

**Forward Plan Reference Number: FP/385/03/19**

<b>Report title:</b> 2019/20 Financial Overview as at the Third Quarter Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Nicole Wood, Executive Director for Finance and Technology	
<b>Date:</b> 21 January 2020	<b>For:</b> Decision
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<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 revenue and capital budgets as at the third quarter stage of the 2019/20 financial year. On revenue, there is a forecast full year over spend of **£786,000** (0.08%) against a net budget of **£940.2m**.
- 1.2 This is a favourable movement since the Half Year report of **£1.8m**.
- 1.3 This assumes full commitment of the Emergency Contingency (**£4m**). There is a proposal within the report to change the approach on the Emergency Contingency (see 2.3iv).
- 1.4 Whilst there is a forecast over spend, there are risks and opportunities which are likely to change this forecast position. Over spending portfolios are required to look at opportunities to reduce the over spend.
- 1.5 The capital programme is forecast to under spend by **£18.6m** (8.1%) against the current budget of **£228.6m**. After taking account of budget change requests in this report there will be a forecast under spend of **£19,000**.

**2. Recommendations**

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
  - i. **£400,000** from the Service Improvement reserve to the Leader Recharged Strategic Support Service (RSSS) to support the Just About Managing (JAM) programme of work (section 5.15.ii)
  - ii. **£223,000** from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio relating to the Department for Transport Pothole grant expenditure incurred (section 5.9.ii)

- iii. **£352,000** from the Transformation reserve to the Education and Skills portfolio (**£220,000**) and Customer, Communities, Culture and Corporate RSSS (**£132,000**) to fund redundancies relating to Organisation Design (sections 5.5.ii and 5.13.ii)
- iv. **£151,000** from the Transformation reserve to the Children and Families portfolio in relation to Children's Sustainability programme (section 5.1.iv)
- v. **£95,000** from the Private Finance Initiatives (PFI) Equalisation reserves to the Education and Skills portfolio in relation to Building Schools for the Future (section 5.5.ii).

2.2 To appropriate funds to reserves as follows:

- i. **£1.3m** to the Carry Forward reserve from the Health and Adult Social Care portfolio to support the continued transformation of the service in 2020/21 (section 5.8.iv)
- ii. **£304,000** to the Carry Forward reserve from Finance, Property and Housing RSSS to support delivery of the 2020/21 budget (section 5.14.ii)
- iii. **£300,000** to the Carbon Reduction reserve from the Deputy Leader and Infrastructure portfolio due to lower energy prices this year (section 5.9.ii)
- iv. **£103,000** to the Carry Forward reserve from the Customer, Communities, Culture and Corporate portfolio relating to the delivery of the Workforce Management System in 2020/21 (section 5.2.ii)
- v. **£43,000** to the Carry Forward reserve from the Customer, Communities, Culture and Corporate RSSS portfolio in relation to Office 365 implementation delays (section 5.13.ii).

2.3 To approve the following adjustments:

- i. To close the Technology Services Trading Account due to the service no longer undertaking trading activity.
- ii. To create a new Technology Solutions reserve to set aside resources to meet the future cost of replacing key council's technology systems (section 9.2).
- iii. To create a new Highways reserve to set aside resources to meet the potential pressures on the highways network (section 9.2).

- iv. To create a new Emergency reserve. It is proposed that the current Emergency Contingency revenue budget of **£4m** in Other Operating Costs will be appropriated into this reserve (section 9.2).
- v. To draw down the following from the Transformation reserve into 2020/21. These have been previously approved but not drawn down within the approved timescale (financial regulation 4.3.4). New approval is therefore sought:
  - **£396,000** to Health and Adult Social Care relating to Adult Sustainability programme (section 5.8.iv)
  - **£465,000** to Customer, Communities, Culture and Corporate RSSS portfolio relating to Workforce Strategy (section 5.13.ii)
  - **£197,000** to Health and Adult Social Care relating to Independent Living programme (section 5.8.iv)
  - **£113,000** to Environment and Climate Change Action portfolio for the development of the energy and low carbon agenda (section 5.6.ii).
- vi. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£17.9m**, capital budget additions of **£2.8m**, capital budget reductions of **£5.1m** and advanced works of **£1.6m** (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 **£786,000**, which is mainly due to over spends within Children and Families portfolio (**£3.5m**) due to higher than budgeted Placement costs, and Education and Skills portfolio (**£3m**) due to higher than budgeted Home to School transport costs. This is offset by under spends within Health and Adult Social Care (**£3m**).
- 3.3 The forecast over spend represents a variance of **0.08%** against a net budget of **£940.2m**. Further detail can be found in Section 5.
- 3.4 There is higher than anticipated funding of **£784,000**, an increase in funding of **£688,000** since the half year report. The increase relates to returns from districts benefit of business rates pooling (**£290,000**) and increased final business rates grant (**£398,000**) relating to the 2018/19 financial year.
- 3.5 The latest budget incorporates **£5.4m** of approved carry forwards and there are proposed carry forwards of **£2.1m** in this report. A review of carry forwards will be undertaken at year end if the Council remains in an over spend position.

- 3.6 As always, the forecast is based on current intelligence and is a mid-range position. There are net opportunities of **£5m** not yet included within the current forecasts mainly due to savings not forecast to deliver but may deliver some cost reductions in year.
- 3.7 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 **£210m**, this represents an under spend of **£18.6m** against latest budget of **£228.6m**. After taking account of budget change requests in this report, there is a residual under spend of **£19,000**. More detail is set out in Section 7.
- 4.2. A total of **£37.7m** slippage has been approved to date, with a further **£17.9m** requested in this report, this is due to a combination of factors, following a review of deliverability.
- 4.3. 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 - £3.5m (2.9%) over spend**

- i. The forecast full year over spend is **£3.5m** against a budget of **£121m** and reflects an increase of **£2.7m** when compared to the half year report. The service is undertaking a number of proactive initiatives to support the stability of children's placements, including the reduction of placement breakdowns, reunification of children in care with family members and increasing the use of internal foster carers. A review process ensures that the most appropriate placement is made for every child entering care.
- ii. This forecast over spend is mainly due to higher than expected placement costs of **£2.6m** relating to the increased complexity of children in residential homes (both mainstream and children with disabilities), external fostering placements, secure, un-regulated (but locally regulated) and supported living. 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 increased by **£1.9m** compared to the half year forecast.

- iii. In addition to placements, there has been increased spend on direct payments of **£1m** due to both an increase in price per payment and volume. Direct payments are made to children with disabilities in order to provide support for them to remain in a home setting. The over spend on direct payments has increased by **£356,000** compared to the half year forecast
- iv. Approval is sought in this report for the following:
  - **£85,000** from the Transformation reserve for the Mental Health and Well-being project within Divisional Based Intervention Teams (part of the Childrens Sustainability programme)
  - **£66,000** from the Transformation reserve relating to expenditure for Family Centre refurbishment (part of the Childrens Sustainability programme)

## **5.2 Customer, Communities, Culture and Corporate - £463,000 (2.6%) under spend**

- i. The forecast full year under spend is mainly attributable to Customer Services and Member Enquiries vacancies (**£279,000**), the Blue Badge scheme due to a national delay in the expansion of the scheme (**£70,000**) and an over recovery of Registrars income (**£89,000**).
- ii. Approval is sought in this report to carry forward **£103,000** relating to delays in the delivery of the Workforce Management System to tie in with other changes within the service.

## **5.3 Economic Development - £374,000 (6%) under spend**

- i. The forecast full year under spend is mainly due to staffing under spends relating to the increased ability to recharge management time to capital projects and grants, along with early delivery of staff savings in Employability and Skills due to a restructure.

## **5.4 Education and Skills Dedicated Schools Grant (DSG) - £5.1m over spend**

- i. There is a forecast full year over spend in the High Needs Block of **£7m** which is mainly due to the increase in volume and complexity of pupils with Special Educational Needs and Disabilities (SEND) and placements in independent settings. This over spend has decreased by **£500,000** since the half year report. The Government has announced an increase of £19.6m in 2020/21 but due to increased demand for SEND provision this will be insufficient to fully recover the deficit which is forecast to be £3.6m at 31<sup>st</sup> March 2021.
- ii. The under spend on the Central School Services Block (**£1m**) is due to the School Improvement teams being funded by the School Improvement and Brokerage Grant which realises an under spend in DSG. This will be carried forward to offset the recently announced £1m reduction in 2020/21. The Early Years Block is under spent (**£1m**) due to a lower take up of free entitlement,

which will be held and clawed back in 2020/21 as funding is based on participation. The Early Years under spend of **£1m** is the main movement since the half year report.

#### **5.5 Education and Skills Non Dedicated Schools Grant - £3m (3.6%) over spend**

- i. The forecast full year over spend is mainly due to Home to School Transport, which has two main drivers:
  - **£1.9m** in special educational needs due to demographic growth
  - **£1.2m** due to an increase in mainstream transport in both average contract price and a small increase in pupil numbersThis over spend has increased by almost **£1m** since the half year report.
- ii. Approval is sought in this report for the following:
  - **£220,000** from the Transformation reserve relating to Organisation Design redundancies within Adult Community Learning and Special Educational Needs
  - **£95,000** from the Private Finance Initiatives (PFI) Equalisation Reserve in relation to revenue costs associated with the Building Schools for the Future scheme.

#### **5.6 Environment and Climate Change Action - £24,000 (0%) under spend**

- i. There is minimal variance to budget forecast.
- ii. Approval is sought in this report to return **£58,000** to the Transformation reserve and to draw down the resulting balance of **£113,000** into 2020/21 for the development of the energy and low carbon agenda. This was previously approved (FP/948/09/17) but now time lapsed.

#### **5.7 Finance, Property and Housing - £593,000 (3.4%) under spend**

- i. This forecast full year under spend is mainly attributable to a change in the Council Tax Sharing Scheme estimated tax base and council tax rates used to set the budget (**£352,000**), higher commercial income than budgeted for in the Property Investment portfolio (**£242,000**).

#### **5.8 Health and Adult Social Care – £3m (0.7%) under spend**

- i. This forecast full year position reflects an under spend of **£1.6m** on expenditure, together with a **£1.4m** over achievement of income.
- ii. There has been a favourable movement of **£3.4m** since the half year stage. This is driven by a variation in the trend of Older People using Domiciliary Care.

- iii. Drivers of the underlying position:
- Whilst the overall number of clients is consistent with budgeted expectations, a greater number of clients have opted for domiciliary care packages instead of receiving direct cash payments. This has resulted in pressure on the domiciliary care budget (**£6.1m**), which is more than offset by under spends on cash payments (**£6.9m**)
  - An over spend in Reablement driven by increased volume and inclusion of the Domiciliary in Lieu of Reablement contracts up until March 2020, which is where a client should have received reablement care, but instead received domiciliary care (**£4.3m**). This reflects the continuing fall-out from the demise of a major supplier a year ago
  - There is a significant net under spending in respect of residential placements where a lower usage and lower than anticipated price increase in the first half of 2019/20 has resulted in an under spend (**£4.4m**), but where income, as a result has under delivered by (**£2m**)
  - The income in respect of Continuing Health Care is higher than budgeted (**£2.6m**).
- iv. Approval is sought in this report for the following:
- **£1.3m** to the Carry Forward reserve to support the ongoing transformation of Adult Social Care in 2020/21
  - **£192,000** return to Transformation reserve, and to draw down the resulting balance of **£396,000** previously approved, now time lapsed, (FP/848/06/17) into 2020/21, to continue to support the Adult Sustainability project
  - **£197,000** of previously approved funding (FP/645/11/19) now time lapsed, to draw down into 2020/21, relating to a transformation project looking at how to better provide Independent Living for Adults with Disabilities.

## 5.9 Deputy Leader and Infrastructure - **£278,000 (0.6%) under spend**

- i. The forecast under spend is mainly attributable to staffing vacancies (**£658,000**), higher than budgeted Traffic Regulation Orders income (**£295,000**) and a higher than budgeted reduction in street light energy consumption (**£315,000**). These are partly offset by a forecast pressure relating to the Army and Navy demolition costs for which a funding submission has been made to Department for Transport (**£400,000**), lower than expected Bus Lane Enforcement income (**£220,000**) and a highways claims relating to land compensation (**£117,000**).
- ii. Approval is sought in this report for the following:
- **£300,000** to the Carbon Reduction reserve from Highways Street Lighting due to the lower than anticipated energy prices, partly repaying the contribution that was made for the 2019/20 MTRS to fund the energy contract price pressure which has not crystallised.

- **£223,000** from the Reserve for Future Capital Funding to cover pothole eligible expenditure from the 2019/20 Department for Transport Potholes grant.

#### **5.10 Leader - £135,000 (2.0%) under spend**

- i. The forecast full year under spend is due to under spends on corporate subscriptions and vacancies across the portfolio.

#### **5.11 Other Operating Costs – £394,000 (0.9%) under spend**

- i. The forecast full year under spend of **£394,000** is mainly due to reduced levels of borrowing and resulting reductions in financing costs.
- ii. This forecast position is a favourable movement of **£1.3m** from the position forecast at the half year stage. This is predominantly due to the removal of a forecast of **£1.9m** at half year relating to the anticipated impact of Essex pay proposals on Social Care pay and grading. This cost is now reflected across Children and Families and Health and Adult Social Care portfolios.

#### **5.12 Performance, Business Planning and Partnerships – £151,000 (6.7%) under spend**

- i. This forecast full year under spend is due to delays in recruitment and planned reductions in consultancy spend.

#### **5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £225,000 (0.4%) over spend**

- i. The forecast full year over spend is mainly attributable to the over spends within Legal Services **£586,000**, following removal of £1m from the budget at quarter 1, mainly due to higher than expected disbursement costs, and Human Resources **£206,000** due to a new team running the new Matrix temporary recruitment contract although this has resulted in reduced costs of temporary recruitment across all portfolios. These are partly offset by under spends on Technology Services **£314,000** due to savings contracts and staffing under spends, and Business Support **£248,000** staffing under spends.
- ii. Approval is sought in this report for the following:
  - **£465,000** of previously approved funding (FP/ 271/10/18), now time lapsed, to draw down into 2020/21 relating to a delay in the implementation of the Workforce Strategy
  - **£132,000** from the Transformation reserve to fund redundancies relating to Organisation Design in Human Resources
  - **£43,000** to the Carry Forward reserve to fund a six month extension to Egress which allows the secure transfer of information, due to Office 365 implementation delays.

**5.14 Finance, Property and Housing Recharged Strategic Support Services - £408,000 (2.1%) over spend**

- i. The forecast full year over spend is **£408,000**. This is an adverse movement of **£470,000** from the position reported at the half year stage. This represents additional bank charges and increased Consultancy costs supporting the drive to improve debt management.
- ii. Approval is sought in this report to carry forward the underspend of **£304,000** within the Customer and Corporate function to support the delivery of the 2020/21 budget.

**5.15 Leader Recharged Strategic Support Services - £139,000 (6.8%) over spend**

- i. The forecast full year over spend remains attributable to the non delivery of council wide Print Procurement savings held in Communications and Customer Relations (**£214,000**), partly offset by vacancies within the Corporate and Customer function.
- ii. Approval is sought in this report to draw down **£400,000** from the Service Improvement reserve for procurement activity relating to the Just About Managing programme.

**5.16 Performance, Business Planning and Partnerships Recharged Strategic Support Services - £255,000 (2.7%) under spend**

- i. The forecast full year under spend relates to delays in recruitment which are partially offset by the requirement to return **£100,000** of funding to the Transformation reserve following to decision not to pursue some Organisation Design projects.

**6. Trading Activities**

- 6.1 Trading activities are reporting a forecast over achievement of **£1.1m** 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 **£840,000**.
- 6.3 Appendix B shows the position by each Trading Activity.

## 7. Capital

7.1 A forecast under spend of **£18.6m** (8.1%) against the latest capital budget of **£228.6m**. After taking account of budget change requests in this report there is a residual forecast under spend of **£19,000**.

7.2 Approval is sought for:

- i. Slippage of **£17.9m**
- ii. Budget additions of **£2.8m**
- iii. Budget reductions of **£5.1m**
- iv. Advanced works of **£1.6m**

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 - £342,000 under spend

- i. Libraries Self Service: slippage relating to the RFID Self Service in Libraries scheme.

### 7.5 Education and Skills - £5.3m under spend

i. Approval is sought in this report for:

- Budget additions of **£1.1m**
- Budget reductions of **£2.8m**
- Advanced works of **£181,000**
- Slippage of **£3.7m** which relates to several schemes, the most significant being:

ii. Early Years (**£1.1m**); the Dunton Fields project is yet to receive planning permission leading to slippage.

iii. Special Schools (**£1.6m**); delays in the Department for Education decisions to progress the St Peters College and Chatten Free school.

iv. Colchester Primary Basic Need (**£638,000**); reduction in the Paxman Avenue Scheme after lower costs than anticipated.

### 7.6 Finance, Property and Housing Portfolio - £2.4m under spend

i. Approval is sought in this report for:

- Budget additions of **£260,000**
- Budget reductions of **£260,000**
- **£2.4m** of Slippage which relates to several schemes, the most significant being:

- ii. Rocheway (**£1.3m**); there have been significant issues with Anglian Water drainage adoption. The issues have been resolved but planning amendments are required.
- iii. St Peter's College (**£369,000**); delays have been caused by the presence of bats on site. Work is still proceeding in the non-bat areas, while awaiting licence application.

#### 7.7 Health and Adult Social Care - £395,000 under spend

- i. Independent Living Ninefields (**£401,000**); slippage due to it being unlikely that the payment milestone is to be reached by end of March.

#### 7.8 Deputy Leader and Infrastructure - £8.7m under spend

- i. Approval is sought in this report for:
    - Budget additions of **£1.3m**
    - Budget reductions of **£1.2m**
    - Advanced works of **£1.4m**
    - Slippage of **£10.3m** which relates to several schemes, the most significant being:
  - ii. BDUK (**£3.1m**); a net slippage mainly due to delays because of the complexity of delivery of Fibre to the Premises schemes (FTTP) rather than Fibre to the Cabinet (FTTC) which is taking longer to deliver than originally expected.
  - iii. M11 Junction 7A (**£1.8m**); slippage owing to delays as a result of cost escalation giving rise to a need to review the scheme.
  - iv. Basildon Integrated Package (**£1.8m**); a delay in the design phase has led to slippage.
  - v. M11 Junction 8 (**£1.5m**); owing to the stagnation at the Section 6 agreement (legal agreement to work on Highways England's network) slippage has been requested. Depending on when this is resolved the start on site date could be as late as March 2020.
  - vi. Harlow Enterprise Zone and A414 Pinch Point Delivery Package 2 (**£1m**); slippage as a result of delays caused by utility companies having to move cables.
- 7.9 **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 three new reserves:

- Technology Solutions reserve with the purpose to set aside funding to meet the future cost of replacing some of the council's corporate systems
- Highways reserve to set aside resources to meet the potential pressures on the highways network
- Emergency reserve with the purpose to help deal with risk around increased market fragility, exit from the EU, capacity issues across social care, as well as general risks around delivery and demand. The cash flows for emergency contingency are not predictable. The proposal is therefore to have an annual contribution, ringfenced to this reserve, which will result on the same impact on the net revenue budget. It is proposed that the current Emergency Contingency revenue budget of £4m in Other Operating Costs will be appropriated into this reserve.

## 10. Treasury Management and Prudential Indicators

10.1 Average interest earned to date on Treasury Management investments has been 0.98% 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](http://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 Third Quarter Stage

Appendix A

Revenue

Portfolio	Year to Date			Full Year						
	Latest Budget £000	Actual £000	Variance £000	Original Budget £000	Latest Budget £000	Forecast Outturn £000	Quarter 3 Variance * £000	Half Year Variance £000	Movement £000	Direction of Travel
Children and Families	79,789	82,392	2,603	122,735	121,059	125,220	3,510	845	2,664	↓
Customer, Communities, Culture and Corporate	12,665	11,558	(1,107)	18,546	18,077	17,613	(463)	(292)	(171)	↑
Deputy Leader and Infrastructure	31,051	30,725	(326)	42,818	49,832	49,476	(278)	(95)	(183)	↑
Economic Development	4,163	3,929	(233)	6,255	6,277	5,834	(374)	(372)	(2)	↑
Education and Skills DSG	4,813	24,721	19,908	(3,063)	(2,819)	2,276	5,095	6,620	(1,524)	↑
Education and Skills Non DSG	54,345	53,888	(458)	78,276	81,072	84,342	2,955	2,018	937	↓
Environment and Climate Change Action	50,398	50,678	280	80,642	79,407	79,325	(24)	(35)	11	↓
Finance, Property and Housing	12,187	13,803	1,616	15,611	17,370	16,777	(593)	(951)	358	↓
Health and Adult Social Care	316,743	267,883	(48,860)	407,398	419,573	414,963	(2,999)	355	(3,354)	↑
Leader	4,163	4,064	(99)	6,152	6,609	6,215	(135)	(64)	(70)	↑
Other Operating Costs	23,124	10,764	(12,360)	80,694	43,873	43,145	(394)	934	(1,328)	↑
Performance, Business Planning and Partnerships	1,439	998	(442)	1,940	2,248	2,159	(151)	3	(153)	↑
Customer, Communities, Culture and Corporate RSSS	42,348	40,172	(2,175)	58,808	63,610	63,621	225	399	(174)	↑
Finance, Property and Housing RSSS	11,236	10,138	(1,097)	14,293	19,804	19,908	408	(62)	470	↓
Fire Reinstatement Works	169	389	220	(0)	(0)	0	0	0	0	↓
Leader RSSS	1,476	1,405	(71)	2,110	2,039	2,578	139	159	(20)	↑
Performance, Business Planning and Partnerships RSSS	6,020	5,803	(217)	6,722	9,326	8,910	(255)	(174)	(81)	↑
<b>Total</b>	<b>656,128</b>	<b>613,310</b>	<b>(42,818)</b>	<b>939,936</b>	<b>937,357</b>	<b>942,363</b>	<b>6,666</b>	<b>9,287</b>	<b>(2,621)</b>	
DSG Offset	4,813	24,721	19,908	(3,063)	(2,839)	2,276	5,095	6,620	1,524	↓
<b>Total Excluding DSG</b>	<b>651,315</b>	<b>588,589</b>	<b>(62,726)</b>	<b>942,998</b>	<b>940,196</b>	<b>940,086</b>	<b>1,570</b>	<b>2,668</b>	<b>(1,097)</b>	
Funding							(784)	(96)	(688)	↑
<b>Revised Total</b>	<b>651,315</b>	<b>588,589</b>	<b>(62,726)</b>	<b>942,998</b>	<b>940,196</b>	<b>940,086</b>	<b>786</b>	<b>2,572</b>	<b>(1,785)</b>	

\* The Third Quarter Variance is after proposed adjustments

**Appendix B**

**Traded Services**

	Revenue reserve 1 April 2019	Income	Budget Expenditure	(Surplus)/D eficit	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
<b>EDUCATION TRADED</b>												
EES for Schools	-	-	-	-	(3,676)	2,837	(840)	(840)	-	-	-	(840)
<b>FINANCE, COMMERCIAL &amp; TRADED</b>												
Schools Staff Insurance Scheme	-	-	-	-	(1)	108	108	108	-	-	-	108
Information Services infrastructure	-	(6,500)	6,500	-	(6,500)	6,500	-	-	-	-	-	-
Place Services	(483)	(2,682)	2,462	(220)	(2,698)	2,479	(220)	5	(225)	5	-	(478)
Music Services Traded	(168)	(4,645)	4,532	(113)	(4,663)	4,550	(113)	(0)	(113)	-	-	(168)
<b>Total</b>	<b>(651)</b>	<b>(13,827)</b>	<b>13,494</b>	<b>(333)</b>	<b>(17,537)</b>	<b>16,473</b>	<b>(1,064)</b>	<b>(726)</b>	<b>(338)</b>	<b>5</b>	<b>-</b>	<b>(1,377)</b>

## Capital

	Year to date			Budget Movement			Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	601	256	(344)	900	101	1,001	571	(429)
Customer, Communities, Culture and Corporate	5,192	3,126	(2,066)	7,500	895	8,395	8,053	(342)
Economic Development	8,483	5,401	(3,082)	5,847	4,248	10,094	9,406	(688)
Education and Skills	42,730	36,677	(6,053)	83,426	(17,876)	65,550	60,204	(5,347)
Environment and Climate Change Action	1,916	1,458	(457)	3,850	651	4,501	4,101	(400)
Finance, Property and Housing	2,272	1,650	(622)	14,765	(8,500)	6,265	3,882	(2,383)
Health and Adult Social Care	843	13	(831)	421	644	1,065	670	(395)
Deputy Leader and Infrastructure	79,887	70,057	(9,829)	131,146	(2,985)	128,161	119,499	(8,662)
<b>ECC Capital Programme</b>	<b>141,923</b>	<b>118,639</b>	<b>(23,284)</b>	<b>247,855</b>	<b>(22,823)</b>	<b>225,032</b>	<b>206,386</b>	<b>(18,646)</b>
Schools Cash Balance	296	607	311	-	296	296	296	-
Devolved Formula Capital	2,225	2,941	715	1,113	2,183	3,296	3,310	14
<b>Total School Balances</b>	<b>2,521</b>	<b>3,548</b>	<b>1,027</b>	<b>1,113</b>	<b>2,479</b>	<b>3,591</b>	<b>3,606</b>	<b>14</b>
<b>Total Capital Programme</b>	<b>144,444</b>	<b>122,187</b>	<b>(22,257)</b>	<b>248,967</b>	<b>(20,344)</b>	<b>228,623</b>	<b>209,992</b>	<b>(18,632)</b>

## Financed by:

	Budget Movement			Full Year	
	Original Budget	In year approved changes	Revised Budget	Outturn	Variance
	£000	£000	£000	£000	£000
<b>ECC Capital Programme</b>					
Grants	91,401	1,045	92,446	88,201	(4,245)
Reserves	8,268	(3,645)	4,623	4,700	77
Developer & Other contributions	12,949	3,298	16,247	13,396	(2,851)
Capital receipts	7,000	6,217	13,217	13,217	-
Unsupported borrowing	128,237	(29,443)	98,794	87,168	(11,627)
<b>ECC Capital Programme</b>	<b>247,855</b>	<b>(22,528)</b>	<b>225,327</b>	<b>206,682</b>	<b>(18,646)</b>
Grants	1,112	2,184	3,296	3,310	14
<b>School Balances</b>	<b>1,112</b>	<b>2,184</b>	<b>3,296</b>	<b>3,310</b>	<b>14</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>248,967</b>	<b>(20,344)</b>	<b>228,623</b>	<b>209,992</b>	<b>(18,632)</b>

## 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	26	-	-	101	-	50	(480)	-	1	(429)
Customer, Communities, Culture and Corporate	1,535	20	(661)	-	895	(342)	-	-	-	(0)	(342)
Economic Development	1,326	2,940	-	(19)	4,248	(688)	-	-	-	0	(688)
Education and Skills	(19,093)	18,450	(17,915)	682	(17,876)	(3,725)	1,114	(2,849)	181	(67)	(5,347)
Environment and Climate Change Action	490	1,642	(1,481)	-	651	(75)	-	(325)	-	(0)	(400)
Finance, Property and Housing	(9,915)	2,330	(1,636)	721	(8,500)	(2,396)	260	(260)	-	13	(2,383)
Health and Adult Social Care	(4)	-	-	648	644	(401)	-	-	-	6	(395)
Deputy Leader and Infrastructure	(12,164)	19,096	(11,189)	1,271	(2,985)	(10,266)	1,348	(1,177)	1,418	15	(8,662)
<b>ECC Capital Programme</b>	<b>(37,748)</b>	<b>44,503</b>	<b>(32,881)</b>	<b>3,303</b>	<b>(22,823)</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(33)</b>	<b>(18,646)</b>
Schools Cash Balance	296	-	-	-	296	-	-	-	-	-	-
Devolved Formula Capital	99	2,609	(525)	-	2,183	-	-	-	-	14	14
<b>Total Capital Programme</b>	<b>(37,353)</b>	<b>47,112</b>	<b>(33,406)</b>	<b>3,303</b>	<b>(20,344)</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(19)</b>	<b>(18,632)</b>

## Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2019/20 Changes
	£000	£000	£000	£000	Requested
Adaptations	-	-	(130)	-	(130)
Expansion of Fostering Service	-	-	(350)	-	(350)
Family Centres	-	50	-	-	50
<b>Children and Families</b>	-	<b>50</b>	<b>(480)</b>	-	<b>(480)</b>
Libraries Self Service	(342)	-	-	-	(342)
<b>Customer, Communities, Culture and Corporate</b>	<b>(342)</b>	-	-	-	<b>(342)</b>
A120 Preferred route	(78)	-	-	-	(78)
A120 Millennium Way Slips	(350)	-	-	-	(350)
A127 Fairglen Interchange	-	-	-	413	413
A133 Colchester to Clacton RBS	-	-	-	100	100
Advanced Scheme Design	-	306	-	283	589
Basildon Integrated Transport Package	(1,548)	-	-	-	(1,548)
BDUK Essex Superfast Programme Phase 3	(3,430)	-	-	316	(3,114)
Beaulieu Park Station	(152)	-	-	-	(152)
Chelmsford Growth Area	-	36	-	-	36
Chelmsford North Eastern Bypass	-	-	(306)	306	-
HEZ & A414 Pinch Point Delivery Package two	(1,000)	-	-	-	(1,000)
LED Rollout	(172)	-	-	-	(172)
Local Highways Panels	(150)	-	-	-	(150)
M11 Junction 7A and Gilden Way Upgrading	(1,812)	-	-	-	(1,812)
M11 Junction 8	(1,524)	-	-	-	(1,524)
Other Highways Major Schemes	-	14	-	-	14
Passenger Transport	-	-	(5)	-	(5)
Road Maintenance	-	15	(735)	-	(720)
Road Safety	-	-	(40)	-	(40)
Safety Barrier Replacement	-	735	-	-	735
Section 106	-	173	(91)	-	81
Town Centre Improvements	(50)	-	-	-	(50)
Traffic Signal Refurbishment	-	70	-	-	70
<b>Deputy Leader and Infrastructure</b>	<b>(10,266)</b>	<b>1,348</b>	<b>(1,177)</b>	<b>1,418</b>	<b>(8,677)</b>
Chelmsford College High Needs	(300)	-	-	-	(300)
STEM Innovation Campus	(388)	-	-	-	(388)
<b>Economic Development</b>	<b>(688)</b>	-	-	-	<b>(688)</b>

## Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2019/20 Changes
	£000	£000	£000	£000	Requested
Basildon Primary Basic Need	-	12	(72)	-	(61)
Basildon Secondary Basic Need	(143)	-	-	-	(143)
Braintree Primary Basic Need	(322)	8	-	-	(314)
Braintree Secondary Basic Need	(16)	-	(42)	-	(58)
Brentwood Primary Basic Need	(25)	0	(20)	-	(45)
Castle Point Primary Basic Need	-	-	(103)	-	(103)
Chelmsford Primary Basic Need	-	24	-	-	24
Chelmsford Secondary Basic Need	-	-	(25)	-	(25)
Colchester Primary Basic Need	(66)	12	(15)	-	(69)
Colchester Secondary Basic Need	-	-	(638)	-	(638)
Epping Forest Primary Basic Need	(81)	-	-	-	(81)
Harlow Primary Basic Need	(81)	-	-	181	100
Other School Schemes	-	5	-	-	5
Rochford Primary Basic Need	-	-	(9)	-	(9)
Rochford Secondary Basic Need	-	1	-	-	1
Schools Feasibility	-	-	(134)	-	(134)
Special Schools	(1,375)	945	(1,270)	-	(1,700)
Temporary Accommodation	(132)	3	-	-	(128)
Tendring Primary Basic Need	(50)	32	(30)	-	(48)
Tendring Secondary Basic Need	(193)	3	(457)	-	(647)
Uttlesford Primary Basic Need	(98)	64	(3)	-	(37)
Uttlesford Secondary Basic Need	-	6	-	-	6
Schools Capitalised Building Maintenance	-	-	(32)	-	(32)
Early Years	(1,144)	-	-	-	(1,144)
<b>Education and Skills</b>	<b>(3,725)</b>	<b>1,114</b>	<b>(2,849)</b>	<b>181</b>	<b>(5,280)</b>
Country Parks	(75)	-	-	-	(75)
Flood Management	-	-	(325)	-	(325)
<b>Environment and Climate Change Action</b>	<b>(75)</b>	<b>-</b>	<b>(325)</b>	<b>-</b>	<b>(400)</b>
Essex Housing Programme	(100)	-	-	-	(100)
Goldlay Gardens	(250)	-	(260)	-	(510)
Harlowbury	(135)	-	-	-	(135)
Maldon Friary	(200)	-	-	-	(200)
Purford Green	-	185	-	-	185
Rocheway	(1,300)	-	-	-	(1,300)
Shenfield Library	(42)	-	-	-	(42)
Shembroke Hostel	-	75	-	-	75
St Peters College	(369)	-	-	-	(369)
<b>Finance, Property and Housing</b>	<b>(2,396)</b>	<b>260</b>	<b>(260)</b>	<b>-</b>	<b>(2,396)</b>
Independent Living Older People Ninefields Waltham Abbey	(401)	-	-	-	(401)
<b>Health and Adult Social Care</b>	<b>(401)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(401)</b>
<b>Total Capital Programme</b>	<b>(17,892)</b>	<b>2,771</b>	<b>(5,092)</b>	<b>1,599</b>	<b>(18,664)</b>

## Appendix D

## Reserves

	2019/20 movements					Estimated Closing balance £000
	Balance at 1 April 2019 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000		
Long Term Contractual Commitment						
PFI Reserves						
A130 PFI	(42,136)	3,413		6,807	(31,916)	
Building Schools for the Future PFI	(2,267)	(342)	95	2,514	(0)	
Debden School PFI	(3,633)	469		3,164	0	
Clacton Secondary Schools' PFI	(2,518)	497		2,021	0	
Waste Reserve	(103,631)	(9,245)		3,258	(109,618)	
Grant Equalisation Reserve	(12,636)	2,383		-	(10,253)	
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)	3,417		-	(1,839)	
Capital Receipts Pump Priming	(3,204)	-		500	(2,704)	
Carbon Reduction	(2,303)	2,294	(300)	-	(309)	
Carry Forward	(23,250)	17,819	(2,084)	-	(7,515)	
Collection Fund Risk	(1,412)	-		-	(1,412)	
Commercial Investment in Essex Places				-	-	
Community Initiatives Fund	(1,153)	456		697	0	
Digital Infrastructure	(3,053)	3,053		-	-	
EES Pension Risk				(4,000)	(4,000)	
Emergency Planning	(300)	-		-	(300)	
Essex Climate Change Commission		(250)		-	(250)	
Future Capital Funding	(12,061)	(2,339)	(223)	4,562	(10,061)	
Health and Safety	(881)	-		250	(631)	
Insurance	(8,061)	-		-	(8,061)	
Property Fund	(326)	(326)		-	(652)	
Quadrennial Elections	(618)	(473)		-	(1,091)	
Service Improvement	-	(3,720)	400	-	(3,320)	
Tending PPP	(496)	-		496	-	
Transformation	(25,193)	(10,454)	503	6,260	(28,884)	

## 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 £000	Repaid £000	Net movement £000		
<b>Borrowing</b>						
Long Term	514,374	30,625	(3,289)	27,336	541,710	12,693
Temporary	408	2,164	-	2,164	2,572	7
<b>Total External Borrowing (A)</b>	<b>514,782</b>	<b>32,789</b>	<b>(3,289)</b>	<b>29,500</b>	<b>544,282</b>	<b>12,700</b>
<b>Investments</b>						
Long Term	10,000	-	-	-	10,000	(316)
Temporary	259,000	82,600	-	82,600	341,600	(1,859)
<b>Total External Investments (B)</b>	<b>269,000</b>	<b>82,600</b>	<b>-</b>	<b>82,600</b>	<b>351,600</b>	<b>(2,175)</b>
<b>Net indebtedness (A-B)</b>	<b>245,782</b>	<b>(49,811)</b>	<b>(3,289)</b>	<b>(53,100)</b>	<b>192,682</b>	<b>10,525</b>

**Borrowing**

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

472,490

Opening pool rate at 1 April 2019

4.07%

Weighted average rate of interest on new loans secured to date

1.30%

Average pool rate for year

3.98%

**Investments**

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

334,497

Average interest earned over period

0.98%

Benchmark rate - average 7 day LIBID rate

0.57%

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT			
PRUDENTIAL INDICATORS			
		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2019/20 and earlier years' 'starts'	£	£98.42	£91.02
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	8.6%	8.7%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.2%	8.2%
<b>2 Prudence</b>		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	249	210
Capital Financing Requirement (excluding credit arrangements)	£m	1,026	973
<b>4 External Debt</b>			
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	546
<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%	75.1%
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%	3.4%
24 months & within 5 years	%	40.0%	6.2%
5 years & within 10 years	%	40.0%	11.9%
10 years & within 25 years	%	70.0%	30.8%
25 years & within 40 years	%	40.0%	33.0%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	14.1%
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
<b>6 Summary</b>	<p><i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i></p> <p><i>External debt is within prudent and sustainable limits.</i></p> <p><i>Credit arrangements have been undertaken within approved indicators</i></p> <p><i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i></p>		