

CABINET

10:00	Tuesday, 18 October 2016	Committee Room 1, County Hall, Chelmsford, Essex
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Quorum: 3

Membership

Councillor David Finch
Councillor Kevin Bentley

Councillor Rodney Bass
Councillor Anne Brown
Councillor Graham Butland
Councillor Ray Gooding
Councillor Eddie Johnson
Councillor Dick Madden
Councillor John Spence
Councillor Simon Walsh

Cabinet Member responsibility

Leader of the Council (Chairman)
Deputy Leader and Economic Growth and
Partnerships (Vice-Chairman)
Infrastructure
Corporate, Communities and Customers
Health
Education and Lifelong Learning
Highways and Transport
Adults and Children
Finance, Housing and Planning
Environment and Waste

**For information about the meeting please ask for:
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Essex County Council

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Part 1

(During consideration of these items the meeting is likely to be open to the press and public)

		Pages
1	Apologies for Absence	
2	Minutes	5 - 12
3	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Questions from the Public A period of up to 15 minutes will be allowed for members of the public to ask questions or make representations on any item on the agenda for this meeting. On arrival, and before the start of the meeting, please register with the Committee Officer.	
5	Negotiation of Concessionary Fare Scheme for 2017/18 The Equality Impact Assessment is available on line	13 - 20
6	The Organisation's Proposed New Structure The Equality Impact Assessments are available on line 1 and 2	21 - 28
7	2016/17 Financial Overview as at the Half Year Stage	29 - 48
8	Cabinet Decisions Report	49 - 50
9	Date of Next Meeting To note that the next meeting will be held on Thursday 24 November at 10.00am, Committee Room 1	
10	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

11 Negotiation of Concessionary Fares Scheme for 2017/18

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

12 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

MINUTES OF THE MEETING OF THE CABINET HELD AT COUNTY HALL, CHELMSFORD, AT 10.00AM ON 20 SEPTEMBER 2016

Present:

Councillors	Cabinet Member responsibility
Councillor David Finch	Leader of the Council (Chairman)
Councillor Kevin Bentley	Deputy Leader and Economic Growth and Partnerships (Vice-Chairman)
Councillor Rodney Bass	Infrastructure
Councillor Anne Brown	Corporate, Communities and Customers
Councillor Ray Gooding	Education and Lifelong Learning
Councillor Eddie Johnson	Highways and Transport
Councillor Dick Madden	Adults and Children

Councillors B Aspinell, M Buckley, M Danvers, M Maddocks, R Howard, Mrs P Channer and S Canning also attended.

1. Apologies for Absence

Apologies for absence were received from the following members:

Councillor J Spence (Cabinet Member for Finance, Housing and Planning)
Councillor G Butland (Cabinet Member for Health)
Councillor M Mackrory (Leader of the Liberal Democrat Group).
Councillor I Henderson (Leader of the Labour Group)

2. Minutes

The minutes of the meeting held on 19 July 2016 were agreed as a correct record and signed by the Chairman.

3. Declarations of Interest

The Chairman reminded Members to declare any interests now or at the point during the meeting when they arose.

4. Public Questions

No members of the public had registered an interest in asking a question or making a statement on any of the items to be considered at the meeting.

5. Multi-Year Settlement and Efficiency Plan

The Cabinet considered report FP543/06/16 by the Executive Director for Corporate and Customer Services which set out an efficiency plan to submit to the Department of Communities and Local Government (DCLG) in order to accept the offer of a multi-year finance settlement.

In response to questions raised by Councillor Danvers, Councillor Brown confirmed that the increase in Council Tax revenue assumed in the report was based on an assumed population growth rather than any intended Council Tax increase. It was also noted that £521 million savings had been made over the past five years, whilst Council Tax rates had been frozen and ECC continued to provide a good service through innovative delivery.

Resolved:

1. That the offer of a Multi-Year Settlement from the Department of Communities and Local Government (DCLG) be accepted.
2. That the flexible use of capital receipts policy implemented by the DCLG be accepted.
3. That the report (reference FP/543/06/16) be submitted to the DCLG as the Council's efficiency plan.

6. Future Direction of the Quality Improvement Service – Early Years & Childcare

The Cabinet considered report FP/531/06/16 by the Director of Commissioning, Education and Lifelong Learning and the Director for Integrated Commissioning and Vulnerable People which sought agreement to the commissioning strategy for the Quality Improvement and Sufficiency Service for Childminders and Out of School Provision from April 2017.

In introducing the report, Councillor Gooding confirmed the recommendation was for option two as outlined in the paper.

In response to questions raised by Councillor Danvers and Councillor Aspinell, Councillor Gooding confirmed that this paper related to monitoring and improving quality within settings and, whilst he was aware of the potential funding challenges due to changes to Free Early Education Entitlement (FEEE), this did not affect the funding for this service. He also confirmed that funding changes proposed by the Education White Paper March 2016 had not yet been implemented and he continued to lobby against the changes.

Resolved:

1. That it be agreed to commission a single ECC Quality Improvement Intervention Team provided by ECC employees which includes support for Childminders and Out of School (OOS) providers which are currently provided by contractors.
2. That the new service take effect on 1 April 2017.

7. To approve the Procurement of a Corporate software, hosting and associated services contract

The Cabinet considered report FP/540/06/16 by the Director for Customer Service and Information Services which sought agreement to procure and award a single supplier framework contract for Corporate Software, Hosting and Associated Services, which will provide the corporate Microsoft Enterprise Agreement and essential software and hosting services to support the services provided by ECC to its employees and citizens.

Resolved:

1. That a single framework agreement be procured to enable ECC to purchase its Microsoft Enterprise Agreement and additional software and hosting services.
2. That the contract be awarded to the preferred bidder based on the evaluation criteria set out in paragraph 3.10 of report EFA/540/06/16.
3. That the contract be awarded by the Leader of the Council.

8. Extension of Day Opportunities contract

The Cabinet considered report FP/559/07/16 by the Director for Integrated Commissioning and Vulnerable Adults which sought approval to the extension by mutual agreement of existing arrangements for day opportunities to allow time for future options for the redesign of the service to be considered and future options for the service to be reconsidered.

In response to a question regarding Essex Cares raised by Councillor Aspinell, the Leader confirmed that it is a separate legal entity to Essex County Council and that the company was on a trajectory of improvement.

In response to a question raised by Councillor Danvers regarding continuance of services in the future, Councillor Madden confirmed that this extension ensured services would continue for the coming year while the review of the service was taking place, however future services could not be guaranteed to remain at the same level. He recognised Councillor Danvers' concerns that the service provided for some of the most vulnerable people in society. Councillor Madden also confirmed that the report regarding the redesign of the service would come back to Cabinet early next year and he would share this with all members.

Resolved:

1. That the current contracts and grant agreements for day opportunities listed in the appendix to report FP/559/07/16 be extended for twelve months from 1 October 2016 until 30 September 2017.
2. That a further report be submitted to the Cabinet in due course on the future procurement of the service.

9. Superfast Essex Phase 3 delivery programme

The Cabinet considered report FP/579/08/16 by the Executive Director for Place Operations and Chief Information Officer which sought agreement to create a £9.3m project, using only savings, income and external funding, for enhanced access to broadband for Essex Residents to be known as Superfast Essex Phase 3.

Councillor Bentley confirmed that the coverage already achieved in Essex is one of the most advanced nationally, and is considered to be in the top four authorities by Broadband Delivery UK (BDUK). The target for phase 3 will be 97% for the areas that Essex County Council has control over. The long term aim of 100% coverage may have to involve different solutions.

In response to questions raised by Councillor Buckley, Councillor Bentley confirmed that in some areas of Essex coverage is the responsibility of third party suppliers, meaning Superfast Essex cannot work in that area. Councillor Bentley does continue to meet with the third party suppliers who are responsible to remind them of their responsibilities. Councillor Bentley confirmed that any individual member could contact him if they had queries regarding a particular area and he would respond to them in full.

In response to comments made by Councillor Danvers regarding the cost of the project and its value in light of cuts to other services, Councillor Bentley confirmed that was considered a priority by both the previous and current governments. He commented that high speed broadband was required to allow businesses to compete globally. The capital expenditure for the project was an investment and provided sources of revenue which have been reinvested into the project.

Resolved:

1. That the creation of 'Superfast Essex Phase 3' be authorised as a new capital scheme at an overall value of £7.4m over four years (2017/18 to 2020/21) to be funded by:
 1. £3m from savings from phases 1 and 2
 2. £2.2m from Tendring DC
 3. £2.2m from BDUK

2. That, in addition, the £1.9m 'Gainshare' savings from the take up of broadband in phases 1 and 2 be invested as part of phase 3 by the current supplier as set out in report FP/579/08/16.
3. That the agreed target for phase 3 be that 97% of premises in Essex have access to 30Mbps Broadband.
4. That authority be delegated to the Executive Director for Place Operations and CIO
 - 4.1. to agree with BDUK and Tendring DC the areas to be included within the Superfast Essex Phase 3; and
 - 4.2. to determine whether the solution offered by the current supplier is acceptable based on price and delivery timescale.
5. That authority be given for the procurement of suitable delivery partners to deliver Superfast Essex Phase 3 through a competitive, single stage OJEU procurement process with a contract length of ten years, divided into geographical lots.
6. That the Executive Director for Place Operations and CIO be authorised:
 - 6.1. to determine, in consultation with BDUK and Tendring DC, the evaluation criteria for the award of the contracts; and
 - 6.2. to award contracts for the delivery of Phase 3, once the procurement is complete and he is satisfied that the formal evaluation and due diligence shows that the proposed contract(s) represent value for money.
7. That authority be given for the drawdown of £195,000 revenue from the transformation reserve for Superfast Essex Phase 3, to be profiled over three years, 2017/18 to 2019/20 to be used to drive demand and take-up of the new broadband services deployed under the Superfast Essex programme (all Phases).

10. Chelmsford Park and Ride – approval for agency agreement with Chelmsford City Council covering the operation of the Chelmsford Park and Ride sites

The Cabinet considered report FP/580/08/16 by the Director for Place Commissioning: Connectivity which sought agreement to the approach for the establishment of an agency agreement with Chelmsford City Council for the management of front of house services and site maintenance at the Sandon and Chelmer Valley Park and Ride sites ('the sites'). Agreement was also sought to the establishment of an officer-led operations board to oversee operational aspects of the Park and Ride services, with overall performance and strategy to be led by Cabinet Members of Chelmsford City Council and Essex County Council ('the Council'). Finally, the report proposed an extension of current Park and Ride contracts for a period of up to three months, pending implementation of the agency agreement.

In response to a question raised by Councillor Aspinell regarding timescales, Councillor Johnson confirmed that the existing contracts would be extended for three months to allow for the implementation of the proposed agency agreement which would run for 5 years with an optional 2 year extension.

Resolved:

1. That authority be delegated to Chelmsford City Council via an Agency Agreement with effect from Autumn 2016 for a period of five years, with an optional two year extension, in accordance with the financial information set out in paragraph 5.4 of report FP/580/08/16, with responsibility for:
 - a) the operation of the site and facilities management at the sites, including responsibility for all staff; and
 - b) the maintenance of the site and facilities including all reactive maintenance.
2. That an Officers Operations Board ('the Board') be established which will oversee operational aspects of Park and Ride services, including maintenance, asset condition and potential capital investment requirements, customer feedback, and consideration of new income generation incentives.
3. That the current Park and Ride contracts with Chelmsford City Council for front of house and site maintenance be extended for a maximum three-month period at a cost of £98,794 to the Council, to ensure interim delivery of services while the Agency Agreement is developed.

11. Cabinet Decisions Report

The Cabinet received report FP/549/07/16 by the Secretary to the Cabinet setting out the decisions taken by or in consultation with Cabinet Members since the last meeting.

12. Dates of future Cabinet meetings

The dates of future Cabinet meetings were noted as follows:

2017

Tuesday 20 June 2017

Tuesday 18 July 2017

Tuesday 22 August 2017*

Tuesday 19 September 2017

Tuesday 17 October 2017

Thursday 23 November 2017

Tuesday 19 December 2017

2018

Tuesday 23 January 2018

Tuesday 20 February 2018

Tuesday 20 March 2018

Tuesday 17 April 2018

Tuesday 22 May 2018

Note of secretary

Following the meeting it was confirmed that there would be no meeting on Tuesday 22 August 2017.

13. Date of Next Meeting

Members noted that the next meeting of the Cabinet would take place on Tuesday 18 October 2016 at 10.00am.

14. Closing Remarks

The Leader of the Council congratulated representatives from BBC Radio on their recent award nomination.

The meeting closed at 10:25am.

**Chairman
18 October 2016**

Report title: Negotiation of Concessionary Fare Scheme for 2017/18	
Report to: Cabinet	
Report author: Helen Morris – Director for Commissioning: Connectivity	
Date: 18 October 2016	For: Decision
Enquiries to: Dominic Lund-Conlon - Passenger Transport Manager	
County Divisions affected: All Essex	

NOT FOR PUBLICATION

This report includes an appendix which is exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended in that it contains information about the financial affairs of the Council. There is a high degree of public interest in publishing information about public finances. However the report should not be published because this public interest is outweighed by the public interest in not disclosing the Council's negotiating position. The Council is about to conduct a negotiation with bus operators and their representatives which would be prejudiced if the operators were to know the council's position.

1. Purpose of report

- 1.1. The English National Concessionary Travel Scheme legislation requires each Concessionary Travel Authority to have a concessionary bus pass scheme in place by 1 March before the start of each financial year.
- 1.2. Given the scale and scope of the concessionary fare agreement, authority to negotiate and agree a scheme with bus operators is required from Cabinet.
- 1.3. This report outlines the options for a scheme of reimbursement including any legal challenges that might arise and requests that the Cabinet Member for Highways and Transport in association with the Director for Commissioning: Connectivity is given authority by Cabinet to negotiate and agree a final scheme.

2. Recommendations

- 2.1. Authorise the Director for Commissioning: Connectivity to negotiate on behalf of Essex County Council over the 2017/18 English National Concessionary Travel Scheme within the parameters laid out in the confidential appendix to this report.

- 2.2. Authorise the Cabinet Member for Highways and Transport to approve the final scheme, provided any settlement falls within the upper limit as set out in the confidential appendix.
- 2.3. Authorise the Director for Commissioning: Connectivity to publish a default scheme on or before 1 December 2016.

3. Summary of issue

Background

- 3.1. Essex County Council has responsibility for the English National Concessionary Travel Scheme in the administrative area of Essex.
- 3.2. The legislation for the Scheme requires that each authority responsible for a concessionary travel scheme (known as a Travel Concession Authority or TCA) must compensate operators who carry Concessionary Pass Holders (the customers) with a level of reimbursement such that they are neither better or worse off than they would have been had the scheme not existed.

Policy context

- 3.3. Operating a Concessionary Fare Scheme is a statutory duty placed on the County Council by the Transport Acts 1985 and 2000 and the Concessionary Bus Travel Act 2007.
- 3.4. A Vision for Essex 2013-17 sets out the Council's Corporate Plan. A key aim is to spend taxpayers' money wisely. Although we have no option but to provide the mandatory concession, this report sets out how we can seek to achieve best value in concessionary fares in order to minimise risk for the Council.
- 3.5. The Concessionary fares scheme and its discretionary elements also help achieve the aims of
 - developing and maintaining the infrastructure that enables our residents to travel and our businesses to grow
 - improving public health and wellbeing across Essex
 - safeguarding vulnerable people of all ages
 - respecting Essex's environment
- 3.6. The decision contributes to the Local Bus Service Priority Policy 2015 to 2020 by supporting the following outcomes:
 - Providing access to schools, colleges, and training, work, health and leisure services.
 - Providing access to health services, shopping, leisure activities, employment, reducing isolation and increasing independence.
 - Providing access to learning and training opportunities, supplier workforce training and apprenticeships.

- Providing access to care services and providing safe transport for access to health, education, work and leisure services, reducing the number of people killed or seriously injured (KSIs).
- Attracting inward investment by offering improved connectivity, access to work and leisure opportunities and reducing congestion.
- Reducing congestion, air quality and CO2 emissions.
- Enabling access to key services, improving community involvement.

About the Current Concessionary Fares Scheme

- 3.7. The mandatory scheme requires provision of free travel for eligible older and disabled people between the hours of 0930 and 2300 Monday to Friday and all day at weekends and on bank holidays. The Current ECC scheme covers the mandatory scheme but also provides:
- Concessionary travel between 09:00 and 09:30 Monday to Friday
 - Concessionary travel between 23:00 and 24:00 Monday to Friday
 - Provision of a companion pass for those disabled pass holders who require additional support when travelling.
- 3.8. There is no proposal to change the discretionary elements of the scheme. Changing the start time of the concession could lead to bulge in passengers at 0930 which could result in claims from operators for the cost of introducing extra capacity.
- 3.9. The 2016/17 agreement (current scheme year) is for a base fixed cost of £18.3m. There is no allowance for additional funding relating to increased passenger patronage within this offer. At present passenger numbers have decreased by 3.22% for the first quarter due to a number of factors, including bus service reliability and weather. This is not considered to be likely to be a continuing trend as it is likely to have been at least in part a consequence of the relatively poor weather during the spring/summer of 2016.

Reimbursement of costs

- 3.10. The Council is required to publish draft reimbursement arrangements at least four months before the start of the financial year. The principle of reimbursement is that bus operators must be neither better nor worse off than they would have been had the scheme not existed. The Council determines the scheme and how reimbursement arrangements will operate, but in doing so it must work within statutory parameters and follow the statutory process. Operators have a statutory right to appeal to the Secretary of State for Transport if they feel that the scheme does not adequately reimburse them. They can also seek a judicial review directly through the high court if they feel that the Council has acted unlawfully in setting the reimbursement arrangements if an appeal could not remedy this. Operators can also agree the scheme with the Council. ECC has managed to reach successful agreement with operators every year since assuming responsibility in 2011.
- 3.11. Operators are entitled to receive payments calculated on according to the following formula:

Payment = Gross revenue forgone – (generated revenue + additional costs)

- 3.12. There are two main variables which affect the cost of the scheme:
1. The number of additional passenger journeys generated by the scheme (because passenger numbers are larger when people do not have to pay) and operators should not be better off because of the scheme. This factor affects the 'revenue foregone' element of the formula; and
 2. The additional network capacity costs resulting from the scheme – in effect how many additional buses and how much other infrastructure (depot space etc.) is required to cope with the increased passenger numbers.
- 3.13. Any reimbursement scheme is complex and must make allowances for:
- The number of additional journeys which are generated by the scheme (ie people travelling by bus just because they can travel for free)
 - Current passenger journey figures
 - Current pass holder numbers
 - Operators' cost pressures and fares increases
 - Anticipated weather for the year
 - Anticipated passenger growth
 - Possible changes to the network
 - Any major schemes to promote the use of public transport
 - Large scale developments in the County proposed for the period of the agreement.
- 3.14. The Secretary of State has issued guidance on reimbursement schemes. Appeals are in general decided in accordance with the scheme. This guidance is important because an operator who disagrees with the Council's scheme can appeal to the Secretary of State.

Process

- 3.15. The Council is required to publish a default scheme by **1 December 2016** and publish a final scheme, preferably one agreed with bus operators, by **1 March 2017**.

Options

- 3.16. The Council has 2 primary options when setting the reimbursement arrangements:

<u>Option 1:</u>	DfT Calculator Scheme (with or without a hybrid option of fixed payments to single operators)
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- 3.17 This would follow the Guidance set by the Secretary of State (through the Department for Transport – DfT) with reimbursement being directly related to passenger numbers and fares foregone. This option is often referred to as the ‘floating scheme’. The advantage is that the Council would fully benefit if activity levels are less than anticipated. The disadvantage is that if activity levels exceed those anticipated then the costs can increase without limit. This model is set out in the Department for Transport’s reimbursement calculator and is the principal basis used by some other county authorities (including Southend and Suffolk). It is also the basis that the Secretary of State is likely to follow if one or more operator submits an appeal. Councils who use this scheme are also at risk of additional cost claims being submitted by bus operators. Final costs are unlikely to be known before July of the following financial year.
- 3.18 Should a Calculator Scheme be implemented, the authority must continue to negotiate with bus operators individually to agree elements that can be adjusted within the calculator, such as Marginal Operating Costs and Fare Calculation (national or local values). This can lead to additional administrative and officer resource costs.

Option 2: Fixed Total Reimbursement Scheme (with or without risk share)

- 3.19 This would be based on similar principles to a floating scheme except that the overall cost of the scheme would be capped. The fixed reimbursement sum would be shared between participating operators based on activity levels and average fares. This means that the Council bears the risk that activity is less than anticipated and that operators bear the risk that activity exceeds their expectations.
- 3.20 Under this type of scheme bus operators also collectively bear any risk of cost increases if they need to provide additional capacity. This is because additional capacity claims also have to be met out of the fixed cost of the cap. In practice this may deter operators from providing additional capacity - since they are forgoing any additional capacity claims through the fixed reimbursement scheme. In turn ECC negates this by offering the 09:00-09:30 extension, which effectively spreads the morning concessionary pass peak travel (first journey) across the first hour of travel times.
- 3.21 A fixed total reimbursement scheme can also operate on the basis that some variances from the cap are shared between the council and the operator.
- 3.22 It appears from appeal decisions published by the Secretary of State that the Secretary of State would be unlikely to support any kind of fixed cost scheme on appeal, meaning that in practice this type of scheme can only be achieved if there is agreement between operators and the Council.
- 3.23 The current scheme operates on the basis of a fixed total reimbursement scheme.

Recommendation

- 3.24 It is recommended that we adopt a fixed total reimbursement agreement approach for all operators. The final scheme would be agreed by the Cabinet Member unless it falls outside of the parameters agreed by Cabinet (the proposed parameters are set out in the Confidential Appendix). Meanwhile, pending the conclusion of the negotiations, a default scheme will be published on or before 1 December 2016. The default scheme will be prepared with the aim of minimising any increase as far as is consistent with the Department for Transport Guidance and maintaining the discretionary elements.
- 3.25 Due to uncertainties in the current economic climate, falling fuel costs and reasonably small passenger growth it is recommended that the County Council remains agile in its commissioning approach and only makes an agreement covering the year 2017/18. This is consistent with the current agreement covering 2016/17. In previous years, the bus operators had offered multi-year agreements to the County Council.
- 3.26 The Council has undertaken a comprehensive review of the subsidised network for 2016/17 which is now implemented. It is not considered that this will have a significant impact on cost of concessionary fares.

4. Financial Implications

- 4.1. The organisation is statutorily required to negotiate and provide a scheme each year. The recommended scheme and the estimated budgetary requirement are detailed in the Confidential Appendix to this report.

5. Legal Implications

- 5.1. Essex County Council as the Travel Concession Authority is required to issue a proposed scheme by 1 December 2016. The proposed scheme can be amended – but only in a way which is more favourable to operators - no later than 1 April 2017, when the scheme takes effect. The operators can appeal to the Secretary of State no later than 27 May 2017, 56 days after the commencement date. Operators will not, however, appeal if a scheme is agreed with them.
- 5.2 The Council is required by law to make arrangements which ensure that every operator:
- (a) is financially no better and no worse off as a result of providing a concession; and
 - (b) receives appropriate reimbursement for providing concessions to the persons eligible.
- 5.3 Failure to negotiate means that the operators can appeal to the Secretary of State, who can then impose a scheme. This would result in significant legal

costs being incurred and, if the operators were successful, would result in a scheme which is more expensive.

- 5.4 An agreed 'fixed pot', if it can be achieved, reduces the likelihood of any legal challenges.

6. Equality and Diversity implications

- 6.1. In making this decision ECC must have regard to the public sector equality duty (PSED) under s.149 of the Equalities Act 2010, ie have due regard to the need to: A. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. B. Advance equality of opportunity between people who share a protected characteristic and those who do not. C. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.3. The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s.149, is only one factor that needs to be considered, and may be balanced against other relevant factors.
- 6.4. By providing the English National Concessionary Travel Scheme, the County Council meets its requirements under legislation to provide a concessionary travel scheme.
- 6.5. In addition to this, the County Council also provides discretionary elements to the scheme including extended start and finish times and companion passes for disabled people who require assistance with their journey due to their disability.
- 6.6. An equality impact assessment has been undertaken. No adverse impact has been identified on any protected group by the current scheme which is similar to that which has been in force since 2010. It is proposed to continue with a similar scheme for a further year.

7. List of appendices

Confidential appendix (not for publication)
Equality Impact Assessment

8. List of background papers

None

Report title: The Organisation's Proposed New Structure	
Report to: Cabinet	
Report author: Gavin Jones – Chief Executive	
Date: 18 October 2016	For: Decision
Enquiries to: Pam Parkes, Interim Director of Human Resources	
Divisions affected: All Essex	

1. Purpose of report

- 1.1 To ask Cabinet to endorse the proposed new structure.

2. Recommendations

- 2.1 Endorse the proposed structure appended to this report.
- 2.2 Agree that the Chief Executive may make changes to the proposed structure in consultation with the Leader of the Council following the close of the consultation period.
- 2.3 Approve the draw down of £530,000 from the Transformation Reserve to fund the one off costs of the reorganisation.

3. Background and proposal

- 3.1 Over the past six years, ECC has undergone a series of ambitious and ground-breaking transformations.
- 3.2 These changes have fundamentally reformed the Council – how we operate, the services we provide and our relationships with our partners. Our transformation programmes have also enabled us to save over £520m whilst continuing to improve services, a truly astounding achievement.
- 3.3 While ECC has responded well to many years of austerity, demographic changes and dramatic changes to public policy, the pace of change over the next five years will accelerate even further. We must therefore ensure we are in the best possible position to thrive in what we recognise will be difficult and challenging times.
- 3.4 This isn't just about how we organise ourselves in a structure but about how we lead and how we set the tone for the organisation, creating the conditions for our people to be adaptable, accountable and to learn from success as well as failure so that we are constantly striving for the best possible services and outcomes for our residents. We can only achieve this by building new

capabilities in areas like digital and commercial, and by having adaptability at the core of our DNA, so that responding quickly to change is second nature.

3.5 ECC has well-run services and the intention is not to unsettle this in any organisational redesign. We must not lose sight of the fact that we have seen significant improvement in some of our key services – not least Children's Services – which we should look to learn from, and build upon.

3.6 However, some of the issues highlighted by employees, Members and partners are that:

- Some of our structure doesn't support our ambition to be an agile and adaptive organisation.
- The organisational structures are unnecessarily complex and unwieldy.
- There are an increasing number of director roles with variable spans of control.
- There is confusion and duplication between commissioning and delivery.
- Sometimes our self-imposed bureaucracy means that we are slow to get things done.
- We are an overly complicated partner to work with and not as consistent as we would like to be.
- We could achieve markedly better outcomes for residents by identifying opportunities to take more risks.

3.7 The proposed structure has been developed with the following design principles in mind:

- In order to reduce overheads and bureaucracy we minimise layers of management and optimise spans of control, distributing accountability and decision making at the appropriate place and level.
- We think corporately but can act locally with agility.
- We develop purposeful partnerships and work across organisational boundaries to deliver joined up outcomes in the interests of our customers and communities.
- We will be leaders in digital, transforming the way we do things and our relationships with customers and communities.
- We apply commercial thinking in everything we do to drive value across our organisation.
- We adopt a commissioning approach as a core capability.
- We improve as an organisation through the application of learning.
- Our work drives growth in the economy of Essex.
- We work to keep people safe, not only through our statutory duties, but through early targeted intervention.

3.8 The proposed structure has been developed and is out for consultation. The Chief Executive has:

- Developed a streamlined structure that is in line with our funding envelope
- Brought commissioning and delivery together under functional Executive Directors, making commissioning a capability rather than a structural solution
- Protected the key service areas of adult social care and children & families with a strong strategic policy and commissioning capability, and kept a geographical quadrant structure to support delivery and partnership working

- Created a strong centralised infrastructure function, consisting of highways, transport, housing, capital, energy, waste and flood management, allowing this to focus on the delivery of key services
- Committed to becoming a learning organisation that values its employees by having the Organisation Development & People function reporting directly to him:
- Increased the focus on public health, economic growth, strengthening communities and partnerships with Districts
- Provided separate emphasis on the essential corporate and customer services that lead to a well-run organisation
- Increased the focus on commercial activity, digital strategy and capability, and the use of agile methodology by placing these Director positions on CMB under an Executive Director for Corporate Development

3.9 This proposal will help us start to address the challenges we face. Similarly, this structure will need to be able to evolve, as the external environment and context we work within changes – not changing for the sake of change, but to enable us to respond proactively to those challenges.

3.10 The table below sets out the timescales for the consultation on the new structure and the implementation process.

Activity	Date
Start of consultation briefing	19 September
Communications to all employees	22 September
Wider leadership group event (current tier 4 and above)	27 September
Deadline for suggestions on the proposed new structure	12 October
Mid consultation briefing where we will share the latest position on the structure, slotting proposals, job summaries, and selection	19 October
Wider leadership group event	19 October
Close of consultation briefing. Final position structure decided by the Chief Executive on the structure, slotting and ring fencing	4 November
Deadline for expressions of interest in roles	14 November
Interview period	17 November to 14 December
All appointments to Layer 1 and Layer 2 confirmed.	By w/c 12 December
New leadership team event	19 December
Wider leadership group event (current tier 4 and above)	20 December

4. Policy context and Outcomes Framework

- 4.1 This decision will have an indirect impact on ECC's Corporate Outcomes Framework 2014-2018 in relation to ECC meeting its commitments by providing key services to support our internal and external customers. The framework will also seek to meet the aim in *a Vision for Essex 2013-17* to spend taxpayers' money wisely, working in partnership, focusing on delivery rather than process and empowering communities to help themselves.

5. Financial Implications

- 5.1 The new organisational design will be delivered at an estimated cost of £1.1m, of which £530,000 are one-off costs recommended to be funded from the Transformation Reserve. Over half of the cost of delivery is opportunity cost and is being met from existing revenue budgets.
- 5.2 Cost estimates exclude the potential impact of redundancy as there is currently no reliable basis for estimation; however these costs will be kept to a minimum in order to ensure value for money. Redundancy costs will need to be funded from the Transformation reserve. An additional request for draw down will be made if required. There are also potential transitional costs during the period of implementation of the new phase 1 and the design of phase 2, where there may need to be temporary staffing arrangements, though these should be at a minimum. Any additional savings realised through a part year effect in 2016/17 from the implementation of this structure, will be directed to meet any transitional staffing costs.
- 5.3 The total budget of the leadership structure impacted by this review is £7.4m. The indicative budget for the new leadership structure outlined is £6.6m. This is based on current average salaries. This represents a saving of around £800,000 or 11%. One post proposed to be removed through the structure, with a budget of £130k, is funded from Education Support Grant which is being phased out by Government. Therefore a total annual net saving of £670,000 is expected to be available with a full year effect in 2017/18 to help reduce the base revenue expenditure of the organisation.
- 5.4 Inevitably there will be changes to the indicative budget pending the outcome of the consultation and the formal evaluation of the pay for the roles.
- 5.5 A saving ambition of £5m on the pay bill in 2017/18 is incorporated into the current medium term financial plan. This will be delivered from both phases of the organisation design. The £670,000 net savings outlined within, from the first phase, represent the first realisation of savings towards that ambition.

6. Legal Implications

- 6.1 Like all restructures, this restructure may result in redundancy dismissals if there is a reduced requirement for the work of a type that a particular employee is employed to do. This will be managed in accordance with the Council's organisational change policies so as to minimise uncertainty for employees and ECC.

- 6.2 The Constitution requires that all appointments and dismissals of Executive Directors or Executive Directors posts are undertaken by the Committee to determine the Terms and Conditions of Chief and Deputy Chief Officers. The Committee may, however, decide to delegate decisions on individual recruitment or dismissals to a Sub-Committee of Members or to an individual Officer. On 10 October 2016 the Committee agreed the principles as to how decisions will be taken to recruit to the final structure. All layer 1 and layer 2 Director or Executive Director posts will be interviewed by Members.
- 6.3 The restructure will result in a need for changes to the Constitution, particularly the scheme of delegations and the list of proper officer appointments. It is proposed that these changes will be considered at the Council meeting in December 2016.

7. Staffing and other resource implications

- 7.1 The number of employees that could be affected by these proposals is 38. This figure excludes any employees who:
- have resigned or left ECC
 - are acting up into an in scope role from a substantive role that is not in scope, or
 - are in an in scope role on an interim basis.
- 7.2 The table below shows that based on the proposed structure that there are 57 current posts in scope, compared to 48 proposed new posts. However, there are 10 more proposed new posts than affected employees.
- 7.3 This does not necessarily mean that there will be no redundancies. Redundancies are possible if there are skills gaps that cannot be addressed. We will explore all opportunities to minimise compulsory redundancies wherever possible.

Current substantive role	Current posts in scope	Current headcount (disregarding interim appointments)	Proposed new posts
Executive Director	6	4	5
Director	44	27	37
Head of Service	7	7	6
Total	57	38	48

8. Equality and Diversity implications

- 8.1 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.
- 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 impact assessment indicates that the restructure could, if not appropriately managed, have disproportionately adverse impact on groups of people with a protected characteristic. There is always possibility that a person engaged in the selection process will demonstrate an unconscious bias in favour or against persons with a particular protected characteristic. The selection approach will comprise of varied elements to reduce the risk of this and the impact if it occurs. Selection will be made using a variety of selection methods. The interview element of the selection process will, in accordance with ECC practice, be carried out by a group of people which is also intended to reduce or remove the risk of unconscious bias. Additionally at least one member of the interview panel will have received recruitment and equality awareness training. The other potential impact is for those who have a disability. Impacts could apply to those with physical, mental, sensory or learning disabilities however the ECC selection process makes reasonable adjustments to accommodate specific needs. It is standard practice at ECC to invite individuals to advise on adjustments they may need and these will be managed on an individual basis.

9. List of Appendices

(available at www.essex.gov.uk if not circulated with this report)

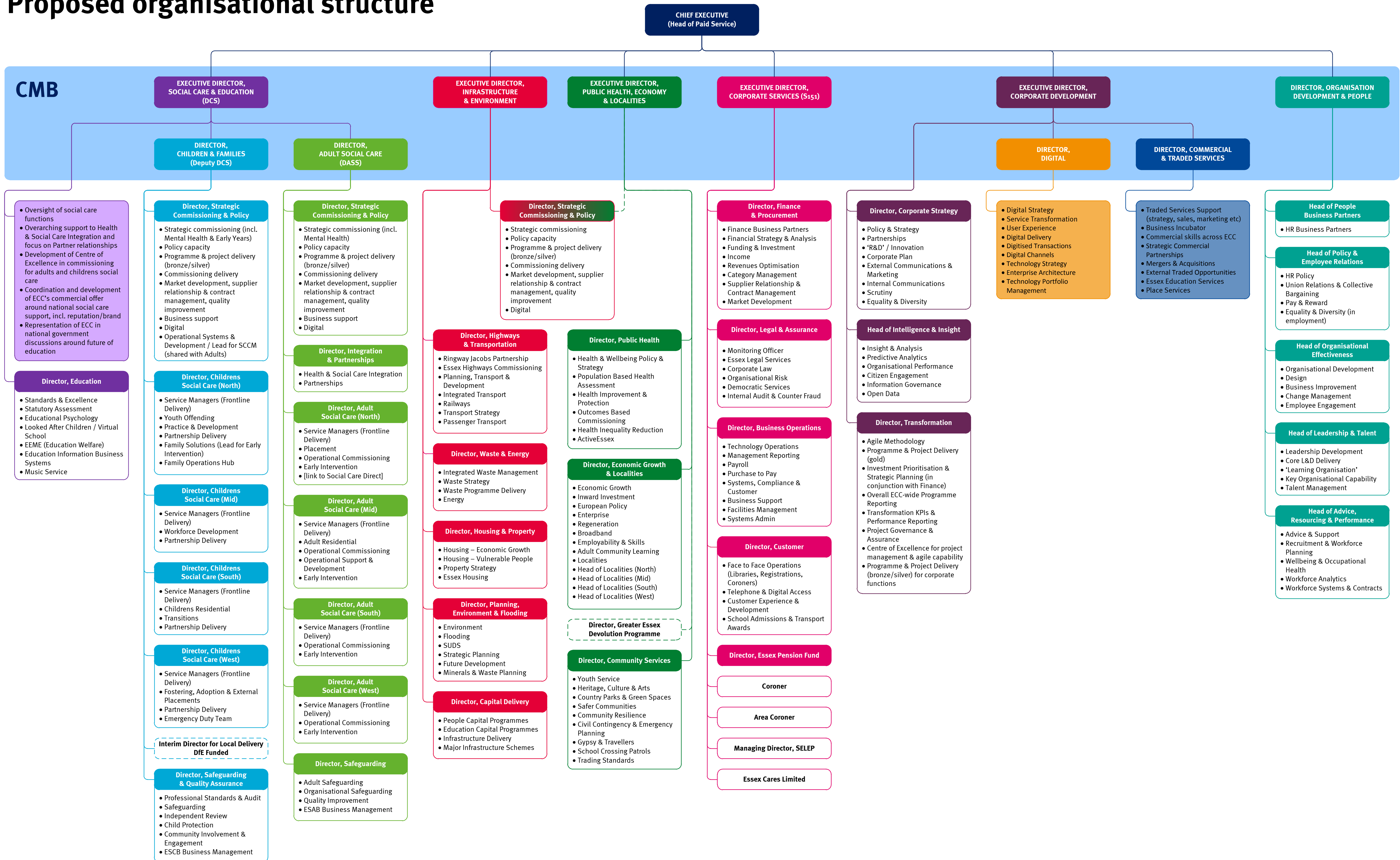
Proposed structure at Appendix 1
Equality Impact Assessment – Appendix 2

10. List of Background Papers

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

None.

Proposed organisational structure



Key:

Time-limited role

Report title: 2016/17 Financial Overview as at the Half Year stage	
Report to: Cabinet	
Report author: Cllr John Spence, Cabinet Member for Finance, Housing and Planning Portfolio	
Date: 18 October 2016	For: Decision
Enquiries to: Margaret Lee, Executive Director for Corporate and Customer Services	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC's) revenue and capital budgets as at the half year stage of the 2016/17 financial year. This reports a full year forecast over spend on revenue of **£7.1m** against a net budget of **£937.7m** and an under spend of **£3.5m** on capital against the current budget, to be reduced to **£323,000** after adjustments are made.

2. Recommendations

Approval is sought in relation to the following actions:

- 2.1 To draw down funds from reserves as follows:
- I. **£732,000** from the Community Initiative Reserve to the Environment and Waste portfolio to support the Community Initiative capital scheme (see 7.8.II)
 - II. **£530,000** from the Transformation reserve to the Corporate, Communities and Customers Recharged Support Services portfolio to support delivery of the Organisational Design project
 - III. **£500,000** from Slough Libraries reserve to Essex Education Services (EES) to mitigate the increase in EES contribution this financial year as a result of the transfer of a Traded Development saving, for which, there are no immediate plans in place to mitigate. (see 6.1)
 - IV. **£157,000** from the Schools Sickness Insurance Scheme to Finance, Housing and Planning portfolio to mitigate in year pressures (see 6.1)
 - V. **£25,000** from the Transformation reserve to Adult Social Care portfolio in relation to prepaid cards within the Self Directed Support Transformation project.

2.2 To appropriate funds to reserves as follows:

- I. **£232,000** to the PFI Equalisation reserves from Education and Lifelong Learning portfolio in relation to Building Schools for the Future (**£146,000**), Clacton Secondary Schools (**£65,000**) and Debden (**£21,000**) (see 5.1.7.II)
- II. **£59,000** to the Transformation reserve from Corporate, Communities and Customers Recharged Support Services portfolio relating to the Property Transformation project.

2.3 To approve the following adjustments:

- I. To vire **£137,000** from the Finance, Housing and Planning portfolio to the Finance, Housing and Planning Recharged Support Services portfolio to fund the Director of Greater Essex Devolution post
- II. To amend the capital budget as shown in Appendices C (i) and C(ii) which allows for capital slippage of **£6.1m**, capital budget additions of **£9.4m**, capital budget reductions of **£7.3m** and advanced works of **£853,000**. (see section 7).

Executive Summary

3. Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£7.1m**, driven by **£8.4m** on service expenditure and offset by additional grant funding from Business Rates of **£1.3m**. This over spend represents less than 1% of expenditure (**£937.7m**). It also assumes full commitment of the **£4.0m** emergency contingency. A recovery plan has been developed for Adult Social Care, however more work is ongoing to operationalise the plans to mitigate the over spend, although the transitions element of the over spend is not fully recoverable. Infrastructure; Highways and Transport are developing a recovery plan. This will be closely monitored in the following months.
- 3.2 There is an over spend of **£8.7m** on Adults Social Care, which is primarily due to higher than predicted activity in Working Age Adults Care and Support (**£3.6m**), Older People Care and Support (**£2.2m**) and the Transitions service (**£3.3m**).
- 3.3 This position represents an improvement of **£803,000** since the Quarter 1 report. It should be noted that the forecast is based on best intelligence at this point in time. There are numerous material and minor risks not included within the current forecast, particularly relating to adult social care (**£17.2m**), to which further reference is made in 5.1.1. Actions to mitigate

these risks and the pressures within the forecast position will continue to be closely monitored; confidence levels are such that it is not appropriate to amend year end forecasts at this time.

- 3.4 There are a number of underlying pressures and risks which are likely to impact in future years, so it is imperative that every possibility for achieving in-year gap closure is explored. We must also continue to be innovative in finding ways to maintain and enhance services while maximising efficiency.

4. Capital

- 4.1 The original capital programme for 2016/17 as set by Full Council in February 2016 was **£251.9m**. This was reduced by a net **£1.8m** as a result of advancing works to 2015/16 in the final outturn position. In year approved changes of a net **£22m** reduction have resulted in the latest budget for the year of **£228.1m**. The forecast outturn is **£224.7m**. Before adjustments proposed within this report this represents an under spend of **£3.5m**, but assuming that budget change requests are approved there will be a residual under spend of **£323,000**.
- 4.2 Appendix C (i) summarises current year forecasts along with changes in the Capital Programme for 2016/17 since approval of the original programme in the Budget Report to Council in February 2016. Appendix C (ii) contains the detail of the budget adjustments for which approval is sought.
- 4.3 **£80.2m** has been spent on capital works in the first five months of the year, this represents 36% of the programme's forecast spend for the year. Noting that the budget has been profiled to reflect the anticipated pattern of spend, actual expenditure is **£8.1m** (9%) lower than expected at this point in the year. While officers are confident of achieving the required pace for full delivery, there will as ever be a dependency on favourable weather conditions during the winter.
- 4.4 During the first half of the year the BDUK Superfast Broadband Phase 1 project has successfully completed ahead of schedule and under budget achieving 87% superfast broadband coverage across the county. In addition to this, Wivenhoe cycle route is now complete, providing the people of Essex with a safe cycle route from the University to Colchester Town Centre. The Maldon to Chelmsford Route Based Strategy transport scheme is almost complete and has declared savings on the contract of **£500,000**. School expansion schemes at Pear Tree Mead, Whitmore and St Andrews Primary Schools have enabled additional pupils to be accommodated as of September 2016. The temporary accommodation programme has successfully delivered six additional projects to accommodate large classes.

2016/17 Revenue Position

5.1 Comments are included below on the most significant of the variances against budget:

5.1.1 Adult Social Care - £8.7m over spend

- I. Adult Social Care is projecting an **£8.7m** over spend (2.2% of net budget). The service is confident in achieving a substantial reduction in this overrun during the year.
- II. The overspend is caused by:
 - **£3.3m** in learning disabilities due to 5,010 more hours per week of domiciliary care support being provided (**£4.2m**) than budgeted. The pressures are partly offset by residential placement costs being lower than budgeted (**£662,000**)
 - **£2.2m** over spend in older people due to 4,585 more hours per week of domiciliary care support (**£4.0m**) being provided than anticipated in the budget. The pressures are partly driven by lower reablement capacity than expected but in turn partly offset by underutilisation of the Residential Reablement beds (**£1.0m**) and additional income generated from the extra domiciliary care placements (**£659,000**)
 - **£3.3m** overspend in transitions service (which supports young people with additional needs planning their journey from childhood to adulthood) due to the need to support a greater number of young people than expected.
- III. There are, however, net risks of **£17.2m** that are being managed, predominately relating to savings delivery (**£7.9m**), and a series of market and demand pressures. Activities aimed at reducing costs include: Increasing the independence of Adults to enable them to live in their own homes for as long as possible, maximising reablement capacity to support Adults leaving hospital and reducing the unit costs of community equipment. Whilst examples of demand and market pressures include: rising domiciliary care prices, numbers of hospital discharges and demographic pressures in transitions.

5.1.2 Children and Families - £613,000 under spend

- I. The under spend is due to Supported Living and Specialist Fostering within Childrens Placements budgets (**£449,000**) and removal of a Service Management recharge (**£296,000**).

5.1.3 Health - £681,000 under spend

- I. The forecast under spend is due to Adult Mental Health. **£389,000** of the under spend relates to care and support, made up of day care (**£224,000**), where the budget was set for an incorrect number of packages, and the Intensive Enablement contract (**£111,000**), where

one new site will now not be available, however this missing provision is instead being provided via domiciliary care. In addition there are under spends in respect of third sector provision (**£184,000**), where a joint procurement exercise with Public Health has resulted in less funding being required than expected, and a delay in recruitment to the new Care and Assessment Team (CAT) focussed on early intervention (**£108,000**).

5.1.4 Corporate, Communities and Customer Services - £30,000 over spend

- I. The over spend primarily relates to Registrars (**£306,000**) due to not reaching increased income targets set for 2016/17. Initial data indicates the number of wedding ceremonies booked has fallen compared to 2015/16 and this is being reviewed to understand the causes.
- II. The over spend is partly offset by an under spend in the Coroners service (**£180,000**) due to the reduced number of independent post mortems anticipated and an under spend (**£68,000**) in Customer Services and Member Enquiries due to staff vacancies.

5.1.5 Economic Growth and Partnerships – £240,000 under spend

- I. The under spend is due to staff vacancies (**£114,000**) which will not be recruited to in the current year and early achievement of savings within Skills following a review of the Apprenticeship Hub budget (**£125,000**).

5.1.6 Education and Lifelong Learning Dedicated Schools Grant (DSG) - £4.4m over spend

- I. The Dedicated Schools Grant is ring fenced for use by Schools, therefore any variance arising will not be taken in account within Essex County Council's forecast. Any variance in DSG is retained to be managed in future years.
- II. There is an over spend of **£2.6m** due to higher demand for Free Early Education Entitlement for 3 and 4 year olds, and **£1.4m** arising from assumed growth on Statutory Assessments of statemented and Education, Health and Care Plan pupils. Mitigation plans for the overspend centre around the consultation of the Early Years National Funding Formula and a review the central costs. Projections have identified that the review of central costs will be lower than the funding that the authority can retain from the early years block and so it is expected that after three years, excess funding will mitigate the overspend.
- III. It should be noted that indicative calculations from the Early Years National Funding Formula sees an increase in the hourly rate of

14.9% for Essex taking it from the second lowest in the East of England to the fifth highest resulting in a **£7.2m** increase

5.1.7 Education and Lifelong Learning Non DSG - £313,000 over spend

- I. The over spend primarily relates to Home to School Transport (**£857,000**). Detailed work has been undertaken to understand the year to date position and the impact of rising costs, which is due to an increase in high cost transport for pupils with special educational needs and disabilities. The Integrated Transport Project team is looking at opportunities to reduce costs. This is partly mitigated by the forecast under spend for Premature Retirement Costs (**£395,000**).
- II. The recommendations include a request to transfer funds to the PFI reserves as income exceeds forecast costs, which is the approved mechanism for dealing with in year variances.

5.1.8 Infrastructure, Highways and Transport - £1.5m over spend

- I. The over spend relates to the local supported bus services due to higher contract costs as well as lower income from bus fares than originally budgeted. Further work is underway to identify the precise cause of the pressure and what, if anything, can be done to mitigate the projected over spend.

5.1.9 Leader – £522,000 under spend

- I. There is a projected underspend against the Innovation Fund (**£250,000**), a reduction in forecast commitments against the Essex Initiatives, which is the Leader's discretionary award fund (**£125,000**) and a lower than budgeted Levy payment to Lee Valley Park (**£79,000**) plus other smaller underspends relating to staff vacancies and corporate subscriptions.

5.1.10 Finance, Housing and Planning - £501,000 under spend

- I. There is a **£1.3m** under spend reported on the central ECC provision for National Living Wage (NLW) costs, since the potential costs of this new burden across the authority are now expected to be less than originally budgeted for.
- II. This is partly offset by an additional **£619,000** to be returned to District Councils in relation to the Council Tax Sharing Scheme, due to a restatement of the baseline position (**£384,000**) and an increase in share-back (**£235,000**) for 2016/17. The increase to the share-back amount is due to additional council tax income collected across Essex, of which ECCs share is **£1.5m**, resulting in an overall net

benefit improvement to ECC of **£1.2m**; this will be recognised in future years budgets.

- III. There is also a **£132,000** over spend within this portfolio due lower than anticipated uptake in commercial activities within Cultural and Heritage services.

5.1.11 Environment and Waste - £76,000 over spend

- I. The over spend is mostly attributable to the under recovery of income in Country Parks, including delays in marketing season tickets, which has led to ticket sales below target, procurement delays in developing wedding planner services and the delayed letting of some yard space (**£202,000**), offset by staffing vacancies across the portfolio.

5.1.12 Other Operating Costs - £319,000 over spend

- I. The over spend is attributable to the budgeted **£1m** Essex Cares Limited dividend not forecast to be received in this financial year. There is a **£387,000** over spend against Capital Financing costs due to recent additional borrowing (taking advantage of low rates in 2016/17). This is partially offset by the favourable position on interest receivable where investments are being made over a longer term to achieve a higher yield and there is a reduction in interest payable on earmarked reserves following the cut in the base rate to 0.25% which feeds into the interest receivable line.

5.1.13 Finance, Housing and Planning Recharged Support Services - £70,000 under spend

- I. This is mainly due to one-off under spends from across the Corporate and Customer functional area being held within this portfolio (**£427,000**) and proposed to be carried forward later in the year to help mitigate 2017/18 Support Service savings. This is offset by over spends due to Transforming Corporate Systems (TCS) savings not deliverable in-year (**£426,000**) and other smaller underspends elsewhere within the portfolio.

5.1.14 Leader Recharged Support Services - £372,000 over spend

- I. An over spend of **£372,000** is reported after the proposed planned transfer of under spends to the Finance Recharged Support Services portfolio later in the year to support the delivery of Support Services savings in 2017/18 (**£146,000**) (see 5.1.13 above). There is an over spend in Information Services of **£394,000**, due to TCS savings not deliverable in year (**£178,000**), and the Social Care Case Management project (**£187,000**) due to the implementation of the Live at Home programme and increased timescales for

implementation. The service is continuing to seek ways to mitigate this pressure, mainly through vacancy management.

5.1.15 Corporate, Communities and Customers Recharged Support Services - £288,000 under spend

- I. An under spend of **£288,000** is reported after proposed adjustments, including the planned transfer of carry forward of underspends within Business Support (**£21,000**) and Customer Services (**£322,000**) into the Finance Recharged Support Services portfolio to be carried forward later in the year, to help mitigate 2017/18 savings plans, following the delay to the Support Services Project. The under spend primarily relates to Business Support (**£397,000**) and is attributable to vacancies and delays in recruiting. This is partly offset by small overspends in HR and Procurement.

6. Trading Activities

- 6.1 Trading Activities are forecasting a deficit of **£1m**, Deputyships and EES are reporting pressures of **£539,000** and **£500,000** respectively. For both EES and Deputyships full cost recovery is in place however it is insufficient to meet the stretch surplus targets set. A proposal to transfer **£500,000** from Slough Libraries reserves to EES reserves to cover the shortfall is requested for approval in this half year report. Schools Staff Insurance Scheme is forecasting a pressure of **£157,000**, however this will be mitigated by a request to draw down from the School Sickness Insurance Reserve. The budgeted surplus is **£5.6m** and the forecast for the portfolio is **£4.4m**.
- 6.2 Appendix B shows the position by each Trading Activity. Risks across all trading activities are being actively managed and marketing strategies will ensure budgeted levels of income are achieved.

7. Capital

- 7.1 The forecast is an under spend of **£3.5m** against the capital budget of **£228.1m**. Assuming that budget change requests are approved there will be a residual under spend of **£323,000**.
- 7.2 Approval is sought for:
 - I. Slippage of **£6.1m**
 - II. Budget additions of **£9.4m**
 - III. Budget reductions of **£7.3m**
 - IV. Advanced works of **£853,000**
- 7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C (ii).

7.4 Adult Social Care - £1.5m over spend

- I. The over spend predominately relates to an Independent Living scheme in Braintree (£1m) where conversion works are awaiting endorsement; if successful approval will be sought in the Third Quarter Report to advance the budget from 2017/18.

7.5 Children and Families – £87,000 under spend

- I. The under spend mainly relates to feasibility budget (£50,000) which is no longer required and is to be removed from the capital programme.

7.6 Deputy Leader, Economic Growth and Partnerships - £3.6m under spend

- I. The under spend relates to the BDUK Superfast Broadband programme. An under spend of £2.6m is forecast on Phase 1 as BT have successfully completed deployment ahead of schedule and under budget (in part due to savings on project management costs as a result of early deployment). This under spend may be endorsed in a future phase of broadband, which is under exploration. There is a further under spend of £655,000 on Phase 2b due to a change in the contractors cash flow forecast, however this does not affect the delivery plan for the project which is still on track.

7.7 Education and Lifelong Learning - £273,000 under spend

- I. The under spend relates to Basic Need and Glenwood Special School and does not impact educational delivery.
- II. **Basic Need Programme**; Some schools projects have had their cash flow forecasts revised, such as the schemes at Little Waltham Primary and Roding Valley Secondary. This is primarily due to revised information about construction start dates as well as the sequencing of the work. This has resulted in slippage of £621,000 across the Basic Need Programme.
- III. **Glenwood Special School**; the cash flow profile is now received and construction began during August. The cash flow shows that slippage of £339,000 is required into 2017/18.

7.8 Environment and Waste - £83,000 over spend

The position is driven by Travellers and Community Initiatives.

- I. **Travellers**; An over spend of £275,000 is forecast on the redevelopment of Fernhill Traveller site due to additional site clearance required and increased security to protect the construction works being carried out. This is offset by an under spend of £400,000 on the Traveller Transit site project as a suitable site has not yet been identified, therefore approval is sought to slip £400,000 into 2018/19

- II. **Community Initiatives**; Approval is sought to draw down **£323,000** from the Community Initiatives reserve to match the spend incurred to date in 2016/17 in relation to approved community projects.

7.9 Finance, Housing and Planning - £115,000 over spend

- I. The over spend is on the Essex Housing Programme, as a result of to the proposed investment in The Friary, Maldon. The Maldon Friary is an ECC owned vacant property, surplus to ECC requirements, and the proposed investment will create up to 21 residential units.

7.10 Infrastructure & Highways Delivery - £1.2m over spend

- I. The over spend relates to Advanced Scheme Design (ASD) budget which is for the development of a continuous major transport project pipeline. Within 2016/17 there are two large projects (M11 J7A and A127 / A130 Fairglens Interchange short term) that take up **£4.4m** of the allocated **£5.9m** budget, leaving very little available to design other projects. Approval is sought to increase the ASD budget to **£7.4m** (net £1.2m addition) to allow for the increased activity required bearing in mind that the service has been successful in securing a **£1.5m** grant from the DfT Local Major Transport fund which will fund this increase to the capital programme.

7.11 Leader - £1.9m under spend

The under spend is due to the following capital schemes:

- I. **Property Transformation III**; There is an under spend of **£1.2m** as the scheme requirements have not yet been finalised and as a result this is to be re-profiled into 2017/18
- II. **Social Care Case Management System**; the Finance Mosaic module has now been delayed until 2017/18 to allow focus on the Live at Home module in 2016/17, this has resulted in **£904,000** needing to be slipped into 2017/18
- III. **IS Delivery Programme**; A recent order has been placed to Dell for 2,000 devices. This order is to be funded by a virement of **£1m** from the Property Transformation III capital budget to the ISDP programme in 2016/17 to be reimbursed in 2017/18. Formal approval for this virement is sought in this report.

7.12 Corporate, Communities & Customers - £395,000 under spend

- I. The under spend relates to the Libraries self-serve rollout where an estimated one fifth (**£100,000**) of the budget is on target to be spent in

2016/17. The remaining budget is to be re-profiled into 2017/18 to be spent alongside the Community Hub programme.

7.13 Controlled Elsewhere - £151,000 under spend

- I. Approval is sought for additions of **£750,000** and reductions of **£903,000** in relation to the Schools Devolved Formula Capital grant.

7.14 Capital Receipts

Capital receipts received to date are shown in the table below, the service are on track to deliver £15m by year end:

		Revised Target	Capital Receipts Achieved as at Sept 16
		£m	£m
	2014/15	8.0	10.5
	2015/16	15.0	19.1
	2016/17	15.0	10.0
		38.0	39.6
	<i>Includes 're-use' properties</i>		
	Percentage of overall target		104%

There is a pipeline of disposal cases feeding the programme. These are progressing well, with 5 cases (combined value in excess of **£10m**) having a high likelihood of completing within year.

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 corporate plan. The budget and corporate plan were approved in parallel in February 2016.

9. Prudential Indicators and Treasury Management

A summary of the investment and borrowing levels is provided in **Appendix D**.

10. Reserves

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

11. Financial Implications

Finance and Resources Implications (Section 151 Officer)

- 11.1 The report is authored by the S151 Officer and all actions proposed within this report are within the available funding and are considered appropriate actions to deal with variances arising and to support the 2016/17 budget.
- 11.2 Given the current economic climate, and the continuing need to reduce public spending to contribute to the resolution of the structural deficit, it is important that continued scrutiny is applied at all expenditure levels to ensure overall spending stays within budget.

12. Legal Implications

- 12.1 The Council is responsible for setting the budget and policy framework. Once agreed the Cabinet has to implement the budget and policy framework and keep within the budget, subject to the variations permitted by Financial Regulations.

13. Staffing and other resource implications

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

14. Equality and Diversity implications

- 14.1 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.
- 14.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 14.4 There are no equality and diversity or other resource implications associated with this report.

15. 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 (i)	Treasury Management
Appendix D (ii)	Prudential Indicators
Appendix E	Balance Sheet - Earmarked Reserves

(Available at www.essex.gov.uk if not circulated with this report)

Appendix A

REVENUE														
2016/17														
	Year to Date			Budget Movement		Forecast Outturn								
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Forecast Outturn	Forecast Variance	Variance Plan	Residual Variance	RAG Status	Residual Variance at Qtr 1	Movement in Residual Variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	
Adult Social Care	173,512	171,809	(1,703)	392,404	8,480	400,884	412,489	11,605	2,876	8,729	⚡	7,420	1,309	
Children and Families	46,562	46,362	(200)	115,723	789	116,512	115,899	(613)	-	(613)	🟢	72	(685)	
Health	9,454	8,481	(973)	23,549	201	23,750	23,069	(681)	-	(681)	🟢	-	(681)	
Corporate, Communities and Customers	9,502	9,619	117	15,906	3,218	19,124	19,154	30	-	30	🟡	(146)	176	
Economic Growth and Partnerships	2,304	2,219	(85)	5,479	1,124	6,603	6,363	(240)	-	(240)	🟢	(26)	(214)	
Education and Lifelong Learning														
Education and Lifelong Learning DSG	(239,014)	45,252	284,266	(3,063)	1,391	(1,672)	2,735	4,407	-	4,407	🔴	3,582	825	
Education and Lifelong Learning NON DSG	19,839	19,290	(549)	48,410	1,714	50,124	50,251	127	(186)	313	🟢	(332)	645	
Fire Reinstatement Works	-	80	80	-	-	-	-	-	-	-	⚡	-	-	
Infrastructure, Highways and Transport	20,623	34,405	13,782	76,633	1,431	78,064	79,582	1,518	-	1,518	⚡	(669)	2,187	
Leader	4,047	3,895	(152)	6,825	1,616	8,441	9,756	1,315	1,837	(522)	🟡	(147)	(375)	
Finance, Housing and Planning	10,056	10,313	257	24,992	(284)	24,708	22,704	(2,004)	(1,503)	(501)	🟢	367	(868)	
Environment and Waste	33,393	36,973	3,580	78,838	770	79,608	79,684	76	-	76	⚡	(25)	101	
Other Operating Costs	17,560	6,630	(10,930)	63,642	(21,777)	41,865	42,184	319	-	319	⚡	1,135	(816)	
Recharged Support Services														
Finance, Housing and Planning RSSS	6,058	7,359	1,301	17,232	3,072	20,304	19,104	(1,200)	(1,130)	(70)	🟢	(214)	144	
Leader RSSS	19,814	21,470	1,656	46,911	423	47,334	48,426	1,092	720	372	⚡			
Corporate, Communities and Customers RSSS	8,117	7,652	(465)	21,345	(1,012)	20,333	20,173	(160)	128	(288)	🟢	(31)	(257)	
Net	141,827	431,809	289,982	934,826	1,156	935,982	951,572	15,590	2,742	12,848	⚡	11,220	1,490	
DSG offset	239,014	(45,252)	(284,266)	3,063	(1,391)	1,672	(2,735)	(4,407)	-	(4,407)		(3,582)	(825)	
ECC	380,841	386,557	5,716	937,889	(235)	937,654	948,837	11,183	2,742	8,441	⚡	7,638	803	
Financed by														
COL FUND (SURPLUS)/DEFICIT				(11,340)	-	(11,340)	(11,340)	-	-	-				
COUNCIL TAX PRECEPT				(570,202)	-	(570,202)	(570,201)	1	-	1				
GENERAL BALANCE - CONTRIBUTION/(WITHDRAWAL)				(19,359)	(1,156)	(20,515)	(20,515)	-	-	-				
GENERAL GOVERNMENT GRANTS				(54,050)	-	(54,050)	(55,342)	(1,292)	-	(1,292)				
NDR PRECEPT				(44,458)	-	(44,458)	(44,458)	-	-	-				
NDR SAFETY NET PAY(Benefit of NDR pooling)				(1,319)	-	(1,319)	(1,319)	-	-	-				
NDR SURPLUS/DEFICIT				2,444	-	2,444	2,444	-	1	(1)				
NDR TOP UP/TARIFF				(118,604)	-	(118,604)	(118,604)	-	-	-				
REVENUE SUPPORT GRANT				(117,938)	-	(117,938)	(117,938)	-	-	-				
Total Financing				(934,826)	(1,156)	(935,982)	(937,273)	(1,291)	1	(1,292)				

Appendix B

	Revenue reserve 1 April 2016	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	(Surplus)/ Deficit	Variance	Adjusted To County Variance after Revenue Variance Plan Account	Appropriations To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Education & Lifelong Learning												
EES Traded	(1,920)	(15,117)	11,151	(3,966)	(13,410)	9,944	(3,466)	500	1,000	(3,266)	(200)	(2,620)
Music Services Traded	(133)	(4,569)	4,456	(113)	(4,569)	4,456	(113)	0	0	(113)	-	(133)
Schools Staff Insurance Scheme	(973)	(4,825)	4,825	-	(4,413)	4,570	157	157	-	-	-	(816)
									-			
Libraries Communities & Planning												
Library Services	(484)	(1,527)	1,454	(73)	(414)	341	(73)	(0)	(500)	-	(73)	(57)
									-			
Transformation & Support Services Trading												
Information Services infrastructure	(400)	(6,643)	6,643	0	(6,643)	6,643	-	-	-	-	-	(400)
Legal Services	(61)	(11,161)	9,776	(1,385)	(10,426)	9,551	(875)	510	510	(1,385)	-	959
Place Services	(336)	(1,963)	1,880	(83)	(1,963)	1,880	(83)	0	0	(83)	-	(335)
Smarte East	(257)	(64)	61	(3)	(64)	61	(3)	(0)	(0)	-	(3)	(260)
									-			
Total	(4,564)	(45,868)	40,245	(5,623)	(41,902)	37,446	(4,456)	1,167	1,010	(4,847)	(276)	(3,662)

Appendix C (i)

CAPITAL

2016/17

	Year to date			Budget Movement		Forecast outturn (Full Year)			RAG status
	Budget YTD	Actual to Date	Variance YTD	Original Budget	In year approved changes	Revised Budget	Forecast Outturn	Variance	
	£000	£000	£'000	£000	£000	£000	£000	£000	
Adult Social Care	920	489	(431)	3,778	428	4,206	5,745	1,539	♦
Children and Families	148	43	(105)	365	(24)	341	254	(87)	●
Deputy Leader, Economic Growth and Partnerships	2,233	1,162	(1,071)	14,339	(844)	13,495	9,915	(3,580)	●
Education and Lifelong Learning	21,018	18,043	(2,975)	61,336	(12,579)	48,757	48,484	(273)	■
Environment and Waste	1,502	2,126	624	5,303	910	6,213	6,296	83	❖
Finance, Housing & Planning	406	361	(45)	1,768	1,595	3,363	3,478	115	❖
Infrastructure and Highways & Transport Delivery	56,496	54,310	(2,186)	149,466	(14,833)	134,633	135,832	1,199	❖
Leader	4,166	2,856	(1,310)	12,596	1,325	13,921	11,993	(1,928)	●
Corporate, Communities & Customers	219	26	(193)	456	180	636	241	(395)	●
ECC Capital Programme	87,108	79,416	(7,692)	249,407	(23,842)	225,565	222,238	(3,327)	■
Schools Cash Balance	141	341	200	-	339	339	341	2	❖
Devolved Formula Capital	1,081	457	(624)	2,500	(256)	2,244	2,091	(153)	●
Total School Balances	1,222	798	(424)	2,500	83	2,583	2,432	(151)	●
Total Capital Programme	88,330	80,214	(8,116)	251,907	(23,759)	228,148	224,669	(3,479)	■

Financed by

ECC Capital Programme					
Grants			101,125	(7,710)	93,415
Reserves			11,989	(259)	11,730
Developer contributions			7,295	(1,282)	6,013
Capital receipts			15,000	-	15,000
Unsupported borrowing			113,998	(14,591)	99,406
sub-total ECC Capital Programme			249,407	(23,842)	225,565
School Balances					
Grants			2,500	(398)	2,102
Unsupported borrowing			-	481	481
sub-total School Balances			2,500	83	2,583
Total ECC & Schools Capital Funding			251,907	(23,759)	228,148

Portfolio Variance Plan	Approved changes					Variance Plan				
	Slippage	Additions	Reductions	Advanced Works	2016/17 Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	502	1,182	(1,210)	(46)	428	-	839	(980)	762	918
Children and Families	-	-	-	(24)	(24)	-	-	(50)	-	(37)
Deputy Leader, Economic Growth and Partnerships	3	336	(1,160)	(23)	(844)	(1,006)	100	(102)	-	(2,572)
Education and Lifelong Learning	(11,176)	35,147	(34,877)	(1,673)	(12,579)	(1,018)	4,220	(3,780)	91	214
Environment and Waste	48	880	-	(18)	910	(512)	323	-	-	272
Finance, Housing & Planning	1,368	2,125	(2,097)	199	1,595	(225)	9	(9)	-	340
Infrastructure and Highways & Transport Delivery	(9,841)	20,385	(18,741)	(6,636)	(14,833)	(863)	3,052	(1,331)	-	341
Leader	251	2,900	(3,957)	2,132	1,325	(2,068)	125	(185)	-	200
Corporate, Communities & Customers	112	68	-	-	180	(396)	-	-	-	1
Total ECC Capital Programme	(18,732)	63,023	(62,042)	(6,091)	(23,842)	(6,088)	8,669	(6,437)	853	(324)
Schools Cash Balance	339	-	-	-	339	-	-	-	-	2
Devolved Formula Capital	(175)	109	(190)	-	(256)	-	750	(903)	-	(0)
Total Controlled Elsewhere	164	109	(190)	-	83	-	750	(903)	-	1
Total Capital Programme	(18,569)	63,132	(62,232)	(6,091)	(23,760)	(6,088)	9,419	(7,340)	853	(323)

Appendix C(ii)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2016/17 Changes Requested
Adult Social Care					
IL OP Coppins CRT Clacton	-	780	-	-	780
IL OP Ninefields Waltham Abbey	-	59	-	-	59
IL OP Block	-	-	(780)	762	(18)
Feasibility - Adult Social Care	-	-	(200)	-	(200)
	-	839	(980)	762	621
Children and Families					
Feasibility - Children & Families	-	-	(50)	-	(50)
	-	-	(50)	-	(50)
Corporate, Communities and Customer					
Libraries Self Serv	(396)	-	-	-	(396)
	(396)	-	-	-	(396)
Infrastructure and Highways & Transport Delivery					
Colchester ITP (Borough wide)	(363)	363	-	-	-
Advanced Scheme Design	-	911	(585)	-	326
Chelmsford Station (Station Square/Mill Yard)	(500)	-	-	-	(500)
Chelmsford Growth Area	-	190	-	-	190
M11 Junction 7a	-	846	-	-	846
Depots	-	41	(41)	-	-
Jaywick Road Investment	-	500	-	-	500
Maldon to Chelmsford RBS	-	-	(500)	-	(500)
Other Schemes	-	201	(204)	-	(3)
	(863)	3,052	(1,331)	-	859
Deputy Leader, Economic Growth and Partnerships					
Broadband Extension Programme	(656)	100	(100)	-	(656)
Thames Chase Forest Centre	-	-	(2)	-	(2)
Economic Growth Fund	(350)	-	-	-	(350)
	(1,006)	100	(102)	-	(1,007)
Education and Lifelong Learning					
Brentwood Primary Basic Need	-	-	(129)	-	(129)
Chelmsford Secondary Basic Need	-	150	(150)	-	-
Glenwood Special School	(339)	1,990	(1,990)	-	(339)
Harlow Secondary Basic Need	-	-	(200)	-	(200)
Other School Schemes	-	48	(127)	-	(79)
Special Schools	-	655	(655)	91	91
Colchester Secondary Basic Need	(300)	-	-	-	(300)
Capitalised Maintenance 16/17	-	315	(185)	-	130
Other	(379)	1,062	(345)	-	339
	(1,018)	4,220	(3,780)	91	(487)
Environment and Waste					
Community Initiatives	-	323	-	-	323
Shrub End Redevelopment	(112)	-	-	-	(112)
Travellers	(400)	-	-	-	(400)
	(512)	323	-	-	(189)
Finance, Housing & Planning					
Norton Road	(21)	-	-	-	(21)
Goldlay Gardens	-	-	(9)	-	(9)
Essex Housing Programme	-	9	-	-	9
Moulsham Lodge	(204)	-	-	-	(204)
	(225)	9	(9)	-	(225)
Leader					
Social Care Case Management	(904)	-	-	-	(904)
Essex Cares Hub & Spoke South	-	-	(60)	-	(60)
County Hall Transformation II	-	-	(72)	-	(72)
Property Transformation III	(1,164)	-	-	-	(1,164)
Minor Works	-	-	(53)	-	(53)
Chelmsford Families	-	125	-	-	125
	(2,068)	125	(185)	-	(2,128)
ECC Capital Programme	(6,087)	8,669	(6,437)	853	(3,003)
Schools Balances & DFC	-	750	(903)	-	(153)
	-	750	(903)	-	(153)
Total School Balances	-	750	(903)	-	(153)
Total Capital Programme	(6,088)	9,419	(7,340)	853	(3,154)

Appendix D (i)

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

TREASURY MANAGEMENT - 2016/17

	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date £000
	£000	Raised £000	Repaid £000	Net movement £000	£000	
Borrowing						
Long Term	353,606	110,000	(3,862)	106,138	459,744	2,673
Temporary	2,668	-	(2,668)	(2,668)	-	1
	356,274	110,000	(6,530)	103,470	459,744	2,674
Investments						
Long Term	(3,500)	-	1,000	1,000	(2,500)	(20)
Temporary	(213,800)	(118,328)	-	(118,328)	(332,128)	(401)
	(217,300)	(118,328)	1,000	(117,328)	(334,628)	(421)
Net indebtedness	138,974	(8,328)	(5,530)	(13,858)	125,116	2,253

Borrowing

Average long term borrowing over period to date (£000)

430,006

Opening pool rate at 1 April 2016

4.28%

Weighted average rate of interest on new loans secured to date

2.82%

Average pool rate for year

3.92%

Investments

Average daily cash balance over period to date (£000)

337,239

Average interest earned over period

0.78%

Benchmark rate - average 7 day LIBID rate

0.32%

Appendix D(ii)

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Provisional Outturn
1 Affordability			
Incremental impact on Council Tax of 2016/17 and earlier years' 'starts'	£	£92.65	£89.79
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	7.5%	7.6%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	7.1%	7.2%
2 Prudence		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
3 Capital Expenditure			
Capital expenditure	£m	252	225
Capital Financing Requirement (<i>excluding credit arrangements</i>)	£m	1,086	1,044
4 External Debt			
Authorised limit (borrowing only)	£m	660	N/A
Operational boundary (borrowing only)	£m	480	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	465
5 Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	660	144
Debt		100.0%	100.0%
Investments		100.0%	100.0%
Upper limit for exposure to variable rates			
Net exposure	£m	198	13
Debt		30.0%	3.5%
Investments		100.0%	2.6%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	5.8%
12 months & within 24 months	%	40.0%	8.2%
24 months & within 5 years	%	60.0%	6.9%
5 years & within 10 years	%	60.0%	5.4%
10 years & within 25 years	%	65.0%	31.8%
25 years & within 40 years	%	70.0%	28.2%
40 years & within 50 years	%	50.0%	14.1%
50 years & above	%	22.0%	0.0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	6
6 Summary			
<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>			

RESERVES AND BALANCES								
2016/17								
	Estimated	2016/17 movements						Estimated
	Balance at 1 April 2016 £000	Contributions agreed £000	Proposed Contributions £000	Contributions to reserves £000	Withdrawals agreed £000	Proposed Withdrawals £000	Withdrawals from reserves £000	Net Movement £000
								Balance at 31 March 2017 £000
Earmarked for Future Use								
Capital receipts pump priming	(2,671)	(1,000)		(1,000)	879		879	(121)
Carbon Reduction reserve	(3,172)	(529)		(529)	717		717	188
Carry forwards reserve	(9,057)		(1,798)	(1,798)	9,057		9,057	7,259
Collection Fund Investment Risk reserve	(1,412)			-			-	-
Community Initiatives Fund	(2,512)	(1,500)		(1,500)	249		249	(1,251)
Health and Safety Reserve	(236)			-	150		150	150
Highways Maintenance				-			-	-
IMT development				-			-	-
Insurance	(8,356)			-			-	-
LAA Performance				-			-	-
Life Raft Pledge reserve				-			-	-
Innovation Reserve	(966)	(1,000)		(1,000)	66		66	(934)
Newton bequest reserve	(120)			-			-	-
Pension Fund Deficit reserve	(2,414)			-	1,574		1,574	1,574
Procurement reserve				-			-	-
Quadrennial Elections reserve	(1,000)	(500)		(500)	25		25	(475)
Section 75 reserve				-			-	-
Severe weather reserve				-			-	-
Street Lighting reserve				-			-	-
Tendring PPP	(422)	(74)		(74)			-	(74)
Transformation	(31,699)	(21,996)	(71)	(22,067)	18,475	2,953	21,428	(639)
				-			-	-
Future capital funding	(11,748)	(4,241)		(4,241)			-	(4,241)
Restricted Funds								
PFI reserves								
A130 PFI	(52,102)			-	3,294		3,294	3,294
Clacton secondary schools' PFI	(3,180)	(958)	(65)	(1,023)	883		883	(140)
Building schools for the future PFI	(2,495)		(146)	(146)	1,516		1,516	1,370
Debden PFI	(4,153)	(314)	(21)	(335)	120		120	(215)
Waste reserve	(79,620)	(9,882)		(9,882)	-		-	(9,882)
Grants equalisation reserve	(10,039)			-	2,986	1,837	4,823	4,823
Trading activities	(4,562)	(276)	(500)	(776)	-	657	657	(119)
Partnerships (not available for ECC use)	(1,567)			-	209		209	209
Schools (not available for ECC use)	(51,939)						-	-

Report to Cabinet	Forward Plan Reference Number FP/592/09/16
18 October 2016	County Divisions affected by the decision: All
Decisions taken by or in consultation with Cabinet Members	
Report by: Secretary to the Cabinet	
Enquiries to: Judith Dignum, 033301 34579	

The following decisions have been taken by or in consultation with Cabinet Members since the last meeting of the Cabinet:

Leader of the Council

Deputy Leader & Cabinet Member for Economic Growth and Partnerships

Cabinet Member for Adults and Children

FP/552/07/16* Re-procurement of Direct Payment Support Services (DPSS)

Cabinet Member for Corporate, Communities and Customers

Cabinet Member for Education and Lifelong Learning

FP/598/09/16 Appointment of School Governors by Essex LA Schedule 413

FP/600/09/16 Re-Appointment of School Governors to Represent the LA Schedule 278

FP/601/09/16 Appointment of School Governors by Essex LA Schedule 414

Cabinet Member for Environment and Waste

Cabinet Member for Finance, Housing and Planning

FP/529/06/16* Tendring District Local Plan – Preferred Options Consultation Document

FP/530/06/16* Colchester Borough Local Plan – Preferred Options Consultation Document July 2016

Cabinet Member for Health

Cabinet Member for Highways and Transport

FP/594/09/16 Local Highway Panel Scheme Approval – Epping Forest

FP/595/09/16 Proposed 30mph Speed Limit Extension on Church Road, Rivenhall

FP/597/09/16 Proposed Zebra Crossing on Mitchells Avenue, Canvey Island

FP/599/09/16 Local Highway Panel Scheme Approvals – Harlow

Cabinet Member for Infrastructure

*** Key Decisions**