



Essex County Council

# Corporate Policy and Scrutiny

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| <b>10:30</b> | <b>Tuesday, 29<br/>October 2019</b> | <b>Committee Room<br/>1,<br/>County Hall,<br/>Chelmsford, CM1<br/>1QH</b> |
|--------------|-------------------------------------|---|

**For information about the meeting please ask for:**

Richard Buttress, Member Enquiries Manager

**Telephone:** 07809 314835

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

|          |   | <b>Pages</b>   |
|----------|---|----------------|
| <b>1</b> | <b>Membership, Apologies and Declarations</b><br>To be noted by the Democratic Services Manager.  | <b>4 - 4</b>   |
| <b>2</b> | <b>Minutes - September 2019</b><br>To note and approve the minutes of the meeting held on Tuesday 24 September 2019.  | <b>5 - 7</b>   |
| <b>3</b> | <b>Questions from the Public</b><br>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.<br>On arrival, and before the start of the meeting, please register with the Democratic Services Officer. |                |
| <b>4</b> | <b>2019/20 Financial Overview as at the half year stage</b><br>To consider report CPSC/10/19.   | <b>8 - 29</b>  |
| <b>5</b> | <b>Work Programme</b><br>To note the committee's current work programme.  | <b>30 - 33</b> |

**6**

**Date of Next Meeting**

To note that the next meeting will be held on Thursday 26 November 2019, in Committee Room 1, County Hall at 2:00pm.

**7**

**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)

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

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

**8**

**Budget Scrutiny**

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

**9**

**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.

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972. If there is exempted business, it will be clearly marked as an Exempt Item on the agenda and members of the public and any representatives of the media will be asked to leave the meeting room for that item.

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**Committee:** Corporate Policy and Scrutiny Committee

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

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

**Recommendations:**

To note

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

**Membership**

(Quorum 4)

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

**Minutes of the meeting of the Corporate Policy and Scrutiny Committee, held in Committee Room 1, County Hall, Chelmsford, CM1 1QH on Tuesday 24 September 2019**

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**Present**

|                                     |                             |
|-------------------------------------|-----------------------------|
| Councillor Mike Mackrory (Chairman) | Councillor Valerie Metcalfe |
| Councillor James Abbott             | Councillor John Moran       |
| Councillor Malcolm Buckley          | Councillor Ron Pratt        |
| Councillor Graham Butland           | Councillor Andrew Sheldon   |
| Councillor Mike Garnett             | Councillor Anne Turrell     |
| Councillor Ian Grundy               |                             |

**Apologies**

|                             |                         |
|-----------------------------|-------------------------|
| Councillor Michael Hardware | Councillor Mike Steptoe |
| Councillor Wendy Schmitt    | Councillor Julie Young  |

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Richard Buttress, Democratic Services Manager was supporting the meeting.

**1. Membership, apologies and declarations**

A change of membership was noted, effective from 1 October 2019, that Councillor Malcolm Maddocks will replace Councillor Wendy Schmitt on the committee.

Apologies were received from:

- Councillor Michael Hardware (substituted by Councillor Ian Grundy)
- Councillor Wendy Schmitt
- Councillor Mike Steptoe
- Councillor Julie Young

**2. Minutes of previous meeting**

The minutes of the meeting held on Tuesday 30 July 2019 were approved by the committee as an accurate record and signed by the Chairman.

**3. Questions from the public**

No questions from members of the public received.

**4. Brexit Preparation**

Councillor Mackrory welcomed Robert Surtees, Senior Strategy Adviser to the meeting who introduced the item:

- There are three scenarios that could occur:
  - Deferred departure

- Withdrawal agreement
  - No deal exit
- Timescale for a decision is short – European Council on 17 October 2019 is a key date
  - Updates are presented weekly to Essex County Council' (ECC) Corporate Leadership Team and Political Leadership Team
  - ECC's options have been reviewed since March 2019 in relation to staff changes and employment
  - No issues are envisaged in relation to international data transfers as ECC host their data within the UK
  - Continuity will remain for funding cycles received from the EU until 2024
  - The impact on Trading Standards is being looked into
  - Central Government has funded a number of Voluntary Community Service (CVS) groups to raise awareness of the settlement scheme (none local to Essex)
  - London Gateway are confident about handling the Brexit situation – extra space for lorry parking has been identified
  - ECC are keeping an eye on expenditure if departure date is delayed
  - ECC are able to make businesses aware of Government advice at a local level.

The committee asked a number of questions and received the following responses:

- There is a large-scale national communications plan. Focus is around the settlement scheme and encouraging EU nationals to sign up
- ECC is working with ports around trader readiness
- The Local Resilience Forum (LRF) includes ECC and unitary authorities and the Essex Resilience Forum (ERF) encompasses greater Essex, including the unitary authorities
- There is no centralised data for ECC employees in relation to settled status. Information is on ECC's intranet for employees
- The site identified at North Weald can accommodate 50 lorry bays. This is a temporary site and will be set up by HMRC

## **5. Work Programme**

The current work programme was noted by the committee.

## **6. Future meeting dates**

The committee agreed it meeting dates until November 2020.

The committee agreed that the meetings due to take place in February 2020, May 2020 and November 2020 will commence on the rise of the 'Committee to consider applications to undertake certain duties by Members and foreign travel by Officers', around 11:00am.

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

The date of the next meeting will be held on Tuesday 29 October 2019 at 10:30am.

**8. Urgent business**

No urgent business was received.

**9. Urgent exempt business**

No urgent exempt business was received.

The meeting closed at 12:11pm.

**Chairman**

|                      |  |                      |
|----------------------|--|----------------------|
|                      |  | <b>AGENDA ITEM 4</b> |
|                      |  | <b>CPSC/10/19</b>    |
| <b>Committee:</b>    | <b>Corporate Policy and Scrutiny Committee</b>   |                      |
| <b>Date:</b>         | <b>29 October 2019</b>   |                      |
| <b>Enquiries to:</b> | <b>Name:</b> Richard Buttress<br><b>Designation:</b> Democratic Services Manager<br><b>Contact details:</b> <a href="mailto:richard.buttress3@essex.gov.uk">richard.buttress3@essex.gov.uk</a> |                      |

### **2019/20 Financial Overview as at the Half Year Stage**

To note the financial outturn report at the half year stage, which was considered by Cabinet last week.



|  |                         |
|--|-------------------------|
| <b>Report title:</b> 2019/20 Financial Overview as at the Half Year Stage  |                         |
| <b>Report to:</b> Corporate Policy and Scrutiny Committee  |                         |
| <b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology   |                         |
| <b>Date:</b> 29 October 2019   | <b>For:</b> Information |
| <b>Enquiries to:</b> Tina French, Head of Strategic Finance and Insight<br>Telephone: 03330 138461 Email: <a href="mailto:tina.french@essex.gov.uk">tina.french@essex.gov.uk</a> |                         |
| <b>County Divisions affected:</b> All Essex  |                         |

## 1. Purpose of report

- 1.1 To set out the forecast financial position of Essex County Council's (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 8<sup>th</sup> 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**

- i. 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.
- ii. 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**

- i. 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.
- ii. 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**

- i. The forecast full year under spend relates to staffing vacancies across the portfolio.
- ii. 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

- 6.1 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 undertaking

within approved indicators.

## **11. Financial Implications**

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

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

## **12. Legal Implications**

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

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

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

## **14. List of Appendices**

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

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

**15. List of Background Papers**  
Budgetary control reports.

## Appendix A

### Revenue

| Year to Date   |                       |                |                  | Full Year               |                       |                             |                                 |                               |                  |                        |
|--|-----------------------|----------------|------------------|-------------------------|-----------------------|-----------------------------|---------------------------------|-------------------------------|------------------|------------------------|
| Portfolio  | Latest Budget<br>£000 | Actual<br>£000 | Variance<br>£000 | Original Budget<br>£000 | Latest Budget<br>£000 | Forecast<br>Outturn<br>£000 | Half Year<br>Variance *<br>£000 | Quarter 1<br>Variance<br>£000 | Movement<br>£000 | Direction<br>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)             | ↑                      |
| <b>Total</b>   | <b>460,999</b>        | <b>422,872</b> | <b>(38,127)</b>  | <b>939,936</b>          | <b>937,270</b>        | <b>938,621</b>              | <b>9,287</b>                    | <b>(1,972)</b>                | <b>11,259</b>    |                        |
| DSG Offset   | 61,060                | 28,583         | (32,478)         | (3,063)                 | (2,839)               | 5,688                       | 6,620                           | (2,521)                       | (4,099)          | ↑                      |
| <b>Total Excluding DSG</b>                           | <b>399,939</b>        | <b>394,289</b> | <b>(5,650)</b>   | <b>942,998</b>          | <b>940,108</b>        | <b>932,933</b>              | <b>2,668</b>                    | <b>(4,493)</b>                | <b>7,160</b>     |                        |
| Funding  |                       |                |                  |                         |                       |                             | (96)                            | (96)                          | 0                | ↓                      |
| <b>Revised Total</b>                                 | <b>399,939</b>        | <b>394,289</b> | <b>(5,650)</b>   | <b>942,998</b>          | <b>940,108</b>        | <b>932,933</b>              | <b>2,572</b>                    | <b>(4,589)</b>                | <b>7,160</b>     |                        |

\* The Half year Variance is after proposed adjustments

## Appendix B

### Traded Services

|  | Revenue<br>reserve<br>1 April 2019 | Income          | Budget<br>Expenditure | (Surplus)/<br>Deficit | Income          | Forecast<br>Expenditure | Forecast<br>(Surplus) /<br>deficit | Final<br>Outturn<br>position | Appropriations<br>To County<br>Revenue<br>Account | To<br>Trading<br>Activity<br>reserve | Variance<br>Plan<br>Proposals<br>to/(from)<br>reserves | Revenue<br>reserve<br>31 March<br>2020 |
|--|------------------------------------|-----------------|-----------------------|-----------------------|-----------------|-------------------------|------------------------------------|------------------------------|---|--------------------------------------|--|--|
|  | £000                               | £000            | £000                  | £000                  | £000            | £000                    | £000                               | £000                         | £000  | £000                                 | £000   | £000                                   |
| <b>EDUCATION TRADED</b>                |                                    |                 |                       |                       |                 |                         |                                    |                              |   |                                      |  |  |
| EES for Schools                        | -                                  | -               | -                     | -                     | (3,092)         | 2,078                   | (1,013)                            | (1,013)                      | -   | -                                    | -  | (1,013)                                |
| <b>FINANCE, PROPERTY &amp; HOUSING</b> |                                    |                 |                       |                       |                 |                         |                                    |                              |   |                                      |  |  |
| 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)                                  |
| <b>Total</b>                           | <b>(651)</b>                       | <b>(13,827)</b> | <b>13,494</b>         | <b>(333)</b>          | <b>(17,099)</b> | <b>15,862</b>           | <b>(1,237)</b>                     | <b>(899)</b>                 | <b>(338)</b>                                      | <b>5</b>                             | <b>60</b>  | <b>(1,490)</b>                         |

## 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           | £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)         |
| <b>ECC Capital Programme</b>                 | <b>93,604</b> | <b>73,335</b> | <b>(20,269)</b> | <b>247,855</b>  | <b>2,991</b>             | <b>250,846</b> | <b>222,319</b> | <b>(28,527)</b> |
| 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          | -               |
| <b>Total School Balances</b>                 | <b>1,685</b>  | <b>3,341</b>  | <b>1,656</b>    | <b>1,113</b>    | <b>2,479</b>             | <b>3,591</b>   | <b>3,296</b>   | <b>(296)</b>    |
| <b>Total Capital Programme</b>               | <b>95,289</b> | <b>76,676</b> | <b>(18,613)</b> | <b>248,967</b>  | <b>5,470</b>             | <b>254,438</b> | <b>225,615</b> | <b>(28,823)</b> |

## Financed by:

|  | Budget Movement |                          | Revised Budget | Full Year      |                 |
|--|-----------------|--------------------------|----------------|----------------|-----------------|
|  | Original Budget | In year approved changes |                | Outturn        | Variance        |
| <b>ECC Capital Programme</b>                   | £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)        |
| <b>ECC Capital Programme</b>                   | <b>247,855</b>  | <b>3,286</b>             | <b>251,141</b> | <b>222,318</b> | <b>(28,823)</b> |
| Grants   | 1,112           | 2,184                    | 3,296          | 3,296          | -               |
| Unsupported borrowing                          | -               | -                        | -              | -              | -               |
| <b>School Balances</b>                         | <b>1,112</b>    | <b>2,184</b>             | <b>3,296</b>   | <b>3,296</b>   | <b>-</b>        |
| <b>Total ECC &amp; Schools Capital Funding</b> | <b>248,967</b>  | <b>5,470</b>             | <b>254,437</b> | <b>225,614</b> | <b>(28,823)</b> |



## Appendix C(ii)

### Capital Variance Plan

| Portfolio                                    | Approved changes |               |                 |                |                  | Variance Plan   |              |                |                |                   |                 |
|--|------------------|---------------|-----------------|----------------|------------------|-----------------|--------------|----------------|----------------|-------------------|-----------------|
|  | Slippage         | Additions     | Reductions      | Advanced Works | Approved changes | Slippage        | Additions    | Reductions     | Advanced Works | Residual Variance | Total Variance  |
|  | £000             | £000          | £000            | £000           | £000             | £000            | £000         | £000           | £000           | £000              | £000            |
| Children and Families                        | 75               | -             | -               | -              | 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                               | -                | -             | -               | -              | -                | -               | -            | -              | -              | -                 | -               |
| <b>ECC Capital Programme</b>                 | <b>(6,327)</b>   | <b>28,028</b> | <b>(17,412)</b> | <b>(1,298)</b> | <b>2,991</b>     | <b>(31,421)</b> | <b>3,877</b> | <b>(5,442)</b> | <b>4,601</b>   | <b>(142)</b>      | <b>(28,527)</b> |
| Schools Cash Balance                         | 296              | -             | -               | -              | 296              | -               | -            | -              | -              | (296)             | (296)           |
| Devolved Formula Capital                     | 99               | 2,084         | -               | -              | 2,183            | -               | -            | -              | -              | -                 | -               |
| <b>Total Capital Programme</b>               | <b>(5,932)</b>   | <b>30,112</b> | <b>(17,412)</b> | <b>(1,298)</b> | <b>5,470</b>     | <b>(31,421)</b> | <b>3,877</b> | <b>(5,442)</b> | <b>4,601</b>   | <b>(437)</b>      | <b>(28,823)</b> |

## 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              |
| <b>Children and Families</b>                        | -               | 26           | -              | -              | 26              |
| Technology Services Portfolio                       | -               | -            | (350)          | -              | (350)           |
| <b>Customer, Communities, Culture and Corporate</b> | -               | -            | (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             |
| <b>Deputy Leader and Infrastructure</b>             | <b>(8,509)</b>  | <b>1,198</b> | <b>(1,536)</b> | <b>3,785</b>   | <b>(5,062)</b>  |
| 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)           |
| <b>Education and Skills</b>                         | <b>(12,505)</b> | <b>1,221</b> | <b>(2,125)</b> | <b>169</b>     | <b>(13,241)</b> |
| 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)           |
| <b>Finance, Property and Housing</b>                | <b>(10,407)</b> | <b>1,433</b> | <b>(1,432)</b> | <b>-</b>       | <b>(10,406)</b> |
| Pollysfield   | -               | -            | -              | 647            | 647             |
| <b>Health and Adult Social Care</b>                 | <b>-</b>        | <b>-</b>     | <b>-</b>       | <b>647</b>     | <b>647</b>      |
| <b>Total Capital Programme</b>                      | <b>(31,421)</b> | <b>3,877</b> | <b>(5,442)</b> | <b>4,601</b>   | <b>(28,386)</b> |

## Reserves

|  | 2019/20 movements                  |   |  |                               |   |
|--|------------------------------------|---|--|-------------------------------|---|
|  | Balance at 1<br>April 2019<br>£000 | (Contributions)/<br>Withdrawals<br>agreed<br>£000 | Adjustments<br>proposed in<br>quarterly report<br>£000 | Future<br>commitments<br>£000 | Estimated<br>Closing<br>balance<br>£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<br>Balance<br>1 April | Movements      |                |                         | Balance at<br>31 March | Interest<br>payable /<br>(earned)<br>to date<br>£000 |
|                                       | £000                         | Raised<br>£000 | Repaid<br>£000 | Net<br>movement<br>£000 | £000                   |  |
| <b>Borrowing</b>                      |                              |                |                |                         |                        |  |
| Long Term                             | 514,374                      | 30,625         | (3,289)        | 27,336                  | 541,710                | 7,923  |
| Temporary                             | 408                          | 904            | -              | 904                     | 1,312                  | 5  |
| <b>Total External Borrowing (A)</b>   | <b>514,782</b>               | <b>31,529</b>  | <b>(3,289)</b> | <b>28,240</b>           | <b>543,022</b>         | <b>7,928</b>   |
| <b>Investments</b>                    |                              |                |                |                         |                        |  |
| Long Term                             | 10,000                       | -              | -              | -                       | 10,000                 | (189)  |
| Temporary                             | 259,000                      | 24,300         | -              | 24,300                  | 283,300                | (1,110)  |
| <b>Total External Investments (B)</b> | <b>269,000</b>               | <b>24,300</b>  | <b>-</b>       | <b>24,300</b>           | <b>293,300</b>         | <b>(1,299)</b>                                       |
| <b>Net indebtedness (A-B)</b>         | <b>245,782</b>               | <b>7,229</b>   | <b>(3,289)</b> | <b>3,940</b>            | <b>249,722</b>         | <b>6,629</b>   |

### Borrowing

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

|         |
|---------|
| 474,047 |
| 4.07%   |
| N/A     |
| 3.94%   |

### Investments

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

|         |
|---------|
| 318,003 |
| 1.00%   |
| 0.57%   |

## Appendix F

| PRUDENTIAL INDICATORS   |    |  |                  |
|---|----|--|------------------|
|   |    | Approved Indicator   | Forecast Outturn |
| <b>1 Affordability</b>  |    |  |                  |
| 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%             |
| <b>2 Prudence</b>   |    | <i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i> |                  |
| Net borrowing and Capital Financing Requirement   |    |  |                  |
| <b>3 Capital Expenditure</b>  |    |  |                  |
| Capital expenditure   | £m | 249  | 226              |
| Capital Financing Requirement ( <i>excluding credit arrangements</i> )  | £m | 1,026  | 980              |
| <b>4 External Debt</b>  |    |  |                  |
| Authorised limit (borrowing only)   | £m | 950  | N/A              |
| Operational boundary (borrowing only)   | £m | 850  | N/A              |
| Actual external borrowing ( <b>maximum level of debt during year</b> )  | £m | N/A  | 519              |
| <b>5 Treasury Management</b>  |    |  |                  |
| Interest rate exposures   |    |  |                  |
| Upper limit for exposure to fixed rates   |    |  |                  |
| Net exposure  | £m | 950  | 394              |
| Debt  |    | 100.0%   | 100.0%           |
| Investments   |    | 100.0%   | 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 ( <b>maximum position during year</b> )  | £m | N/A  | 10               |
| <b>6 Summary</b>  |    |  |                  |
| <i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>                     |    |  |                  |
| <i>External debt is within prudent and sustainable limits.</i>  |    |  |                  |
| <i>Credit arrangements have been undertaken within approved indicators</i>  |    |  |                  |
| <i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i> |    |  |                  |

|                      |  |                      |
|----------------------|--|----------------------|
|                      |  | <b>AGENDA ITEM 5</b> |
|                      |  | <b>CPSC/12/19</b>    |
| <b>Committee:</b>    | <b>Corporate Policy and Scrutiny Committee</b>   |                      |
| <b>Date:</b>         | <b>29 October 2019</b>   |                      |
| <b>Enquiries to:</b> | <b>Name:</b> Richard Buttress<br><b>Designation:</b> Democratic Services Manager<br><b>Contact details:</b> <a href="mailto:richard.buttress3@essex.gov.uk">richard.buttress3@essex.gov.uk</a> |                      |

### **Work Programme**

To note the current position as regards work planning and programming.

## CORPORATE POLICY AND SCRUTINY COMMITTEE

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

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

| Date/Timing            | Issue/Topics  | Focus/other comments   | Approach   | RAG |
|------------------------|---|--|--|-----|
| October 2019           |   |  |  |     |
| October 2019           | Financial Overview 2019/20 as at the half year position | Regular six-monthly updates after Cabinet.                                   | Presentation by Cabinet Member and relevant officers   |     |
| October 2019           | 2020/21 Budget  | Committee to undertake a pre-scrutiny exercise of ECC's budget               | Presentation by Cabinet Member and relevant officers   |     |
| November 2019          |   |  |  |     |
| November 2019          | Property Investment Portfolio                           | To receive an in-depth update on ECC's property investment programme.        | Presentation by relevant Cabinet Member, Director and Officers   |     |
| November 2019          | Property portfolio                                      | Value of ECC Estate and disposal strategy.                                   | 1) The current value of ECC's property estate<br>2) Breakdown of ECC property estate and their values<br>3) Details of ECC's disposal strategy |     |
| November 2019          | Delivery Risk Assessment Update                         | To receive a six-monthly update on the progress of delivery risk assessment. | Presentation by Cabinet Member and relevant officers   |     |
| December 2019          |   |  |  |     |
| **NO MEETING PLANNED** |   |  |  |     |

|                      |                                 |  |   |  |
|----------------------|---------------------------------|--|---|--|
| <b>January 2020</b>  |                                 |  |   |  |
|                      |                                 |  |   |  |
| <b>February 2020</b> |                                 |  |   |  |
|                      |                                 |  |   |  |
| <b>March 2020</b>    |                                 |  |   |  |
| March 2020           | ECC's Transformation Programme  | Committee to receive an update on the progress made to date on the Transformation Programme and next steps | Presentation by the Leader and Chief Executive  |  |
| October 2019         | ECC Organisation Strategy       | Committee to be engaged with future business plan for 2021 – 2024.   | Presentation by relevant Cabinet Member and officers  |  |
| <b>April 2020</b>    |                                 |  |   |  |
| April 2020           | Delivery Risk Assessment Update | Committee to receive six monthly updates on the progress of delivery risk assessment.                      | Presentation by Cabinet Member and relevant officers  |  |
| April 2020           | Property Investment Portfolio   | To receive an in-depth update on the latest position on ECC's property investment programme.               | Presentation by relevant Cabinet Member, Director and Officers  |  |
| April 2020           | Property Portfolio              | Value of ECC Estate and disposal strategy.   | 1) The current value of ECC's property estate<br>2) Breakdown of ECC property estate and their values |  |



|                                 |   |  |  |  |
|---------------------------------|---|--|--|--|
|                                 |   |  | 3) Details of ECC's disposal strategy                |  |
| May 2020                        |   |  |  |  |
| May 2020                        | Financial Overview 2019/20 as at the half year position   | Regular six-monthly updates after Cabinet. | Presentation by Cabinet Member and relevant officers |  |
| June 2020                       |   |  |  |  |
|                                 |   |  |  |  |
| July 2020                       |   |  |  |  |
|                                 |   |  |  |  |
| August 2020                     |   |  |  |  |
| **NO MEETING PLANNED**          |   |  |  |  |
| Topics identified being pursued |   |  |  |  |
| TBC                             | Essex Legal Services – update on external charging policy |  | Presentation by Cabinet Member and relevant officers |  |
| TBC                             | Reserves  |  | Presentation by Cabinet Member and relevant officers |  |
| TBC                             | Procurement – large-scale contracts                       |  | Presentation by Cabinet Member and relevant officers |  |
| TBC                             | Commercial Procurement                                    |  | Presentation by Cabinet Member and relevant officers |  |
| TBC                             | ECC's Trading Activities                                  |  | Presentation by Cabinet Member and relevant officers |  |
| TBC                             | Brexit  |  | TBC  |  |