works - **£254,000** withdrawal
  - Short Break beds service for residential services (hostels) - **£200,000** contribution
  - Army and Navy demolition works - **£110,000** withdrawal

- Signage study as part of Local Highways Panel work in Jaywick - **£28,000** contribution

### Other reserves

- **Carry Forwards - £7.623m** contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2020/21. The proposals for utilising this Reserve in 2020/21 are set out in **Appendix C** of this report
- **Adults Digital Programme - £1.030m** contribution due to delays in the programme and to continue projects already underway (Appendix D 9iii)
- **Carbon Reduction Reserve - £313,000** contribution due to the reduction in energy costs as a result of lower contract prices (Appendix D 3iii & 12iii)
- **Commercial Investment in Essex Places - £12.583m** contribution for investment that aligns to the Council's housing growth and town centre agendas (FP384/03/19 2.3viii)
- **Community Initiatives Reserve - £211,000** withdrawal to support expenditure incurred on communities in support (Appendix D 2iii and 10iii)
- **Emergency Reserve - £3.860m** withdrawal to Technology Solutions Reserve to support anticipated funding requirements for the replacement of key corporate and social care case management systems
- **Health and Safety Reserve - £211,000** contribution to meet the costs of asbestos removal work at a vacant school site (this is in addition to the £2.008m included in 2.4 (Appendix D 6iii)
- **Quadrennial elections reserve - £2,000** contribution related to costs of the 2019 Clacton East by-election being lower than estimated (Appendix D 10iii)
- **Service Improvement Reserve - £521,000** contribution due to slippage of Mental Health and Autism Support projects into 2020/21 (Appendix D 1ii & 9iii)
- **Technology Solutions Reserve - £3.785m** contribution to set aside funding to meet the future cost of replacing some of the council's corporate systems
- **Tendring PPP Reserve - £193,000** withdrawal to meet costs associated with early termination of the PPP contract (Appendix D 6iii)
- **Transformation Reserve - £2.335m** net contribution, due to unspent funds, including Technology Services Portfolio for use in 2020/21 to continue their programme of works, partially offset by costs relating to redundancy and organisation design.

- 2.7 That the financing of capital payments in 2019/20 is approved on the basis set out within **Appendix G** to this report.
- 2.8 Capital payment budgets, and associated capital financing, of **£16.439m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of **Appendix H**).

- 2.9 Capital payment budgets, and associated capital financing, of **£2.888m** are brought forward in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of **Appendix H**).
- 2.10 Portfolios' 2019/20 capital payments budgets are reduced by **£61.546m** (as shown in the 'Reductions' column of **Appendix H**), with increases of **£51.351m** to other schemes (as shown in the 'Additions' column of **Appendix H**), to reflect achieved activity in 2019/20.

Approval is also sought for the following in relation to the 2020/21 budget:

- 2.11 To agree to delegate authority to the Executive Director for Finance and Technology (S151 officer), in consultation with the Cabinet Member for Finance to release **£14.803m** from the Carry Forwards Reserve in 2020/21 for the purposes detailed in **Appendix C** of this report, as well as those approved in the Half Year report (FP/384/03/19) and Third Quarter report (FP/385/03/19).

### **3. Executive Summary**

#### **3.1 Overview - Revenue**

- 3.1.1 Through careful financial planning and management, Essex County Council has delivered a moderate under spend of **£6.308m** (0.7%), of which £2.3m is due to a one-off year end adjustment relating to the actuarial valuation of the insurance provision. This position has been delivered whilst against a backdrop of financial pressures and over spends on residential and supported living placements costs in Children's Social Care due to complexity; and increasing Home to School Transport costs demands. These are not unique issues to Essex, and this is a pattern seen nationally.

- 3.1.2 The net under spend of **£6.308m** reflects:

- i. A net under spend by services of **£6.002m**.
- ii. A net under spend of **£3.462m** on interest, capital financing and dividends, primarily the result of higher than anticipated cash balances (see paragraph 16 of Appendix D for further details).
- iii. Lower than expected funding of **£1.514m** due to a reduction in PFI funding payments (£2.598m) offset by additional funding for several other grants, most notably from the levy account surplus allocation grant (£592,000).
- iv. Proposals to draw down **£1.642m** (net) from earmarked revenue reserves.

- 3.1.3 The Coronavirus outbreak is causing significant financial pressures in 2020/21. Due to the timing of the Coronavirus outbreak so close to year end, it has not materially impacted the position for 2019/20, however the impact is felt acutely from April 2020. At the time of writing the report, decisions responding to the pandemic have been approved of circa £74m, and further decisions are expected. This is against emergency funding received of £64m. However, this cost could increase

significantly - up to **£234m** if all risks materialise. This includes risks of a significant impact on fees and charges income in services. The government's emergency funding to date is insufficient to cover the current known commitments and future potential pressures. This is a national position for the sector – work is underway to secure clarity from government as to the sustainable funding sources for COVID-19 to support the financial planning and response, but as yet there is no commitment from the Government for any additional funding.

3.1.4 There remain some significant key issues and risks (included within the £234m high risk scenarios) that require focus in the short and medium term to ensure financial sustainability, notably:

- Tax revenues are at considerable risk, particularly Council Tax, as a result of COVID-19, a 5% reduction equates to £35m.
- Children's placement costs – once schools return, levels of referrals could spike above those budgeted for and ultimately result in an increased level of children in care. A 10% increase in care numbers for 6 months would be at a cost of **£3.6m**
- A significant pressure around the high needs block within Dedicated Schools Grant. There is a total offset against future grant of **£3.019m** to mitigate the in year pressure and deficit brought forward from 2018/19. Additional funding has been made available by the DfE in 2020/21 however with increasing volume and costs this may still be insufficient and result in a real pressure
- There is significant uncertainty currently within the Adult Social Care budget and whether there is an underlying pressure materialising as a result of COVID-19 demand. There is a very real risk that the Council will see an increase in demand on mental health services and increased acuity of need for those that have delayed their referral to adult social care.

3.1.5 During 2019/20, the Council has made good progress towards delivering its strategic aims and priorities. More detail can be found in the Organisation Plan 2019/20: [Essex-Organisation-Plan-2019-20.pdf](https://www.essex.gov.uk/media/1000000/essex-organisation-plan-2019-20.pdf)

3.1.6 Commentary on the provisional outturn position for each portfolio is provided in **Appendix D** of the report.

## 3.2 Trading activities

3.2.1 The Council's activities that operate on a trading account basis have collectively achieved a net surplus for the year of **£675,000** against a turnover of **£15.709m**, a **4%** margin. This compares to the budgeted margin of **3%**, a **£657,000** favourable variance in net return overall. This compares to a forecast position of **£1.064m** surplus (**8%**) at third quarter. The movement relates to the final accounting adjustments following the sale of EES.

3.2.2 The trading activities have appropriated **£498,000** (net) into the County Revenue Account, which is **£475,000** more than budgeted.

3.2.3 The impact of the increase in the net surplus and the change in the appropriation to the County Revenue Account means a gross increase in their revenue reserves of **£177,000** during 2019/20 after the proposed adjustments set out in recommendation 2.6.

3.2.4 Commentary on the provisional outturn position for each Trading Activity is provided in **Appendix F** of the report.

### 3.3 Capital

3.3.1 Capital delivery of **93%** against latest budget has been achieved in 2019/20.

3.3.2 The original budget for the capital programme was **£248.967m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved total capital programme budget amounted to **£210.052m**. Actual capital expenditure amounted to **£186.306m**, resulting in an under spend of **£23.746m**.

3.3.3 During 2019/20 circa 400 schemes were undertaken. Our residents have benefited from and will continue to benefit from a wide range of new investment including:

- Circa 3,500 new school places were delivered across Essex through completed school expansions. This includes two new secondary school provisions at Beaulieu Park School and Paxman Academy, providing 1200 and 900 school places respectively
- Essex Housing completed construction of the Moulsham Lodge Development in December 2019. The scheme comprises 26 residential units (including 8 units of independent living for Adults with disabilities)
- The 2019/20 Flood Programme was successful in generating £1.5m of grant income from external partners which has contributed to projects that have enabled 196 residential properties to benefit from reduced surface water flood risk
- In relation to broadband extension programmes, in total 138,099 premises have been upgraded to superfast speeds using public funds. During 2019/20 Superfast Essex has enabled 14,975 premises to access superfast speeds for the first time, 49% of the premises were full fibre gigabit capable connections. BT Openreach enabled 13,260 of these premises; 5,690 were full fibre gigabit capable connections. Gigaclear enabled 1,715 of these premises; all were full fibre gigabit capable connections.

3.3.4 Approval is sought to:

- Re-profile capital payment budgets of **£13.416m**, from 2019/20 into 2020/21, **£1.770m** from 2019/20 into 2021/22, **£868,000** from 2019/20 into 2022/23 and **£385,000** from 2019/20 into 2023/24 as a consequence of slippage in schemes;
- Bring capital payment budgets of **£2.888m** forward in respect of schemes that have progressed ahead of schedule; and

- Realign scheme and payment approvals to reflect actual activity in 2019/20 – this results in payment approvals for some schemes being reduced by **£61.546m**, with increases of **£51.351m** to several other schemes.

3.3.5 **Appendix G** provides a comparison of approved and forecast outturn capital payments by portfolio and **Appendix H** summarises the proposed variance plan. Commentary on the provisional outturn position for each portfolio is provided in **Appendix I**.

### 3.4 **Reserves and balances**

3.4.1 The final approved budget for 2019/20 included provision for appropriations to or from various revenue reserves and restricted funds, and an assumed withdrawal to the General Balance. Proposals are presented throughout this report which further impact on the Council's reserves and balances.

3.4.2 **Appendix J** shows the position on the restricted funds and revenue reserves, assuming the proposals contained within this report are accepted. These reserves represent funds set aside for specific policy purposes and contingencies and are necessary to ensure the Council's continued financial resilience to future financial challenges and known pressures.

3.4.3 **Appendix K** summarises the position on the General Balance at 31st March 2020. This sum is sufficient to fund **21** days of operating expenditure.

### 3.5 **Prudential indicators and treasury management**

3.5.1 Summaries of the Prudential Indicators and investment and borrowing levels are provided in **Appendix L** and **Appendix M** respectively.

## 4. **Policy context and Outcomes Framework**

4.1 This report provides an assessment of the financial position of the Council at the end of the 2019/20 financial year, and as such, provides a financial representation of the corporate plan. The Organisation Plan and Budget were approved in parallel in February 2019.

## 5. **Financial Implications**

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

All actions proposed within this report are within the available funding. There are appropriate actions to deal with variances arising.

## 6. **Legal Implications**

6.1 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.



## **7. Staffing and other resource implications**

- 7.1 There are no staffing or other resource implications associated with this report.

## **8. Equality and Diversity implications**

- 8.1 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.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 8.4 There are no equality and diversity, or other resource implications associated with this report.

## **9. List of Appendices**

Appendix A – Revenue Outturn Summary  
Appendix B – Revenue Variance Plan  
Appendix C – Overview of revenue carry forward requests  
Appendix D – Revenue Position – Detailed commentary  
Appendix E – Trading Activities  
Appendix F – Trading Activities – Detailed commentary  
Appendix G – Capital Payments and Financing Summary  
Appendix H – Capital Variance Plan  
Appendix I – Capital Position – Detailed commentary  
Appendix J – Restricted use and other revenue reserves  
Appendix K – General Balance  
Appendix L – Prudential Indicators  
Appendix M – Treasury Management Summary

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

## **10. List of Background Papers**

Budgetary control reports

## Appendix A – Revenue Outturn Summary

2018/19 Actual		2019/20					RAG status
		Original Budget	Final Budget	Provisional Outturn	Variance		
		£000	£000	£000	£000	%	
116,199	Children and Families	122,734	120,499	122,909	2,410	2.0%	🔴
17,467	Customer, Communities, Culture and Corporate	18,546	16,885	16,571	(314)	(1.9%)	🟢
6,574	Economic Development	6,641	7,025	6,146	(879)	(12.5%)	🟡
	Education and Skills						
819	Dedicated Schools Budget	(3,063)	(2,932)	451	3,383	(115.4%)	🔴
78,351	Non Dedicated Schools Budget	78,276	80,303	89,140	8,837	11.0%	🔴
87,006	Environment and Climate Change Action	80,642	79,553	80,946	1,393	1.8%	🔴
399,310	Health and Adult Social Care	407,398	416,906	407,305	(9,601)	(2.3%)	🟡
54,295	Infrastructure	42,818	50,247	48,058	(2,189)	(4.4%)	🟡
1,285	Performance, Business Planning and Partnerships	1,940	2,187	1,740	(447)	(20.4%)	🟡
5,509	Leader	6,152	6,609	5,860	(749)	(11.3%)	🟡
14,324	Finance, Property & Housing	15,226	16,553	16,110	(443)	(2.7%)	🟢
	Recharged Support Services						
	Customer, Communities, Culture and Corporate						
7,527	Business Support	8,081	8,626	8,092	(534)	(6.2%)	🟡
2,104	Customer Services	1,977	1,739	1,540	(199)	(11.4%)	🟡
748	Democratic Services and Governance	794	778	759	(19)	(2.4%)	🟢
5,069	Human Resources	3,718	6,035	6,817	782	13.0%	🔴
22,285	Information Services	24,261	27,824	25,280	(2,544)	(9.1%)	🟡
4,178	Legal Services	4,843	4,210	4,431	221	5.2%	🔴
14,141	Property and Facilities Management Service	14,671	15,358	14,376	(982)	(6.4%)	🟡
325	Assurance	462	453	364	(89)	(19.6%)	🟡
	Finance, Property & Housing						
1,047	Capital Programme Implementation and Delivery	938	973	945	(28)	(2.9%)	🟢
(126)	Car Provision Scheme	55	57	(461)	(518)	(908.8%)	🟡
9,597	Finance	4,413	10,268	10,391	123	1.2%	🟡
4,539	Insurance Cost Recovery Account	4,661	4,764	2,881	(1,883)	(39.5%)	🟡
3,423	Procurement	3,647	4,074	3,870	(204)	(5.0%)	🟡
	Leader						
1,831	Communications and Customer Relations	1,630	1,603	1,875	272	17.0%	🔴
292	Equality and Diversity	480	842	352	(490)	(58.2%)	🟡
	Performance, Business Planning and Partnerships						
3,587	Performance, Business Planning and Partnerships	3,668	4,156	3,556	(600)	(14.4%)	🟡
4,297	Transformation Support Unit	3,633	5,114	4,403	(711)	(13.9%)	🟡
866,003	Net cost of services (Portfolios)	859,242	890,709	884,707	(6,002)	(0.7%)	🟡
	Other operating costs						
-	Emergency Contingency	4,000	-	-	-	-	🟢
41,181	Interest, capital financing and dividends	54,001	46,815	43,353	(3,462)	(7.4%)	🟡
	Appropriations to/(from) restricted funds and other revenue reserves						
6,855	Carry Forwards reserve	(4,884)	(16,069)	(8,446)	7,623	(47.4%)	🔴
(4,624)	Restricted funds	4,118	41,992	31,365	(10,627)	(25.3%)	🟡
4,138	Capital financing	4,074	(1,836)	(13,056)	(11,220)	611.1%	🟡
3,175	Transformation Reserve	14,395	9,873	12,208	2,335	23.7%	🔴
(149)	Other revenue reserves	4,990	3,439	23,278	19,839	576.9%	🔴
916,579	Net expenditure	939,936	974,923	973,409	(1,514)	(0.2%)	🟡
(53,438)	General government grant	(61,140)	(98,623)	(97,112)	1,511	(1.5%)	🔴
2,972	General Balance - contribution / (withdrawal)	-	(171)	(171)	-	-	🟢
866,113	Budget Requirement	878,796	876,129	876,126	(3)	-	🟢
	Financed by						
(45,739)	Revenue Support Grant	(18,300)	(18,300)	(18,300)	-	-	🟢
(175,350)	National non-domestic rates	(180,463)	(177,797)	(177,794)	3	-	🟡
(635,553)	Council tax precept	(671,315)	(671,314)	(671,314)	-	-	🟢
(9,471)	Collection fund surpluses	(8,718)	(8,718)	(8,718)	-	-	🟢
(866,113)	Total Financing	(878,796)	(876,129)	(876,126)	3	-	🟡

### Key

- ♦ Over spend equal to, or greater than, £500,000 or 5% of the Budget
- Over spend of less than £500,000 or 5% of the Budget OR under spend equal to, or greater than, £500,000 or 5% of the Budget
- Under spend of less than £500,000 or 5% of the Budget

## Appendix B – Revenue Variance Plan

	Provisional	Proposed mitigating actions				
	Outturn Variance (Under) / Over spend	Transfers of under / over spends between portfolios	Under spends to be carried forward into 2020/21	Appropriations to/(from) other reserves	Underlying under / (over) spends	Total of mitigating actions
	£000	£000	£000	£000	£000	£000
Children and Families	2,410	(16)	-	560	(2,954)	(2,410)
Customer, Communities, Culture and Corporate	(314)	32	585	(293)	(10)	314
Economic Development	(879)	587	272	19	1	879
Education and Skills						
Dedicated Schools Budget	3,383	-	-	(3,383)	-	(3,383)
Non Dedicated Schools Budget	8,837	(2,871)	157	(6,432)	309	(8,837)
Environment and Climate Change Action	1,393	(754)	-	(644)	5	(1,393)
Health and Adults Social Care	(9,601)	34	568	2,194	6,805	9,601
Performance, Business Planning and Partnerships	(447)	407	50	(11)	1	447
Infrastructure	(2,189)	2,637	60	(508)	-	2,189
Leader	(749)	233	490	(1)	27	749
Finance, Property & Housing	(443)	(171)	138	337	139	443
Recharged Support Services						
Customer, Communities, Culture and Corporate						
Business Support	(534)	216	30	-	288	534
Customer Services	(199)	199	-	-	-	199
Democratic Services and Governance	(19)	19	-	-	-	19
Human Resources	782	(399)	-	(327)	(56)	(782)
Information Services	(2,544)	602	408	1,322	212	2,544
Legal Services	221	(228)	-	7	-	(221)
Property and Facilities Management Service	(982)	775	-	207	-	982
Assurance	(89)	89	-	-	-	89
Finance, Property & Housing						
Capital Programme Implementation and Delivery	(28)	28	-	-	-	28
Car Provision Scheme	(518)	518	-	-	-	518
Finance	123	(3,056)	3,006	(74)	1	(123)
Insurance Cost Recovery Account	(1,883)	-	-	(650)	2,533	1,883
Procurement	(204)	174	30	-	-	204
Leader						
Communications and Customer Relations	272	(248)	-	(24)	-	(272)
Equality and Diversity	(490)	90	400	-	-	490
Performance, Business Planning and Partnerships						
Performance, Business Planning and Partnerships	(600)	497	129	(27)	1	600
Transformation Support Unit	(711)	606	-	106	(1)	711
<b>Net cost of services (Portfolios)</b>	<b>(6,002)</b>	<b>-</b>	<b>6,323</b>	<b>(7,622)</b>	<b>7,301</b>	<b>6,002</b>
Other operating costs						
Interest, capital financing and dividends	(3,462)	-	1,300	1,862	300	3,462
Emergency contingency	-	-	-	-	-	-
Appropriations to / from restricted funds and other revenue reserves						
Restricted funds	(10,627)	-	-	10,406	221	10,627
Capital financing	(11,220)	-	-	11,220	-	11,220
Other revenue reserves						
Carry Forwards reserve	7,623	-	(7,623)	-	-	(7,623)
Transformation Reserve	2,335	-	-	(2,335)	-	(2,335)
Other reserves	19,839	-	-	(13,531)	(6,308)	(19,839)
General government grant	1,511	-	-	-	(1,511)	(1,511)
Financing	3	-	-	-	(3)	(3)
<b>Net expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General Balance	-	-	-	-	-	-
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Appendix C – Overview of revenue carry forward requests

Carry forward requests	Total £000
<b>Customer, Communities, Culture and Corporate</b>	
RFID machines in libraries	542
Purchase of books and electronic items for libraries	43
<b>Sub total</b>	<b>585</b>
<b>Economic Development</b>	
Essex Inward Investment	200
Apprenticeship Levy project	72
<b>Sub total</b>	<b>272</b>
<b>Education and Skills (non Dedicated Schools Budget)</b>	
School Meal Service	97
Youth Strategy Groups	60
<b>Sub total</b>	<b>157</b>
<b>Finance, Property &amp; Housing</b>	
Essex Housing - costs of establishing trading entity	80
Slough Libraries dispute	58
<b>Sub total</b>	<b>138</b>
<b>Health and Adult Social Care</b>	
Ongoing transformation of Adult Social Care in 2020/21	568
<b>Sub total</b>	<b>568</b>
<b>Infrastructure</b>	
International Trade	60
<b>Sub total</b>	<b>60</b>
<b>Leader</b>	
Smoothing impact of Brexit	221
Strategy and coaching programme	172
Funding for innovative ideas	97
<b>Sub total</b>	<b>490</b>
<b>Performance, Business Planning and Partnerships</b>	
Digital Strategy project	50
<b>Sub total</b>	<b>50</b>
<b>Customer, Communities, Culture and Corporate Support Services</b>	
Transfer to Cloud with Azure	198
Delayed expenditure on laptops	130
Technology Services - specialist consultancy support	80
Changes to reception area	30
<b>Sub total</b>	<b>438</b>
<b>Finance, Property &amp; Housing Support Services</b>	
Savings at risk and new pressures as a result of Covid-19	1,586
Oxygen contract	485
Transactional Services - alleviate pressures on assessments and debt management teams	400
Microsoft Azure - additional data consumption charges	340
Corporate Systems Project	100
Economic modelling and strategic planning support	70
Implementation of Proactis system	30
TCS developments	25
<b>Sub total</b>	<b>3,036</b>
<b>Performance, Business Planning and Partnerships Support Services</b>	
Recruitment of Intelligence Manager	77
Essex Centre for Data Analytics Project	52
<b>Sub total</b>	<b>129</b>
<b>Leader RSSS</b>	
Just About Managing project	400
<b>Sub total</b>	<b>400</b>
<b>Operating Costs</b>	
Mitigate impact of fall in bank rate	1,300
<b>Sub total</b>	<b>1,300</b>
<b>Net Total</b>	<b>7,623</b>

## Appendix D – Revenue Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:

### 1. Children and Families: £2.410m (2.0%) over spend

- i. The provisional outturn of **£122.909m** was 2.0% higher than the final approved budget of **£120.499m**. After proposed adjustments there is a **£2.970m** over spend (2.5%) which represents a favourable movement of **£540,000** when compared to the reported position at the third quarter stage.

Within this position it should be noted that children in care placements, staffing, and direct payments continue to be the key cost driver pressures. These pressures have been partly mitigated through receipt of additional grant funding.

- ii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£633,000** contribution to the Transformation Reserve for use in 2020/21 in respect of the Essex Fostering business case, Special Guardianship Orders Team and Dad Factor, which all reflect lower than predicted spend in year
  - **£237,000** withdrawal from the Youth Offending Teams Partnership Reserve, where remand costs were higher than budgeted
  - **£114,000** contribution to the Service Improvement Reserve, in respect of Family Centre refurbishments and Autism and Mental Health which have both been delayed
  - **£26,000** contribution to the Public Sector Reform Partnership Reserve which reflects lower than predicted spend in the year
  - **£24,000** contribution to the Essex Safeguarding Partnership Reserve.

### 2. Customer, Communities, Culture and Corporate: £314,000 (1.9%) under spend

- i. The provisional outturn of **£16.571m** is 1.9% lower than the final approved budget of **£16.885m**. After proposed adjustments, there is a **£22,000** under spend (0.3%) which represents an adverse movement of **£441,000** since the position reported at third quarter.
- ii. The under spend is driven by Registrars of **£606,000** due to higher than budgeted income and an unutilised redundancy provision. This is broadly offset by a pressure in Libraries of **£639,000** driven by unachieved income targets and a carry forward request to support installation of self-service machines in 2020/21.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:

- Carry forward **£585,000** to the service, as set out in **Appendix C**
- **£208,000** withdrawal from the Community Initiatives Fund Reserve to cover revenue expenditure incurred since third quarter
- **£90,000** withdrawal from the Transformation Reserve to Heritage and Cultural Services to cover Organisation Design costs
- **£25,000** contribution to the Partnership reserve relating to Essex Online Partnerships
- **£16,000** withdrawal from the Transformation Reserve to cover pension strain costs in Libraries
- **£4,000** withdrawal from the Transformation Reserve to cover Future Libraries programme costs.

### 3. Deputy Leader and Infrastructure: **£2.189m (4.4%) under spend**

- The provisional outturn is lower than budgeted and has come in at **£48.058m** which is 4.4% less than the final approved budget of **£50.247m**. After proposed adjustments, there is a **£2.637m** under spend (5.2%) which represents a favourable movement of **£2.359m** since the position reported at third quarter.
- This under spend is due to a series of measures that were implemented as part of a recovery plan to address cost pressures in transport budgets across the organisation. These mainly arose from windfall income, reductions in demand and staffing vacancies, the most significant of which are;
  - **£1.1m** within Roads and Footways reflecting the net of uncommitted expenditure budget and revised contractor task orders
  - **£930,000** in Street Lighting due to lower energy costs materialising as a result of lower consumption and price than budgeted
  - **£598,000** in Essex Highways Operations due to vacancies and recharge assumptions to the capital programme
  - **£492,000** in relation to Winter Service reflecting the mild winter experienced across Essex.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£976,000** withdrawal from the Reserve for Future Capital Funding to fund pothole related maintenance works carried out during the year, Army and Navy demolition works and abortive design works
  - **£336,000** contribution to the A130 PFI Reserve following lower than anticipated costs during the year
  - **£106,000** contribution to the Carbon Reduction Reserve in relation to the reduction in energy costs as a result of lower contract prices than budgeted
  - Carry forward **£60,000** to the service, as set out in **Appendix C**

- **£26,000** contribution to the Transformation Reserve for draw down in 2020/21 relating to the Superfast Essex Phase 4 'Last Phase' delivery programme.

#### 4. **Economic Development: £879,000 (12.5%) under spend**

- The provisional outturn of **£6.146m** is 12.5% lower than the final approved budget of **£7.025m**. After proposed adjustments, there is a **£588,000** under spend (8.4%) which represents a favourable movement of **£214,000** since the position reported at third quarter.
- The under spend is mainly due to staffing under spends relating to the recharge of management time to projects and grants along with on-going savings pertaining to the Employability and Skills organisational design restructure in addition to lower activity spend.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - Carry forward **£272,000** to the service, as set out in **Appendix C**
  - **£48,000** withdrawal from the Transformation Reserve to cover redundancy costs incurred in the closure of the Brussels Office and organisational restructure of the Tourism service
  - **£40,000** contribution to the Transformation Reserve relating to unutilised redundancy provision raised in 2018/19 accounts
  - **£28,000** contribution to the Reserve for Future Capital Funding, relating to approved Housing schemes, for use in 2020/21 relating to signage studies as part of the Local Highways Panel work in Jaywick.

#### 5. **Education and Skills Dedicated Schools Grant (DSG): £3.383m over spend**

- There is an online position after a **£3.383m** appropriation from the Schools reserves which relates to the movement in school balances and which have reduced partly as a consequence of schools converting to academy status and to schools over spending in year.
- The Dedicated Schools Grant is over spent by **£5.4m**, primarily within the high needs block due to:
  - Increased demand for the use of Independent school placements
  - Unprecedented growth of Education Health Care Plans which has resulted in increased top up funding for special schools
  - Increased costs of educating excluded pupils.
- The over spend will be carried forward to 2020/21 in an earmarked DSG deficit reserve. Additional funding has been passed by the DfE for the high needs block, however given increasing demand for special educational needs, it is not clear if this will be sufficient to address in part the deficit and also meet increasing demand.

**6. Education and Skills Non-Dedicated Schools Grant: £8.837m (11.0%) over spend**

- i. The provisional outturn of **£89.140m** is 11% higher than the final approved budget of **£80.303m**. After proposed adjustments, there is a favourable movement of **£393,000** since the position reported at third quarter, mainly due to Home to School Transport.
- ii. This overspend is largely due to Home to School Transport, which has two main drivers:
  - **£2m** in special educational needs due to demographic growth
  - **£900,000** due to an increase in mainstream transport in both average contract price and a small increase in pupil numbers.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£6.541m** withdrawal from the PFI Equalisation Reserves relating to the following schemes: **£2.553m** - Debden Park Reserve PFI, **£2.293m** - Building Schools for the Future PFI, **£1.502m** - Clacton Secondary Schools PFI and **£193,000** - Tendring PPP
  - **£211,000** contribution to the Health and Safety Reserve relating to asbestos removal at vacant school site
  - Carry forward **£157,000** to the service, as set out in **Appendix C**
  - **£101,000** withdrawal from the Transformation Reserve to fund organisation design restructuring costs.

**7. Environment and Climate Change Action: £1.393m (1.8%) over spend**

- i. The provisional outturn of **£80.946m** is 1.8% higher than the final approved budget of **£79.553m**. After proposed adjustments, there is a **£749,000** over spend (0.9%) which represents an adverse movement of **£773,000** since the position reported at third quarter.
- ii. The over spend mainly relates to the under recovery of income from cafes, car parking and events for Country Parks coupled with the annual payment to Southend in relation to the Waste PFI contract.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£44,000** withdrawal from the Transformation Reserve to cover redundancy costs following Organisation Design
  - **£600,000** withdrawal from the Waste Reserve to cover the annual payment to Southend Unitary Authority relating to the Waste PFI contract and project costs.



## 8. Finance, Property and Housing: £443,000 (2.7%) under spend

- i. The provisional outturn of **£16.110m** is 2.7% lower than the final approved budget of **£16.553m**. After proposed adjustments, there is a **£31,000** over spend (0.2%) which represents an adverse movement of **£624,000** since the position reported at third quarter
- ii. The under spend is mainly due to the Council Tax Sharing Scheme and the change in the estimated tax base and council tax rates used to set the budget (**£452,000**), excess income over budget in the Property Investment scheme (**£302,000**) and under spend aligned to funding attributable to Digital Commercial Capability (**£125,000**). This is partially offset by an under recovery of income of **£462,000** within Outdoor Education following delayed implementation of the pod accommodation.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£412,000** contribution to the Transformation Reserve due to delays in Essex Housing projects for use in 2020/21
  - Carry forward **£138,000** to the service, as set out in **Appendix C**.

## 9. Health and Adult Social Care: - £6.805m (1.6%) under spend

- i. After proposed adjustments, there is a **£6.805m** under spend (1.6%) which represents a favourable movement of **£3.840m** since the third quarter, due to direct payments where surplus clawbacks were above average, and a review of day care packages which highlighted that a number have been terminated.
- ii. 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 of **£5.2m**, which is more than offset by under spends on cash payments (**£8.5m**)
  - 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, **£4.7m**. This reflects the continuing fall-out from the cessation of service by 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 (**£3.6m**)
  - The income in respect of Continuing Health Care is higher than budgeted (**£4m**).

iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:

- **£1.030m** contribution to the Adults Digital Reserve to be utilised in 2020/21
- Carry forward **£568,000** to the service, as set out in **Appendix C**
- **£546,000** contribution to the Transformation Reserve to fund the Debt Recovery Team in 2020/21
- **£407,000** contribution to the Service Improvement Reserve due to slippage of Mental Health and Autism Support projects into 2020/21
- **£200,000** contribution to the Future Capital Funding Reserve to support Capital projects in 2020/21
- **£11,000** contribution to the Partnership Reserve due to Adults Safeguarding Board under spend.

**10. Leader – £749,000 (11.3%) under spend**

- The provisional outturn of **£5.860m** is **11.3%** lower than the final approved budget of **£6.609m**. After proposed adjustments, there is a **£260,000** under spend (3.9%) which represents a favourable movement of **£125,000** since the position reported at third quarter.
- The under spend of £260,000 is driven by various small under spends across the portfolio, relating to the delayed transition to a new business model for Garden Communities, lower than anticipated spend on consultancy, corporate subscriptions and member allowances.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - Carry forward **£490,000** to the service, as set out in **Appendix C**
  - **£3,000** withdrawal from the Community Initiative Fund Reserve for Challenge Prize costs
  - **£2,000** contribution to the Quadrennial Elections Reserve due to unspent by-election funding.

**11. Performance, Business Planning and Partnerships – £447,000 (20.4%) under spend**

- The provisional outturn of **£1.740m** is **20.4%** lower than the final approved budget of **£2.187m**. After proposed adjustments, there is a **£408,000** under spend (18.7%) which represents a favourable movement of **£257,000** since the position reported at third quarter.
- The under spend of **£408,000** is fully attributable to Service Design and is due to vacancies and reduced spend on consultancy.

iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:

- Carry forward **£50,000** to the service, as set out in **Appendix C**
- **£11,000** withdrawal from the Transformation Reserve for the Website and Mobile Accessibility Compliance project.

**12. Customer, Communities, Culture and Corporate Recharged Support Services - £3.364m (5.2%) under spend**

- The provisional outturn of **£61.659m** is 5.2% lower than the final approved budget of **£65.023m**. After proposed adjustments, there is a **£1.717m** under spend (2.6%) which represents a favourable movement of **£1.942m** since the position reported at third quarter.
- The under spend is driven by staffing vacancies across several services, lower than anticipated utility consumption and reduced costs in Technology Services relating to third party contracts. These are the key drivers for the movement since third quarter.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - **£1.340m** contribution to the Transformation Reserve mainly due to delays in Technology Services projects of which **£837,000** is required for use in 2020/21
  - Carry forward **£438,000** to the service, as set out in **Appendix C**
  - **£299,000** withdrawal from the Transformation Reserve for Organisation Design costs in Human Resources
  - **£207,000** contribution to the Carbon Reduction Reserve due to reductions in Carbon Reduction commitments and lower energy prices in the Property core estate
  - **£54,000** withdrawal from the Transformation Reserve to Human Resources for the Workforce Strategy project
  - **£17,500** withdrawal from the Partnerships Reserve relating to Essex Online partnership
  - **£7,000** contribution to the Partnerships Reserve relating to Public Sector reform.

**13. Finance, Property and Housing Recharged Support Services £2.510m (12.3%) under spend**

- The provisional outturn of **£17.626m** is 12.3% lower than the final approved budget of **£20.136m**. After proposed adjustments, there is a **£198,000** under spend (1.0%) which represents a favourable movement of **£606,000m** since the position reported at third quarter.

- ii. Within the position there is an under spend of £2.3m relating to the Insurance Cost Recovery Account, due to revised recommendations in the Actuarial report in relation to the level of provision the authority should hold as a result of a reduction in the number of Employers Liability and Public Liability claims.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - Carry forward **£3.036m** to the service, as set out in **Appendix C**
  - **£74,000** withdrawal from the Transformation Reserve for redundancy costs relating to Organisation Design.

**14. Leader Recharged Support Services - £218,000 (8.9%) under spend**

- i. The provisional outturn of **£2.227m** is 8.9% lower than the final approved budget of **£2.445m**. After proposed adjustments, there is a **£158,000** over spend (6.5%) which represents an unfavourable movement of **£19,000** since the position reported at third quarter.
- ii. The over spend is driven by the non-delivery of council wide Print Procurement savings, partly offset by vacancies.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - Carry forward **£400,000** to the service, as set out in **Appendix C**
  - **£24,000** withdrawal from the Transformation Reserve to cover redundancy costs within Communications and Marketing.

**15. Performance, Business Planning and Partnerships Recharged Support Services - £1.311m (14.1%) under spend**

- i. The provisional outturn of **£7.959m** is 14.1% lower than the final approved budget of **£9.270m**. After proposed adjustments, there is a **£1.103m** under spend (11.9%) which represents a favourable movement of **£848,000** since the position reported at third quarter.
- ii. The under spend is driven by vacancies due to a range of factors including high turnover, a decision to delay recruitment posts and some hard to recruit positions.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2019/20:
  - Carry forward **£129,000** to the service, as set out in **Appendix C**
  - **£106,000** contribution to the Transformation Reserve relating to Transformation Support Unit projects for use in 2020/21.

**16. Other Operating Costs (interest, financing and dividends) - £3.462m under spend**

- i. The underlying under spend reported is primarily the result of higher than anticipated cash balances, which resulted in the achievement of an additional **£861,000** of income from investments, combined with lower borrowing costs of **£2.3m** as it was possible to largely defer the need to borrow externally until the end of the financial year.
- ii. Approval is sought to the following action as a consequence of the provisional outturn position for 2019/20:
  - **£1.528m** contribution to the Reserve for Future Capital Funding to ensure that the reserve is not depleted and to retain the funding to support the capital programme
  - Carry forward **£1.300m** to the service, as set out in **Appendix C**.

**17. Other Operating Costs (General Government Grants) - £1.511m (2.5%) reduction of funding budget**

- i. The lower than budgeted general government grant funding is due to a reduction in PFI funding payments (**£2.598m**) offset by additional funding for several other grants notably; levy account surplus allocation grant (**£592,000**), business rates compensation grant (**£399,000**) both in respect of business rates reconciliations for 2018/19 and extended rights to free travel grant (**£96,000**).

## Appendix E – Trading Activities

Trading Activities Summary							
2018/19 Actual £000		Original Budget £000	Final Budget £000	2019/20 Provisional Outturn £000	Variance £000	Variance %	Rag status
(25,645)	Income	(13,998)	(13,856)	(15,709)	(1,853)	13.4%	●
23,696	Expenditure	13,587	13,838	15,034	1,196	8.6%	◆
-	Financing Items	-	-	-	-	-	■
(1,949)	(Surplus)/Deficit	(411)	(18)	(675)	(657)	3650.0%	●
2,715	Appropriations	355	23	498	475	2065.2%	◆
766	Net (increase) / decrease in revenue reserves	(56)	5	(177)	(182)	(3640.0%)	●
	<b>Analysis of net (increase) / decrease in Trading Activities reserves</b>						
322	EES for Schools	-	-	-	-	-	■
(166)	Music Services	-	-	53	53	-	●
263	School staffing insurance scheme	-	-	-	-	-	■
539	Information Services infrastructure	-	-	-	-	-	■
(192)	Place Services	(56)	5	(230)	(235)	(4700.0%)	●
766	Net (increase) / decrease in revenue reserves	(56)	5	(177)	(182)	(3640.0%)	●
<b>2018/19</b>					<b>2019/20</b>		
<b>Closing</b>					<b>Opening</b>	<b>Closing</b>	
<b>Balance</b>					<b>Balance</b>	<b>Balance</b>	
<b>£000</b>					<b>£000</b>	<b>£000</b>	
(651)	Total Reserves Balance				(651)	(828)	

## **Appendix F – Trading Activities – Detailed commentary**

Comments on the performance of individual trading activities are set out below.

### **1. EES for Schools**

- i. This trading activity is now closed following the sale of EES during the year. The final accounting entries has been completed.
- ii. Approval is sought to appropriate the surplus of **£249,000** to the General Fund.

### **2. Music Services**

- i. The trading activity reports an in year over spend of **£53,000** as a result of loss of income in March due to COVID-19 and an increase in the value of employee accruals raised due to the actual costs being known. This will be withdrawn from the specific traded Music reserve.

### **3. Information Services**

- i. The trading activity was closed following a recommendation in the third quarter report.
- ii. Approval is sought to appropriate the surplus of **£221,000** to the General Fund.

### **4. Place Services**

- i. The trading activity reports a net surplus of **£230,000** against its target, with a gross profit margin of 21% and net profit margin of 13%, representing strong progress against its current business strategy. This is due to a combination of new service level agreements secured within its key market (local planning authorities), as well as project tenders won, increased productivity and tight management of costs.

## Appendix G – Capital payments and financing summary

	Original Approval	Final Approval	Actual	Variance
	£000	£000	£000	£000
Children and Families	900	571	400	(171)
Customer, Communities, Culture and Corporate	7,500	8,053	6,854	(1,199)
Finance, Property and Housing	14,765	3,869	2,860	(1,009)
Infrastructure	131,146	119,483	114,105	(5,378)
Economic Development	5,847	9,506	7,822	(1,684)
Education and Skills				
Local Authority Controlled	83,426	60,213	47,540	(12,673)
Schools Controlled	1,112	3,592	2,794	(798)
Environment and Climate Change	3,850	4,101	3,277	(824)
Health & Adult Social Care	421	664	654	(10)
<b>Total payments to be financed</b>	<b>248,967</b>	<b>210,052</b>	<b>186,306</b>	<b>(23,746)</b>
<b>Financed by</b>				
Unsupported borrowing	128,237	88,278	56,393	(31,885)
Grants and contributions	105,462	103,852	111,978	8,126
Capital receipts	7,000	13,217	17,935	4,718
Reserve for future capital funding	8,268	4,705	-	(4,705)
<b>Total financing</b>	<b>248,967</b>	<b>210,052</b>	<b>186,306</b>	<b>(23,746)</b>



## Appendix H – Capital Variance Plan (Summary)

	2019/20				2019/20	2020/21
	Slippage	Additions	Reductions	Advanced Works	Changes	Changes
	£000	£000	£000	£000	£000	£000
Children and Families	(159)	-	(12)	-	(171)	159
Customer, Communities, Culture and Corporate	(1,081)	-	(118)	-	(1,199)	1,081
Finance, Property and Housing	(1,043)	33	(104)	105	(1,009)	938
Infrastructure	(6,478)	3,856	(4,152)	1,396	(5,378)	5,082
Economic Development	(1,831)	208	(61)	-	(1,684)	1,831
Education and Skills						
Local Authority Controlled	(4,196)	46,939	(56,796)	1,380	(12,673)	2,816
Schools Controlled	(840)	300	(258)	-	(798)	840
Environment and Climate Change	(809)	15	(30)	-	(824)	809
Health & Adult Social Care	(2)	-	(15)	7	(10)	(5)
<b>Total payments to be financed</b>	<b>(16,439)</b>	<b>51,351</b>	<b>(61,546)</b>	<b>2,888</b>	<b>(23,746)</b>	<b>13,551</b>
<b>Financed by</b>						
Unsupported borrowing					(31,885)	
Grants and contributions					8,126	
Capital receipts					4,718	
Reserve for future capital funding					(4,705)	
<b>Total financing</b>					<b>(23,746)</b>	

## Appendix I – Capital Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:

### 1. Children and Families - £171,000 (30%) under spend

- i. The provisional outturn of **£400,000** was **£171,000** less than the final approved budget of **£571,000**. This is attributable to the Adaptations programme, where delivery this financial year has faced difficulties in term of finding appropriate qualifying families and delays with planning permission.

### 2. Customer, Communities, Culture and Corporate - £1.199m (15%) under spend

- i. The provisional outturn of **£6.854m** was **£1.199m** less than the final approved budget of **£8.053m**. The main reasons for the under spend are set out below:
- ii. **Tech Services Portfolio - £781,000** there have been further delays in the decision to move to a server or cloud-based infrastructure, resulting in the need to slip to 2020/21.
- iii. **Capitalised Building Maintenance - £318,000** capital expenditure has been reduced by £118,000, a credit due to an abortive cost transferred to Revenue. The remaining under spend is due to delays in planned works as a result of the current COVID-19 situation.

### 3. Deputy Leader and Infrastructure - £5.378m (4.9%) under spend

- i. The provisional outturn of **£113.705m** was **£5.378m** less than the final approved budget of **£119.484m**. The main reasons for the under spend are set out below:
- ii. **Major Schemes - £3.100m** under spend due to the following factors
  - M11 Junction 7A (£1m) uncontrollable slippage to re-align to the new spending profile following programme of works and anticipated cash flow
  - Slippage (£808,000) with HEZ (Harlow Enterprise Zone) and A414 Pinch Point Delivery Package Two because of delays pushing completion of scheme further into 2020/21
  - A133 Colchester to Clacton RBS (Route Based Strategy), with uncontrollable slippage (£766,000) with project delayed by 5 weeks due to British Telecom service diversions
  - Another uncontrollable slippage in relation to Beaulieu Park Station (£604,000) which has slipped into 2023/24 as a result of delays caused by Network Rail and the progression of GRIP (Governance for Railway Investment Projects) 3.

- iii. **Highways Maintenance - £1.900m** under spend owing to the following:
  - Slippage into 2020/21 of £1.2m with challenge funding only recently been secured from the Department for Transport for Braintree High Street improvements. As such no work was delivered this year
  - Local Highway Panels (£583,000) reduction resulting from scheme mobilisation delays impacting the ability to deliver the full programme of work in 2019/20
  - Delays in commencing the programme has meant the Street Lighting Replacement has been reduced by £564,000.
- iv. **BDUK Superfast Broadband - £738,000** under spend with Phase 2 where the Council's contribution required was less than originally anticipated. Elements of Phase 3 have had some delivery issues because more rural areas have been targeted for works which is more complex to undertake.

**4. Economic Development - £1.684m (18%) under spend**

The provisional outturn of **£7.822m** was **£1.684m** less than the final approved budget of **£9.506m**. The under spend is mainly due to two schemes, Digital Technology Campus (£850,000) due to a delay in the grant agreement being finalised, and slippage of Flightpath Phase 2 (£640,000) following an updated third party spend profile.

**5. Education and Skills - £12.673m (21%) under spend**

The provisional outturn of **£47.540m** was **£12.673m** less than the final approved budget of **£60.213m**. The under spend is primarily driven by the reduction of Tendring PPP by £9.5m, following recent guidance that has determined that this cannot be classified as an additional capital asset. Also further slippage of £1.2m for Basildon Primary Basic Need mainly owing to Merryland works anticipated to be completed in May.

**6. Environment and Climate Change Action - £825,000 (20%) under spend**

The provisional outturn of **£3.276m** was **£825,000** less than the final approved budget of **£4.101m**. With the under spend relating to Flood Management owing to the rephasing of schemes following updates to project profiles.

**7. Finance, Property and Housing - £1.009m (26%) under spend**

The provisional outturn of **£2.860m** was **£1.009m** less than the final approved budget of **£3.869m**, which relates to the housing scheme at Rocheway, with the contractor still working on drainage before initiating site clearance and mobilisation. Furthermore, Essex Housing programme is still requiring decisions on several schemes before work can start on them.

**8. Health and Adult Social Care - £10,000 under spend**

The provisional outturn of **£654,000** which is broadly online with the budget of **£664,000**.

**9. Controlled Elsewhere – £804,000 (22%) under spend**

Approval is sought to re-profile **£804,000** into 2020/21 in relation to the Schools Devolved Formula Capital grant and schools cash balances, which the authority holds on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

## Appendix J – Restricted use and other revenue reserves

### EARMARKED RESERVES

	Balance at 1 April 2019 £000	2019/20 movements		Balance at 31 March 2020 as at £000
		Contributions to reserves £000	Withdrawals from reserves £000	
<b>Restricted use</b>				
Grants equalisation reserve	12,636	39,861	(2,643)	49,854
PFI equalisation reserves				
A130 PFI	42,136	555	(3,413)	39,278
Clacton secondary schools' PFI	2,518	13	(1,999)	532
Debden PFI	3,633	19	(3,022)	630
Building Schools for the Future PFI	2,267	13	(2,047)	233
Waste reserve	103,631	9,245	(600)	112,276
Schools				
General	38,025	4,022	(7,405)	34,642
DSG Deficit Reserve	-	-	(5,359)	(5,359)
Partnerships	1,621	74	(237)	1,458
Trading activities	651	-	177	828
<b>Total restricted use</b>	<b>207,118</b>	<b>53,802</b>	<b>(26,548)</b>	<b>234,372</b>
<b>Future capital funding</b>	<b>12,061</b>	<b>(10,156)</b>	-	<b>1,905</b>
<b>Other revenue reserves</b>				
Adults Digital programme	5,256	1,030	(3,417)	2,869
Bursary for trainee carers	-	500	-	500
Capital receipts pump priming	3,204	-	-	3,204
Carbon Reduction reserve	2,303	313	(1,994)	622
Carry Forwards Reserve	23,250	14,803	(23,250)	14,803
Collection Fund investment risk reserve	1,412	-	-	1,412
Commercial Investment In Essex Places reserve	-	12,583	-	12,583
Community Initiatives Reserve	1,153	-	(666)	487
Digital Infrastructure reserve	3,053	-	(3,053)	-
EES Pension Deficit reserve	-	4,000	-	4,000
Emergency Reserve	-	4,000	(4,000)	-
Health and Safety Reserve	881	2,219	-	3,100
Insurance	8,061	-	(650)	7,411
Quadrennial Elections reserve	618	502	(27)	1,093
Property Fund Reserve	326	325	-	651
Recovery	-	2,900	-	2,900
Service Improvement	-	6,941	(2,970)	3,971
Social distancing and hygiene	-	900	-	900
Technology Solutions	-	3,785	-	3,785
Transformation	25,193	19,783	(7,575)	37,401
Other reserves	989	252	(193)	1,048
<b>Total other revenue reserves</b>	<b>75,699</b>	<b>74,836</b>	<b>(47,795)</b>	<b>102,740</b>

## Appendix K – General Balance

General Balance	£000
Actual Balance 31 March 2019	56,610
2019/20 Original Budget withdrawal	-
<b>Opening Balance 1 April 2019</b>	<b>56,610</b>
<b>Subsequent movements</b>	
<b>Approved withdrawals</b>	
Funding for Adult Social Care: COVID 19 Response	(550)
<b>Contributions</b>	
Funding for Adult Social Care: COVID 19 Response	379
<b>Budgeted balance at 31st March 2020</b>	<b>56,439</b>
<b>Movements as a consequence of the Revenue Outturn Position</b>	
<b>Withdrawals</b>	
<b>Contributions</b>	
Underlying under spend	-
<b>Actual balance at 31 March 2020</b>	<b>56,439</b>

## Appendix L – Prudential Indicators

		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2019/20 and earlier years' 'starts'	£	£98.42	£90.55
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	186
Capital Financing Requirement ( <i>excluding credit arrangements</i> )	£m	1,026	954
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	950	N/A
Operational boundary (borrowing only)	£m	850	N/A
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	N/A	621
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	950	397
Debt		100.0%	100.0%
Investments		100.0%	72.8%
Upper limit for exposure to variable rates			
Net exposure	£m	285	218
Debt		30.0%	1.1%
Investments		100.0%	58.0%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.5%
12 months & within 24 months	%	40.0%	3.0%
24 months & within 5 years	%	40.0%	5.4%
5 years & within 10 years	%	40.0%	14.5%
10 years & within 25 years	%	60.0%	35.2%
25 years & within 40 years	%	40.0%	29.0%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.4%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested ( <b>maximum position during year</b> )	£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>			

## Appendix M – Treasury Management Summary

TREASURY MANAGEMENT SUMMARY - 2019/20						
	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date
	£000	£000	£000	£000	£000	£000
<b>Borrowing</b>						
Long Term	514,374	105,625	(3,289)	102,336	616,710	18,750
Temporary	408	1,569	-	1,569	1,977	10
<b>Total External Borrowing (A)</b>	<b>514,782</b>	<b>107,194</b>	<b>(3,289)</b>	<b>103,905</b>	<b>618,687</b>	<b>18,760</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(474)
Temporary	259,000	168,800	-	168,800	427,800	(2,822)
<b>Total External Investments (B)</b>	<b>269,000</b>	<b>168,800</b>	<b>-</b>	<b>168,800</b>	<b>437,800</b>	<b>(3,296)</b>
<b>Net indebtedness (A-B)</b>	<b>245,782</b>	<b>(61,606)</b>	<b>(3,289)</b>	<b>(64,895)</b>	<b>180,887</b>	<b>15,464</b>
<b>Borrowing</b>						
Average long term borrowing over period to date (£000)						482,297
Opening pool rate at 1 April 2019						4.07%
Weighted average rate of interest on new loans secured to date						2.22%
Average pool rate for year						3.89%
<b>Investments</b>						
Average daily cash balance over period to date (£000)						344,131
Average interest earned over period						0.95%
Benchmark rate - average 7 day LIBID rate						0.57%