

2019/20 Financial Overview as at the Half Year Stage

Forward Plan Reference Number: FP/384/03/19

Report title: 2019/20 Financial Overview as at the Half Year Stage	
Report to: Cabinet	
Report author: Nicole Wood, Executive Director for Finance and Technology	
Date: 22 October 2019	For: Decision
Enquiries to: Tina French, Head of Strategic Finance and Insight Telephone: 03330 138461 Email: tina.french@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 To set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2019/20 financial year. On revenue, there is a forecast full year over spend of **£2.6m** (0.3%) against a net budget of **£940.1m**.
- 1.2 This is an adverse movement since the Quarter 1 report of **£7.2m**.
- 1.3 This assumes full commitment of the Emergency Contingency (**£4m**). Whilst there is a forecast over spend, there are risks and opportunities which are likely to change this forecast position.
- 1.4 The capital programme is forecast to under spend by **£28.8m** (11.3%) against the current budget of **£254.4m**. After taking account of budget change requests in this report there will be a forecast under spend of **£437,000**.

2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
 - i. **£966,000** from the Private Finance Initiatives (PFI) Equalisation reserves to the Education and Skills portfolio in relation to Debden School PFI (**£469,000**) and Clacton Secondary schools' PFI (**£497,000**).
 - ii. **£78,000** from the Transformation reserve to the Reserve for Future Capital Funding (via the Children and Families portfolio) in relation to Children's capital projects (section 5.1.v).
 - iii. **£38,000** from the Carbon Reduction reserve to the Environment and Waste portfolio) to fund the first year of the Essex Forest Initiative (section 3.7).

- iv. **£27,000** from the Quadrennial Elections reserve to the Leader portfolio to fund by-election costs in Clacton (section 5.10.ii)
- v. **£26,000** from the Community Initiatives Fund reserve to the Customer, Communities, Culture and Corporate Services portfolio to support expenditure incurred to date in relation to local projects and grants to third parties for community improvements (section 5.2.ii).

2.2 To appropriate funds to reserves as follows:

- i. **£5.5m** to the Carry Forward reserve from Finance, Property and Housing Recharged Strategic Support Services (RSSS) portfolio (**£2.5m**), Other Operating Costs (**£2.1m**) and Performance, Business Planning and Partnerships RSSS portfolio (**£881,000**) to support the 2020/21 budget (sections 5.14.ii, 5.11.iii and 5.16.ii)
- ii. **£3.2m** to the Reserve for Future Capital Funding from Other Operating Costs relating to the Minimum Revenue Provision (MRP) (section 5.11.ii)
- iii. **£1.7m** to the Adults Digital Programme reserve from Health and Adult Social care portfolio to fund schemes in 2020/21 (section 5.8.iii)
- iv. **£342,000** to the PFI Equalisation reserve from the Education and Skills portfolio in relation to Building Schools for the Future.

2.3 To approve the following adjustments:

- i. Vire **£881,000** from Customer, Communities, Culture and Corporate RSSS portfolio to Performance, Business Planning and Partnerships RSSS portfolio due to under spends within Technology services which is to be used to support the 2020/21 budget (section 2.2.i and 5.13.ii)
- ii. Vire **£236,000** from the Economic Development portfolio to the Education and Skills portfolio relating to the move of the Education Skills team (section 5.3.ii)
- iii. Vire **£95,000** from Performance, Business Planning and Partnerships RSSS portfolio to Customer, Communities, Culture and Corporate RSSS portfolio for the transfer of a Head of Service post. (section 5.16.ii)
- iv. Vire **£90,000** from Finance, Property and Housing RSSS portfolio to Customer, Communities, Culture and Corporate RSSS portfolio in respect of staff transfers from Customer Communities Optimisation to Payroll (section 5.14.ii)
- v. Add **£87,500** to the Leader portfolio following the announcement of additional general government grant funding towards preparations for Brexit (section 3.5)

- vi. Vire **£42,000** from Health and Adult Social Care portfolio to Customer, Communities, Culture and Corporate RSSS portfolio relating to surplus properties (section 5.8.iii).
- vii. Vire **£4,000** from the Customer, Communities, Culture and Corporate RSSS portfolio to the Deputy Leader and Infrastructure portfolio to transfer the residual Broadband UK (BDUK) budget to where this now sits (section 5.13.ii).
- viii. To create a new reserve for Commercial Investment in Essex Places, that aligns to the Council's housing growth and town centre agendas (section 9.2).
- ix. To create a new reserve of £250,000 for the Essex Climate Change Commission to reduce carbon emissions and promote green infrastructure initiatives. This is to be funded from the Service Improvement Reserve (section 3.6).
- x. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£31.4m**, capital budget additions of **£3.9m**, capital budget reductions of **£5.4m** and advanced works of **£4.6m** (see section 7.2).

3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast full year outturn for each portfolio.
- 3.2 There is a full year forecast over spend of **£2.6m**, which is mainly due to over spends within Education and Skills portfolio due to Home to School Transport costs (£2m) and Children and Families due to higher than budgeted residential and fostering placements (£845,000).
- 3.3 The forecast over spend represents a variance of **0.3%** against a net budget of **£940.1m**. The position assumes full commitment of the emergency contingency of **£4m**. Further detail can be found in Section 5.
- 3.4 There is an under spend against Minimum Revenue Provision (MRP) of **£3.2m**. MRP is the setting aside of revenue resource to repay borrowing. The under spend is due to reduced borrowing requirements, primarily due to cash balances at the start of the financial year have been higher than originally forecast. There is a recommendation in this report to transfer this to the Reserve for Future Capital Funding to help fund future capital costs, risks and liabilities on the capital programme.
- 3.5 The Government has announced further funding in the current year for Brexit preparations. Approval is sought in this report to add **£87,500** to the existing Brexit Policy budget, held in the Leader portfolio.

- 3.6 Following the commitment announced at Council on 8th October, additional funding of £250,000 is being provided for Essex Climate Change Commission. This commission will work together to reduce carbon emissions and promote Green Infrastructure initiatives to help improve the lives of all citizens in Essex. This funding will be allocated to a new reserve upon which this group will call upon for new initiatives. This will be funded from the Service Improvement Reserve.
- 3.7 In addition, there was also a commitment to the Essex Forest Initiative, which will involve planting over 375,000 trees over the next 5 years. The estimated cost to the Council in 2019/20 is £38,000 and this will be funded from the Carbon Reduction Reserve. The later years will be addressed as part of the 2020/21 budget and Medium Term Resourcing Strategy.
- 3.8 As always, the forecast is based on current intelligence and is a mid-range position. There are net opportunities of **£7.4m** not yet included within the current forecasts mainly due to savings with higher delivery risk profiles.
- 3.9 The position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

4. Executive Summary: Capital

- 4.1 The original capital programme for 2019/20 as set by Full Council in February 2019 was **£249m**. The forecast full year outturn is **£225.6m**, before adjustments proposed within this report. This represents an under spend of **£28.8m** against latest budget of **£254.4m**. After taking account of budget change requests in this report, there is a residual under spend of **£437,000**. More detail is set out in Section 7.
- 4.2 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2019/20 since approval of the original programme in the Budget Report to Council in February 2019. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Children and Families - £845,000 (0.7%) over spend

- i. The forecast over spend is **£845,000** against a budget of **£119.9m** and reflects an increase of **£526,000** since the first quarter.
- ii. This forecast full year over spend is mainly due to higher than expected placement costs of **£757,000** relating to the number of children in residential homes and external fostering placements. These are partially offset by under spends on internal fostering fees and Special Guardianship Orders, where

both placement numbers and average fees are lower than anticipated. The over spend on placements has reduced by **£112,000** since the first quarter.

- iii. Other movements since the first quarter predominantly relate to increased spend on Direct Payments of **£448,000**, due to an increase in price per payment, and volume.
- iv. This forecast over spend will be mitigated through the draw down of funds held within the Transformation Reserve, set aside specifically to enable the Children and Families portfolio to be sustainable. This draw down will only be requested at provisional outturn stage, given the volatility of the service and ongoing work to ensure that the most appropriate placement provision is secured. This forecast may therefore be subject to change.
- v. Approval is sought in this report to draw down **£78,000** from the Transformation reserve, relating to the Children's Sustainability Programme, to fund the year to date spend on capital adaptations for Foster Carers and Adopters.

5.2 Customer, Communities, Culture and Corporate - £292,000 (1.6%) under spend

- i. The forecast full year under spend is mainly attributable to Customer Services and Member Enquiries vacancies and the Blue Badge scheme where an under spend is forecast due to a national delay in the expansion of the scheme.
- ii. Approval is sought in this report for **£26,000** to be drawn down from the Community Initiatives Fund reserve to fund revenue expenditure on approved schemes.

5.3 Economic Development - £372,000 (5.7%) under spend

- i. The forecast full year under spend is mainly due to the improved recovery of management time from grants, and staffing vacancies across the portfolio.
- ii. Approval is sought in this report to move the budget for the Education Skills team (**£236,000**) from this portfolio to the Education and Skills portfolio where it currently sits.

5.4 Education and Skills Dedicated Schools Grant (DSG) - £6.6m over spend

- i. There is a forecast full year over spend in the High Needs Block of **£7.5m**, an increase of **£4.1m** since the first quarter, which is mainly due to the increase in volume and complexity of pupils with Special Educational Needs and Disabilities (SEND) (**£3m**). In addition, this demand then generates further forecast over spends within Top up funding to schools (**£1.6m**), placements in Independent settings (**£1.5m**), and Education Access (**£1.5m**).

5.5 Education and Skills Non Dedicated Schools Grant - £2m (2.6%) over spend

- i. The forecast full year over spend is due to Home to School Transport where there is demographic growth in the SEND cohort and reflects a movement of **£1.8m** since the first quarter.

5.6 Environment and Waste - £35,000 (0%) under spend

- i. There is minimal variance to budget forecast.

5.7 Finance, Property and Housing - £951,000 (5.5%) under spend

- i. This forecast full year under spend is mainly attributable to the Council Tax Sharing Scheme due to a change in the estimated tax base and council tax rates used to set the budget (**£669,000**), and excess income over budget relating to Commercial Property Investment scheme (**£252,000**).

5.8 Health and Adult Social Care – £355,000 (0.1%) over spend

- i. This forecast full year position reflects an over spend of **£7.8m** on expenditure, largely offset by a **£7.4m** over achievement of income.
- 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 cash payments. This has resulted in pressure on the domiciliary care budget (**£13.7m**), which is offset by under spends on cash payments (**£6m**).
 - Reablement over spend driven by increased volume and inclusion of the Domiciliary in Lieu contracts up until March 2020 (**£4.1m**)
 - There are under spends on Residential placement costs (**£4m**) and higher than budgeted income on Continuing Health Care (**£1.7m**).
 - Increased income following national uplifts to the minimum Clinical Commissioning Groups Better Care Fund (CCG BCF) contributions (**£1.2m**).
 - The in year pressure is also partly mitigated by a carry forward from 2018/19 (**£3.9m**)
- iii. Approval is sought in this report for the following:
 - **£1.7m** to be returned to the Adults Digital Programme reserve for use in 2020/21
 - **£42,000** transfer to Corporate, Communities, Culture and Corporate RSSS relating to charges for two residential homes which are now surplus to requirements and can be transferred to Surplus Properties.

5.9 Deputy Leader and Infrastructure - £95,000 (0.2%) under spend

- i. The forecast under spend is mainly attributable to staffing vacancies (**£265,000**). This is part offset by a forecast pressure **£150,000** attributable to highways claims.

5.10 Leader - £64,000 (1.0%) under spend

- i. The forecast full year under spend represents a **£76,000** favourable movement since the first quarter mainly due to vacancies in the Strategy team.
- ii. Approval is sought for **£27,000** to be drawn from the Quadrennial Elections Reserve to fund the Clacton by-election.

5.11 Other Operating Costs – £934,000 (2.2%) over spend

- i. The forecast full year over spend and adverse movement since first quarter, is due to the anticipated impact of **£1.9m** relating to revisions to Social Care pay and grading.
- ii. This is offset mainly due to the Interest Receivable and Payable policy lines (**£966,000**) as a result of a reduction in the rates in the market from when the budget was set, reduced borrowing costs and additional net income from investments due to cash balances being higher than originally anticipated.
- iii. Approvals are sought in this report for the following
 - **£3.2m** to the Reserve for Future Capital Funding: relating to an under spend against the budget for Minimum Revenue Provision (MRP) due to reduced borrowing requirements as the cash balances at the start of the financial year have been higher than originally forecast.
 - **£2.1m** to the Carry Forward reserve, as a result of the reduction in the interest rates applied to support the budget in 2020/21.

5.12 Performance, Business Planning and Partnerships – £3,000 (0%) over spend

- i. There is minimal variance to budget forecast.

5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £399,000 (0.6%) over spend

- i. The forecast full year over spend is mainly attributable to Legal Services (**£478,000**), where there have been new disbursement costs pressures (**£170,000**) and more successful recruitment generating additional staffing costs pressures in Legal and Assurance (**£297,000**), since the quarter 1 report when the budget was adjusted down by £1.1m based on the forecast at that time.
- ii. Approval is sought in this report for the following;
 - **£881,000** to be transferred from Technology Services within this portfolio to the Performance, Business Planning and Partnerships

RSSS portfolio relating to under spends to support delivery of the 2020/21 budget

- **£4,000** to be transferred to the Deputy Leader and Infrastructure portfolio relating to a residual budget for BDUK which now sits within the Deputy Leader and Infrastructure portfolio.

5.14 Finance, Property and Housing Recharged Strategic Support Services - £62,000 (0.3%) under spend

- The forecast full year position is due to small under spends in the Finance and Car Provision policy lines (**£62,000**). The residual position includes a proposal to carry forward **£2.5m** of under spends anticipated due to early delivery of savings to support the 2020/21 budget.
- Approval is sought in this report for the following:
 - **£2.5m** to the carry forward reserve to support the delivery of the 2020/21 budget
 - **£90,000** to Payroll within Customer, Communities, Culture and Corporate RSSS relating to the transfer of payroll staff

5.15 Leader Recharged Strategic Support Services - £159,000 (7.6%) over spend

- The forecast full year over spend is mainly attributable to the non delivery of council wide Print Procurement savings held in Communications and Customer Relations (**£214,000**), partly offset by vacancies in the portfolio.
- There is an adverse movement since first quarter of **£220,000** which is mainly due to recruitment in Equality and Diversity.

5.16 Performance, Business Planning and Partnerships Recharged Strategic Support Services - £174,000 (2.1%) under spend

- The forecast full year under spend relates to staffing vacancies across the portfolio.
- Approval is sought in this report for the following:
 - **£881,000** to the Carry Forward reserve to support the delivery of the 2020/21 budget
 - **£95,000** to Human Resources within the Customer, Communities, Culture and Corporate RSSS portfolio for the transfer of a Head of Service post.

6. Trading Activities

- Trading activities are reporting a forecast over achievement of **£1.2m** against the budgeted surplus.

- 6.2 EES for Schools has now been sold. However, no appropriation target was set for 2019/20 due to the expected sale of the service. In the three months the service traded prior to the sale, it generated a surplus of **£1m**.
- 6.3 Appendix B shows the position by each Trading Activity.

7. Capital

- 7.1 A forecast under spend of **£28.8m** (11.3%) against the latest capital budget of **£254.4m**. After taking account of budget change requests in this report there is a residual forecast under spend of **£437,000**.

- 7.2 Approval is sought for:
- i. Slippage of **£31.4m**
 - ii. Budget additions of **£3.9m**
 - iii. Budget reductions of **£5.4m**
 - iv. Advanced works of **£4.6m**

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

7.4 Customer, Communities, Culture and Corporate - £350,000 under spend

- i. **Technology Services**; Approval is sought in this report for a reduction of **£350,000** due to a forecast under spend relating to reduced spend requirement on servers within the Modernising Technology project.

7.5 Education and Skills - £13.2m under spend

- i. Approval is sought in this report for:
 - Budget additions of **£1.2m**
 - Budget reductions of **£2.1m**
 - Advanced works of **£169,000**
 - Slippage of **£12.5m** into 2020/21 which relates to several schemes, the most significant being:
- ii. **Special Schools (£5.1m)**; due to uncontrollable delays in obtaining Department for Education (DfE) approvals and legal issues taking longer than expected on the free schools for Chatten, Fox Crescent and Hawthorns, which has resulted in a request to slip budget into 2020/21.
- iii. **Colchester Primary Basic Need (£2.6m)**; mainly due to Lakelands Primary School where work is not expected to start until late October. There have been delays obtaining planning permission due to additional urban design requirements.
- iv. **Tendring Secondary Basic Need (£1.4m)**; due to ongoing discussions with Tendring District Council concerning land transfers.

- v. **Brentwood Primary Basic Need (£1.2m)**; relating to Warley Primary school scheme which has been delayed as the original plan was too expensive. As such budget needs to be re-aligned into 2020/21.
- vi. **Epping Forest Secondary Basic Need (£784,000)**; due to a new contractor being appointed at West Hatch school and the spending plans reviewed, resulting in slippage into 2020/21.

7.6 Finance, Property and Housing Portfolio - £10.3m under spend

- i. Approval is sought in this report for:
 - Budget additions of **£1.4m**
 - Budget reductions of **£1.4m**
 - **£10.4m** of Slippage into 2020/21 which relates to several schemes, the most significant being:
- ii. **Essex County Hospital (£5.2m)**; due to pushing back the site purchase as result of planning conditions.
- iii. **Rocheway (£2.8m)**; as result of delays caused by Anglia Water drainage adoption.
- iv. **St Peters College (£875,000)**; caused by delays in demolition due to bats found in some buildings and the buildings' potential historic value.

7.7 Health and Adult Social Care - £653,000 over spend

- i. **Pollysfield**; Approval is sought to advance **£647,000** from 2020/21, as the work is expected to start earlier than expected.

7.8 Deputy Leader and Infrastructure - £5.3m under spend

- i. Approval is sought in this report for:
 - Budget additions of **£1.2m**
 - Budget reductions of **£1.5m**
 - Advanced works of **£3.8m**
 - Slippage of **£8.5m**
 which relate to several schemes, the most significant being:
- ii. **Highways maintenance**; mainly due to LED Phase 4 following delays due to a procurement decision (**£4.2m**) and additions relating to a S106 scheme (**£283,000**).
- iii. **Major Schemes**; relating to **£1m** slippage to Millennium Way due to potential alternative designs as a result of the land issues, **£1m** slippage to M11 Junction 8 due to a delay in going out to tender, **£1.6m** advanced works on Advanced Scheme design and **£1.3m** advanced works on Chelmsford North Eastern Bypass.

- iv. **BDUK; £1.5m** budget reduction for Phase 2 in relation to the gainshare extension and **£1.5m** slippage of for Phase 3 and 4b due to the Gigaclear contracts being behind schedule.

7.9 Controlled Elsewhere - £296,000 under spend

- i. This forecast full year under spend relates to the Schools devolved Formula Capital grant, which the Council holds on behalf of Essex Schools and has no control over the spend.
- 7.10 **Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarises the proposals for addressing the forecast budget variances.

8. Policy context and Outcomes Framework

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

9. Reserves

- 9.1 A summary of the forecast balances on reserves is provided in **Appendix D**.
- 9.2 Approval is sought to create a new reserve to set aside funding for commercial investment in Essex Places that align to the Council's housing growth and town centre agendas. The reserve will be funded by proceeds from the sale of EES, with final amount to be confirmed once final accounting entries following the sale are completed.

10. Treasury Management and Prudential Indicators

- 10.1 Average interest earned to date on Treasury Management investments has been 1.00% compared to a benchmark rate of 0.57% (average 7 day LIBID rate). A summary of Treasury Management is provided in **Appendix E**.
- 10.2 There is a requirement to set a series of prudential indicators to collectively build a picture over time of the Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable. The summary of performance against the prudential indicators contained in **Appendix F** shows that external debt is within prudent and sustainable limits and that credit arrangements have been undertaken within approved indicators.

11. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

12. Legal Implications

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

13. Equality and Diversity implications

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

14. List of Appendices

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

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

15. List of Background Papers
Budgetary control reports.

2019/20 Financial Overview as at the Half Year Stage

Appendix A

Revenue

Year to Date				Full Year						
Portfolio	Latest Budget £000	Actual £000	Variance £000	Original Budget £000	Latest Budget £000	Forecast Outturn £000	Half Year Variance * £000	Quarter 1 Variance £000	Movement £000	Direction of Travel
Children and Families	49,646	49,116	(530)	122,735	119,924	120,770	845	319	526	↓
Customer, Communities, Culture and Corporate	8,402	8,619	217	18,546	18,224	17,958	(292)	(228)	(64)	↑
Deputy Leader and Infrastructure	18,940	18,868	(73)	42,818	49,828	49,737	(95)	(190)	95	↓
Economic Development	2,714	2,547	(166)	6,255	6,479	6,107	(372)	(254)	(117)	↑
Education and Skills DSG	61,060	28,583	(32,478)	(3,063)	(932)	5,688	6,620	2,521	4,099	↓
Education and Skills Non DSG	30,434	28,941	(1,493)	78,276	78,567	81,208	2,018	179	1,839	↓
Environment and Waste	29,014	28,992	(22)	80,642	79,364	79,328	(35)	(0)	(35)	↑
Finance, Property and Housing	7,588	12,012	4,424	15,611	17,198	16,247	(951)	(917)	(34)	↑
Health and Adult Social Care	200,729	195,355	(5,374)	407,398	420,246	418,915	355	(40)	394	↓
Leader	2,619	3,038	419	6,152	6,418	6,380	(64)	8	(72)	↑
Other Operating Costs	11,212	6,951	(4,261)	80,694	42,910	38,574	934	0	934	↓
Performance, Business Planning and Partnerships	458	459	1	1,940	1,933	2,168	3	(0)	3	↓
Customer, Communities, Culture and Corporate RSSS	24,847	26,108	1,261	58,808	64,556	64,943	399	(582)	981	↓
Finance, Property and Housing RSSS	8,796	7,555	(1,241)	14,293	22,363	19,747	(62)	(2,634)	2,573	↓
Fire Reinstatement Works	253	287	35	(0)	(0)	(0)	0	-	0	↓
Leader RSSS	929	868	(62)	2,110	2,089	2,248	159	(61)	220	↓
Performance, Business Planning and Partnerships RSSS	3,357	4,573	1,217	6,722	8,102	8,602	(174)	(90)	(84)	↑
Total	460,999	422,872	(38,127)	939,936	937,270	938,621	9,287	(1,972)	11,259	
DSG Offset	61,060	28,583	(32,478)	(3,063)	(2,839)	5,688	6,620	(2,521)	(4,099)	↑
Total Excluding DSG	399,939	394,289	(5,650)	942,998	940,108	932,933	2,668	(4,493)	7,160	
Funding							(96)	(96)	0	↓
Revised Total	399,939	394,289	(5,650)	942,998	940,108	932,933	2,572	(4,589)	7,160	

* The Half year Variance is after proposed adjustments

Appendix B

Traded Services

	Revenue reserve 1 April 2019	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Final Outturn position	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EDUCATION TRADED												
EES for Schools	-	-	-	-	(3,092)	2,078	(1,013)	(1,013)	-	-	-	(1,013)
FINANCE, PROPERTY & HOUSING												
Schools Staff Insurance Scheme	-	-	-	-	(0)	108	108	108	-	-	-	108
Information Services infrastructure	-	(6,500)	6,500	-	(6,500)	6,500	-	-	-	-	-	-
Place Services	(483)	(2,682)	2,462	(220)	(2,788)	2,568	(220)	5	(225)	5	60	(418)
Music Services Traded	(168)	(4,645)	4,532	(113)	(4,720)	4,607	(113)	0	(113)	-	-	(168)
Total	(651)	(13,827)	13,494	(333)	(17,099)	15,862	(1,237)	(899)	(338)	5	60	(1,490)

Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000		£000	£000
Children and Families	327	186	(141)	900	75	975	1,001	26
Customer, Communities, Culture and Corporate	3,313	1,246	(2,067)	7,500	1,245	8,745	8,395	(350)
Economic Development	5,114	1,499	(3,614)	5,847	1,676	7,523	7,523	(0)
Education and Skills	29,193	25,268	(3,925)	83,426	(4,635)	78,791	65,547	(13,244)
Environment and Waste	632	685	53	3,850	651	4,501	4,501	0
Finance, Property and Housing	4,567	1,111	(3,456)	14,765	1,906	16,671	6,324	(10,347)
Health and Adult Social Care	(1)	11	12	421	(4)	418	1,071	653
Deputy Leader and Infrastructure	50,459	43,329	(7,130)	131,146	2,077	133,223	127,958	(5,265)
ECC Capital Programme	93,604	73,335	(20,269)	247,855	2,991	250,846	222,319	(28,527)
Schools Cash Balance	296	607	311	-	296	296	-	(296)
Devolved Formula Capital	1,389	2,733	1,344	1,113	2,183	3,296	3,296	-
Total School Balances	1,685	3,341	1,656	1,113	2,479	3,591	3,296	(296)
Total Capital Programme	95,289	76,676	(18,613)	248,967	5,470	254,438	225,615	(28,823)

Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000		£000	£000
ECC Capital Programme	£000	£000	£000	£000	£000
Grants	91,401	9,219	100,620	91,026	(9,594)
Reserves	8,268	(3,572)	4,696	4,696	-
Developer & Other contributions	12,949	5,833	18,782	14,264	(4,518)
Capital receipts	7,000	8,675	15,675	15,675	-
Unsupported borrowing	128,237	(16,869)	111,368	96,657	(14,711)
ECC Capital Programme	247,855	3,286	251,141	222,318	(28,823)
Grants	1,112	2,184	3,296	3,296	-
Unsupported borrowing	-	-	-	-	-
School Balances	1,112	2,184	3,296	3,296	-
Total ECC & Schools Capital Funding	248,967	5,470	254,437	225,614	(28,823)

Capital Variance Plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	75	-	-	-	75	-	26	-	-	(0)	26
Customer, Communities, Culture and Corporate	1,535	20	(311)	-	1,245	-	-	(350)	-	(0)	(350)
Economic Development	1,326	369	-	(19)	1,676	-	-	-	-	(0)	(0)
Education and Skills	(6,587)	15,751	(14,312)	513	(4,635)	(12,505)	1,221	(2,125)	169	(3)	(13,244)
Environment and Waste	490	1,771	(1,610)	-	651	-	-	-	-	0	0
Finance, Property and Housing	492	693	-	721	1,906	(10,407)	1,433	(1,432)	-	59	(10,347)
Health and Adult Social Care	(4)	-	-	-	(4)	-	-	-	647	6	653
Deputy Leader and Infrastructure	(3,655)	9,424	(1,179)	(2,513)	2,077	(8,509)	1,198	(1,536)	3,785	(204)	(5,265)
Leader	-	-	-	-	-	-	-	-	-	-	-
Archived Codes	-	-	-	-	-	-	-	-	-	-	-
ECC Capital Programme	(6,327)	28,028	(17,412)	(1,298)	2,991	(31,421)	3,877	(5,442)	4,601	(142)	(28,527)
Schools Cash Balance	296	-	-	-	296	-	-	-	-	(296)	(296)
Devolved Formula Capital	99	2,084	-	-	2,183	-	-	-	-	-	-
Total Capital Programme	(5,932)	30,112	(17,412)	(1,298)	5,470	(31,421)	3,877	(5,442)	4,601	(437)	(28,823)

2019/20 Financial Overview as at the Half Year Stage

Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2019/20 Changes
	£000	£000	£000	£000	Requested
Children with disabilities	-	26	-	-	26
Children and Families	-	26	-	-	26
Technology Services Portfolio	-	-	(350)	-	(350)
Customer, Communities, Culture and Corporate	-	-	(350)	-	(350)
A120 Millennium Way Slips	(1,003)	-	-	-	(1,003)
A127 Air Quality (AQMP)	-	784	-	-	784
Advanced Scheme Design	-	-	-	1,614	1,614
BDUK Essex Superfast Programme Phase 2	-	-	(1,536)	-	(1,536)
BDUK ESSEX SUPERFAST PROGRAMME PHASE	(1,180)	-	-	-	(1,180)
BDUK Essex Superfast Programme Phase 4	(369)	-	-	-	(369)
Beaulieu Park Station	(230)	-	-	-	(230)
Bus & Passenger Transport Infrastructure	(500)	-	-	-	(500)
Colchester ITP (Borough Wide)	-	-	-	181	181
Chelmsford Growth Area	-	43	-	603	646
Chelmsford North Eastern Bypass	-	-	-	1,387	1,387
LED Rollout	(4,226)	-	-	-	(4,226)
M11 Junction 8	(1,000)	-	-	-	(1,000)
Other Highways Major Schemes	-	88	-	-	88
Section 106	-	283	-	-	283
Deputy Leader and Infrastructure	(8,509)	1,198	(1,536)	3,785	(5,062)
Basildon Primary Basic Need	-	133	(657)	-	(524)
Braintree Primary Basic Need	-	0	-	-	0
Braintree Secondary Basic Need	(100)	-	-	-	(100)
Brentwood Primary Basic Need	(1,161)	6	-	-	(1,155)
Castle Point Primary Basic Need	(486)	-	-	-	(486)
Chelmsford Primary Basic Need	-	-	-	169	169
Colchester Primary Basic Need	(2,554)	10	-	-	(2,544)
Colchester Secondary Basic Need	(320)	-	-	-	(320)
Epping Forest Secondary Basic Need	(784)	-	-	-	(784)
Harlow Primary Basic Need	(351)	379	(255)	-	(227)
Rochford Primary Basic Need	-	9	-	-	9
Rochford Secondary Basic Need	-	-	(177)	-	(177)
Special Schools	(5,075)	106	(326)	-	(5,295)
Temporary Accommodation	-	2	(24)	-	(22)
Tendring Primary Basic Need	(58)	246	(158)	-	29
Tendring Secondary Basic Need	(1,436)	-	-	-	(1,436)
Uttlesford Primary Basic Need	-	327	-	-	327
Uttlesford Secondary Basic Need	(179)	5	-	-	(175)
Schools Capitalised Building Maintenance	-	-	(528)	-	(528)
Education and Skills	(12,505)	1,221	(2,125)	169	(13,241)
Essex Housing Programme	-	1,200	(233)	-	967
Loughton Library	(434)	-	-	-	(434)
Maldon Friary	-	-	(463)	-	(463)
Harlowbury	(346)	-	-	-	(346)
Essex County Hospital	(5,173)	-	-	-	(5,173)
Purford Green	(123)	-	-	-	(123)
Moulsham Lodge	-	233	-	-	233
Rocheway	(2,767)	-	-	-	(2,767)
Shernbroke Hostel	(689)	-	(736)	-	(1,425)
St Peters College	(875)	-	-	-	(875)
Finance, Property and Housing	(10,407)	1,433	(1,432)	-	(10,406)
Pollysfield	-	-	-	647	647
Health and Adult Social Care	-	-	-	647	647
Total Capital Programme	(31,421)	3,877	(5,442)	4,601	(28,386)

Appendix D

Reserves

	2019/20 movements				
	Balance at 1 April 2019 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(42,136)	3,413		(235)	(38,958)
Building Schools for the Future PFI	(2,267)	-	(342)	2,609	-
Debden School PFI	(3,633)	-	469	3,164	-
Clacton Secondary Schools' PFI	(2,518)	-	497	2,021	-
Waste Reserve	(103,631)	(9,245)		659	(112,217)
Grant Equalisation Reserve	(12,636)	2,175		232	(10,229)
Trading Activities (not available for use)	(653)	338		(338)	(653)
Partnerships and Third Party (not available for use)	(1,815)	-		-	(1,815)
Schools (not available for use)	(38,025)	-		-	(38,025)
General Balance	(56,610)	-		-	(56,610)
Reserves earmarked for future use					
Adults Digital Programme	(5,256)	5,006	(1,672)	-	(1,922)
Capital Receipts Pump Priming	(3,204)	-		500	(2,704)
Carbon Reduction	(2,303)	2,256	38	-	(9)
Carry Forward	(23,250)	23,250	(5,431)	-	(5,431)
Collection Fund Risk	(1,412)	-		-	(1,412)
Community Initiatives Fund	(1,153)	456	26	671	0
Digital Infrastructure	(3,053)	3,053		-	-
EES Pension Risk	-			(4,000)	(4,000)
Emergency Planning	(300)	-			(300)
Future Capital Funding	(12,061)	939	(3,263)	4,324	(10,061)
Health and Safety	(881)	-		250	(631)
Insurance	(8,061)	-		-	(8,061)
Property Fund	(326)	(326)		-	(652)
Quadrennial Elections	(618)	(500)	27	-	(1,091)
Service Improvement	-	(3,970)	250	-	(3,720)
Tendring PPP	(496)	-		496	-
Transformation	(25,193)	(11,049)	78	12,631	(23,533)

Appendix E

TREASURY MANAGEMENT SUMMARY - 2019/20

	Actual Balance 1 April £000	Movements			Balance at 31 March £000	Interest payable / (earned) to date £000
		Raised	Repaid	Net movement £000		
Borrowing						
Long Term	514,374	30,625	(3,289)	27,336	541,710	7,923
Temporary	408	904	-	904	1,312	5
Total External Borrowing (A)	514,782	31,529	(3,289)	28,240	543,022	7,928
Investments						
Long Term	10,000	-	-	-	10,000	(189)
Temporary	259,000	24,300	-	24,300	283,300	(1,110)
Total External Investments (B)	269,000	24,300	-	24,300	293,300	(1,299)
Net indebtedness (A-B)	245,782	7,229	(3,289)	3,940	249,722	6,629

Borrowing

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

474,047

Opening pool rate at 1 April 2019

4.07%

Weighted average rate of interest on new loans secured to date

N/A

Average pool rate for year

3.94%

Investments

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

318,003

Average interest earned over period

1.00%

Benchmark rate - average 7 day LIBID rate

0.57%

Appendix F

PRUDENTIAL INDICATORS			
		Approved Indicator	Forecast Outturn
1 Affordability			
Incremental impact on Council Tax of 2019/20 and earlier years' 'starts'	£	£98.42	£89.99
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	8.6%	8.9%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.2%	8.3%
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	249	226
Capital Financing Requirement (<i>excluding credit arrangements</i>)	£m	1,026	980
4 External Debt			
Authorised limit (borrowing only)	£m	950	N/A
Operational boundary (borrowing only)	£m	850	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	519
5 Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	950	394
Debt		100.0%	100.0%
Investments		100.0%	72.5%
Upper limit for exposure to variable rates			
Net exposure	£m	285	203
Debt		30.0%	1.0%
Investments		100.0%	57.5%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.6%
12 months & within 24 months	%	40.0%	3.6%
24 months & within 5 years	%	40.0%	6.5%
5 years & within 10 years	%	40.0%	9.3%
10 years & within 25 years	%	70.0%	30.1%
25 years & within 40 years	%	40.0%	34.9%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	15.0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	10
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>			