

<b>Report title:</b> 2018/19 Financial Overview as at the Half Year Stage	
<b>Report to:</b> Corporate Policy and Scrutiny Committee	
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<b>Date:</b> 30 October 2018	<b>For:</b> Discussion
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<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2018/19 financial year. There is a forecast under spend of **£238,000 (0.03%)** against a net budget of **£915.9m**.
- 1.2 This is an improvement since the Quarter 1 report of **£7.4m**.
- 1.3 This assumes full commitment of the Emergency Contingency (**£4m**), which if not required would result in a full year forecast under spend of **£4.2m**.
- 1.4 The report also sets out an under spend of **£8.9m** on capital against the current budget of **£300.1m**. After taking account of budget change requests in this report there will be an under spend of **£198,000**.

## 2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:
  - i. **£150,000** from the Essex Education Service (EES) for Schools Reserve to the Education Traded portfolio for additional staff costs whilst a new team structure is put in place
  - ii. **£122,000** from the Local Projects Reserve to the Leader portfolio in order to cover costs incurred to date for the Essex Association of Local Councils
  - iii. **£103,000** from the Communities Initiative Fund Reserve to the Reserve for Future Capital Funding, via Culture and Communities portfolio to match expenditure incurred to date in relation to grants to third parties for community improvements (section 7.5)

- iv. **£97,000** from the Community Initiatives Fund Reserve to the Culture and Communities portfolio to support expenditure incurred to date, in relation to grants to third parties for community improvements
- v. **£92,000** from the Transformation Reserve to the Children and Families portfolio in relation to redundancies resulting from the Adoption Review
- vi. **£47,000** from Reserve for Future Capital Funding to Customer and Corporate portfolio to fund revenue costs associated with accessible rooms (see section 5.4)
- vii. **£30,000** from the Transformation Reserve to the Children and Families portfolio to provide one off funding for the Dad Factor project which is part of the sustainability programme within Children and Families
- viii. **£30,000** from the Transformation Reserve to the Environment and Waste portfolio in respect of the Green Assets Country Park project (previously approved FP/633/04/14 however requesting re-approval in line with financial regulations given time lapsed) to cover costs incurred in the resurfacing works on car parks
- ix. **£20,000** from the EES for Schools Reserve to the Education Traded portfolio to cover business improvement costs

2.2 To appropriate funds to reserves as follows:

- i. **£2.1m** to the Adult Digital Programme reserve from the Health and Adult Social Care portfolio due to the delayed implementation of the Digital Programme Project; to be utilised in 2019/20
- ii. **£128,000** to be returned to the A130 PFI Equalisation Reserve from the Infrastructure portfolio in respect to an over estimated accrual at the end of 2017/18
- iii. To transfer **£4.9m** to the carry forward reserve from the following portfolios, to bank under spends in the current year to support the delivery of next year's budget:
  - a. **£3.6m** from Finance, Commercial and Traded RSSS
  - b. **£736,000** from Leader RSSS
  - c. **£350,000** from Customer and Corporate RSSS
  - d. **£202,000** from Leader portfolio

2.3 To approve the following adjustments:

- i. To move School Advertising Scheme currently operating as a Traded Service within EES for Schools (Finance Commercial and Traded portfolio) to Education and Skills portfolio (see 6.3)

- ii. To amend the capital budget as shown in Appendices C (i) and C(ii) which allows for capital slippage of **£12.4m**, capital budget additions of **£7.4m**, capital budget reductions of **£10.9m** and advanced works of **£1.3m** (see section 7)
- iii. To transfer **£48,000** from the Carry Forward reserve to the General Balance. This is the remaining balance from 2017/18 which is no longer required
- iv. To vire **£198,000** to Customer and Corporate RSSS from Central and Other Operating Costs to offset non-delivery of savings
- v. To vire **£142,000** from Finance, Commercial and Traded Services RSSS to Customer and Corporate RSSS following a transfer of posts into the function
- vi. To vire **£42,000** from Health and Adult Social Care portfolio to Children and Families portfolio to part fund the Head of Essex Social Care Academy post
- vii. To vire **£26,000** from Customer and Corporate RSSS portfolio to Culture and Communities portfolio following the re-assignment of one member of staff back to Trading Standards.

### 3. Executive Summary: Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio (excluding further changes relating to Essex Pay – see 3.3 below). There is a full year forecast under spend of **£238,000**, driven by service expenditure. This under spend represents **0.03%** of net expenditure (**£915.9m**). It also assumes full commitment of the emergency contingency of **£4m**, which if not required would result in a full year forecast under spend of **£4.2m**. Further detail can be found in Section 5.
- 3.2 The under spend of **£238,000** is due to a number of offsetting variances. The most significant under spends relate to interest earned and income in excess of budget. This has been offset by pressures on Special Educational Needs (SEN) Home to School Transport (**£2m**). The overall position has improved by **£7.4m** since Quarter 1, primarily due to reductions in volume and price in Adult Social Care (**£2.8m**); an increase in income from residential placements in Adult Social Care; greater than expected income from bus lane enforcement activities (**£1.7m**); and the removal of Technology Services staffing savings following the increased staffing set out in the Organisation Design proposals, which is to be funded from a proposed reserve drawdown (subject to a separate Cabinet Member decision).
- 3.3 The forecast position reflects the partial implementation of Essex Pay, as services are transitioned to the new Pay and Grading system. Funding has been set aside for this purpose and is being draw down as and when

adjustments are effected. In addition, staff costs will increase due to the acceleration to rate for the job and pay increases for staff outside of Essex Pay. This is estimated to cost **£1.8m**, and not reflected in the position shown in Appendix A.

- 3.4 In the Provisional Outturn Report for 2017/18 (FP/088/02/18), approval was given to increase the withdrawal from the Transformation Reserve up to **£8m** for redundancy costs arising from the Organisation Design. To date, **£6.5m** has been withdrawn from the Transformation Reserve for this purpose. The Organisation Design programme is in the final stages and to date, annual savings of circa **£9m** have been agreed which more than pay back the one-off investment.
- 3.5 As always, the forecast is based on current intelligence and is a mid-range position. There are net opportunities of **£14.1m** not yet included within the current forecasts mainly due to savings that are not reflected in the forecast due to their risk profile, and budget set aside for projects that may not be used.
- 3.6 The position reported in section 5 is after proposed adjustments in this report, set out in recommendations 2.1 to 2.3.

#### **4. Executive Summary: Capital**

- 4.1 The original capital programme for 2018/19 as set by Full Council in February 2018 was **£298.6m** including property investment. The forecast outturn is **£291.2m**. Before adjustments proposed within this report this represents an under spend of **£8.9m** against latest budget of **£300.1m**. After taking account of budget changes requests in this report, there is a residual under spend of **£198,000**. This mainly relates to Customer and Corporate, and Education. More detail is set out in Section 7.
- 4.2 Appendix C (i) summarises current year forecasts along with changes in the Capital Programme for 2018/19 since approval of the original programme in the Budget Report to Council in February 2018. Appendix C (ii) contains the detail of the budget adjustments seeking approval.
- 4.3 **£107.5m** has been spent on capital works in the first half of the year, this represents **39%** of the programme's forecast spend for the year (excluding Property Investment).

#### **5. Revenue Position**

##### **5.1 Health and Adult Social Care - £1m over spend (0.2%)**

- i. The portfolio is forecasting an over spend of **£1m**, **0.2%** of net budget. The gross forecast reflects an over spend of **£2.5m** on expenditure offset by **£1.5m** income in excess of budget

- ii. The main drivers causing the forecast over spend of **£1m** are:
  - Increase required to the Bad Debt Provision of **£2m**, based on the latest debt profile
  - Non-delivery of the **£1.6m** digital programme savings due to delays in mobilisation, which has affected our ability to reduce Domiciliary Care costs
  - Non-delivery of savings in respect of Grants to Voluntary Organisations **£1m**, as ceasing these grants would be a reduction in care provision
  - Alternative placements required due to a provider failure - **£259,000**
- iii. However, these over spends are mitigated by the following under spends:
  - Across Care and Support there is an under spend of (**£3m**) due to lower than budgeted price and volume.
  - Safeguarding under spend (**£592,000**) due to lower than budgeted number of assessments.
- iv. There has been an improvement of **£2.8m** since the Quarter 1 report. This is due to reductions in the number of service users in receipt of domiciliary care or direct payments along with a reduction in the average size of the packages. There has also been an increase in income from residential placements as more Older People are being placed in residential and nursing care than budgeted.

## **5.2 Children and Families - £88,000 (0.1%) over spend**

- i. The forecast over spend is **£88,000** against a budget of **£117.7m**.
- ii. The placing of children externally continues to be volatile and at high cost. Competition remains high to secure these placements with external providers, however whilst there is an increasing demand for higher cost care episodes these are being mitigated through fluctuations of demand for other types of care placements. The current Children in care (CIC) population is 1,063 compared to budgeted volume of 1,087. The variation between placement types means that the authority's CIC demand remains a risk. For example, the authority has external residential placements of 111 compared to 99 budgeted, this placement type has the highest unit cost per week.
- iii. In addition, the service continues to face other risks:
  - Potential increase in the use of Supported Living / Semi Independent Accommodation (**£0.7m**)
  - Increasing use of section 17 where the authority has a duty of care for children in need to safeguard and promote their welfare. A review is underway on this activity
  - Families moved to Essex from London boroughs without support or help with either housing or social needs. Ruled 'intentionally homeless' by the placing authority then evicted into local area.

### **5.3 Culture and Communities - £51,000 (1.6%) under spend**

- i. The under spend is due to staffing vacancies as a result of the recently completed organisation re-design, and reflects the timing of when the posts are likely to be filled.

### **5.4 Customer and Corporate - £345,000 (2.4%) under spend**

- i. The under spend is due to staff vacancies held within the Libraries Service (£186,000) and a reduction in 'as and when' staffing costs within Registrars (£122,000). The under spend is after a proposed draw down of £47,000 from the Reserve for Future Capital Funding to support revenue costs required as part of the Future Libraries Capital Programme.

### **5.5 Deputy Leader and Infrastructure - £2.3m (4.5%) under spend**

- i. The under spend is mainly due to lower than anticipated traffic volumes on A130 PFI (£553,000), and higher than expected income from bus lane enforcement activities (£1.7m). The under spend reported within this portfolio provides the in year opportunity to offset the £2m pressure attributable to Special Educational Needs (SEN) Home to School Transport over spend, reported within the Education and Skills Portfolio.

### **5.6 Economic Development - £662,000 (8.5%) under spend**

- i. The under spend is due to in-year staffing vacancies as a result of the recently completed organisation re-design. The under spend reflects the timing of when the posts are likely to be filled.

### **5.7 Education Non Dedicated Schools Grant - £2.5m (3.2%) over spend**

- i. The over spend is due to Special Educational Needs (SEN) Home to School Transport (£2m) based increased service users numbers relating to the rise in SEND provision. A recovery plan is in place across the Highways and Transportation function which mostly sits within the Infrastructure portfolio.

### **5.8 Education Dedicated Schools Grant (DSG) - £1.3m over spend**

- i. The over spend is due to Special Educational Needs and Disability (SEND) Strategy and Innovation where the introduction of matrix banding to how SEND pupils are assessed has increased the cost of Special School and Enhanced Provision pupil top up funding. A deep dive is currently under way to identify mitigation for this year. Any remaining over spend at the 31st March will be carried forward to 2019/20 for Schools Forum to determine a mitigation plan. There are no financial implications for the authority.

## **5.9 Environment and Waste - £115,000 (0.1%) over spend**

- i. This is due to lower than expected income in Country Parks due to the planning delays for the Notley Zip Wire and delays in the go live of Belhus Woods play area which became operational in the summer. Visitor numbers accessing the Country Parks during the summer have remained high even though there has been competition from coastal attractions.

## **5.10 Finance, Commercial and Traded Services - £790,000 (4.9%) under spend**

- i. The under spend is due to reduced share back from the Council Tax Sharing Scheme (**£943,000**), partly offset by the impact of changes in the likely collection rates since the budget was set (**£160,000**).

## **5.11 Leader - £101,000 (1.3%) under spend**

- i. This is mainly due to a small number of vacancies pending recruitment across a number of service areas including the Chauffeuring Service (**£35,000**), Strategy, Insight and Engagement management (**£22,000**) and Hadleigh Country Park (**£54,000**).

## **5.12 Customer and Corporate Recharged Support Services - £26,000 (0.1%) under spend**

- i. Technology Services has an over spend of **£393,000** where residual savings for the Digital Foundation Programme (**£436,000**) do not currently have a delivery plan. New business cases are expected during the next quarter setting out mitigations. The pressure is partly mitigated by a favourable income variance within Information Governance and vacancies across Customer Services (**£189,000**).
- ii. The position is presented after a pending Cabinet Member Action to support investment in the redesign of Technology Services (**£1.2m**). Should this not be agreed the position will worsen by **£1.2m**.
- iii. There is improvement of **£653,000** since Quarter 1 due to a reserve drawdown to offset non delivery of Technology Services savings as part of organisation redesign (**£1.1m**), offset by increases in third party contract commitments.

## **5.13 Finance, Commercial and Traded Services Recharged Support Services - £211,000 (0.7%) under spend**

- i. The under spend is mainly attributable to vacancies across Business Support (**£97,000**) held in anticipation of Organisation Design changes, and Finance (**£83,000**) where there are still some vacancies pending recruitment following Organisation Design implementation.

#### **5.14 Leader Recharged Support Services - £5,000 (0.1%) over spend**

- i. No material variance to budget is anticipated.

#### **5.15 Other Operating Costs - £1.1m (3.0%) under spend**

- i. The under spend of **£1.1m** is due to a higher than budgeted return on cash balances due to favourable rates currently available in the market.

### **6. Trading Activities**

6.1 Traded Services are forecasting a **£5.1m** surplus, which is a reduction of **£111,000** against target due to School Sickness Insurance scheme where the year end estimate of liabilities were understated.

6.2 This position does not reflect the planned sale of EES (FP/102/03/18). There is a **£200,000** net risk relating to loss of profit that could impact on the overall position.

6.3 As a result of the sale of EES, the School Advertising Scheme will transfer to the Education and Skills portfolio.

6.4 Appendix B shows the position by each Trading Activity.

### **7. Capital**

7.1 The forecast on the total capital programme is an under spend of **£8.9m** against the latest capital budget of **£300.1m**. After taking account of budget change requests in this report there is a residual under spend of **£198,000**.

7.2 Approval is sought for:

- i. Slippage of **£12.4m**
- ii. Budget additions of **£7.4m**
- iii. Budget reductions of **£10.9m**
- iv. Advanced works of **£1.3m**

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

#### **7.4 Health and Adult Social Care - £1.2m under spend**

- i. **Independent Living, Older People and Adults with Disabilities, Smiths Farm**; Approval is sought to re-profile **£1.1m** for Older People and **£175,000** for Adults with Disabilities into 2022/23 and 2020/21 respectively, so the projects will run over 2019/20 and 2020/21. This is as a result of delays in land purchase preventing progress in the project.



## **7.5 Culture and Communities - £103,000 over spend**

- i. **Community Initiatives;** Approval is sought to draw down from the Community Initiatives Fund Reserve for expenditure incurred to date of **£103,000** in relation to grants to third parties for Community improvements.

## **7.6 Customer and Corporate - £501,000 under spend**

- i. **IS delivery programme £454,000** under spend. Spending was held while the Digital Foundation Programme business case was reviewed and developed. This has now been approved and will be taken forward. **£400,000** of this funding will be removed from the capital programme pending a separate decision.

## **7.7 Deputy Leader and Infrastructure - £9.1m under spend**

- i. **BDUK Superfast Broadband Programme;** The original funding sources assumed for the project have not come to fruition and at this stage it is not anticipated that any expenditure will take place in 2018/19. Approval is therefore sought for a **£5.4m** reduction to budget relating to Phase 4b. Approval is also sought to re profile **£748,000** for Phase 2a due to the confirmation of milestone payments being lower than anticipated due to a change in calculation method.
- ii. **Harlow Enterprise Zone and A414 Pinch Point Delivery Package;** This scheme comprises of two sites Edinburgh Way and Templefields. There have been land ownership issues at Templefields which may require a compulsory purchase order. Work cannot begin until the land issues are resolved; therefore, approval is sought to re-profile budget of **£1.8m** into 2019/20.
- iii. **Basildon Integrated Transport Package;** Part of this scheme, Endeavour Drive, is unlikely to be delivered due to route viability issues; therefore approval is sought to re-profile **£1.4m** into 2019/20 which may then be spent on other elements of the scheme.
- iv. **Colchester Integrated Transport Package;** Approval sought to advance **£1m**, as the scheme is going ahead more swiftly than expected due to previous issues with regards to a wall being resolved.
- v. **A120 Preferred Route;** Approval is sought to re-profile **£931,000** into 2019/20 for stage 3 of the project, as spend is expected to occur next year based on discussions with Highways England.
- vi. **A414 Harlow to Chelmsford Route Based Strategy;** Approval is sought to re-profile **£500,000** into 2020/21 due to on-going delays on multiple work packages.

## **7.8 Economic Development – £2.5m under spend**

- i. **Maldon Friary;** Approval sought to re-profile **£2.4m** into 2019/20 in respect of Maldon Friary due to a delay in planning permission.
- ii. **Moulsham Lodge;** Approval sought to re-profile **£233,000** into 2019/20 as a result of lost development time owing to weather delays and badger investigations.

## **7.9 Education - £1.4 under spend**

- i. **Colchester Basic Need;** There is an over spend of **£3.6m** which predominately relates to Paxman Avenue Secondary School. The contractor has been able to deliver a faster programme than originally expected enabling a greater proportion of the scheme to be built in 2018/19. By delivering this build faster the asset can be transferred to the Academy Trust earlier and reduce the security costs of owning the site until September 2019. The advanced budget will be funded by other basic needs schemes where expenditure has slipped into 2019/20.
- ii. **Special School Delivery Programme;** Approval is sought to advance **£1.6m**, due to finalising the programme for a number of schemes including Social, Emotional and Mental Health provision. This addition is funded from Schools Forum and has no revenue impact for the authority.
- iii. **Tendring Secondary Basic Need;** There is an under spend of **£1.9m** which relates to the scheme at Clacton County High School. There are land transfer issues which have left the scheme unable to proceed until they are resolved.
- iv. **Uttlesford Basic Need;** There is an under spend of **£1.8m** which mainly relates to schemes that had originally been identified and are now not required in 2018/19 and so it is requested for the budget to be re-profiled to fit in with the revised 10 Year Plan.

## **7.10 Controlled Elsewhere - £230,000 under spend**

- i. Approval is sought for a reduction of **£230,000** in relation to the Schools Devolved Formula Capital grant, which ECC hold on behalf of Essex Schools and have no control over the spend, for transactions that do not meet the capitalisation criteria.

**Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise 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 corporate plan were approved in parallel in February 2018.

## **9. Reserves**

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

## **10. Treasury Management and Prudential Indicators**

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

## **11. Financial Implications**

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

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

## **11. Legal Implications**

- 11.1 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.

## **12. Equality and Diversity implications**

- 12.1 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.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.

- 12.4 There are no equality and diversity or other resource implications associated with this report.

**13. 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)

**14. List of Background Papers**

Budgetary control reports.

## Appendix A

### Revenue

	Year to Date			Full Year									
Portfolio	Latest Budget	Actual	Variance	Original Budget	Budget Movement	Latest Budget	Forecast	Half Year	Quarter 1	Movement	Direction of Travel		
	£000	£000	£000	£000	£000	£000	Outturn	Variance	Variance				
Health and Adult Social Care	184,936	191,331	6,395	410,008	3,422	413,429	414,455	1,026	3,788	(2,762)	↑		
Children and Families	49,035	46,215	(2,819)	116,766	948	117,714	117,803	88	52	36	↓		
Culture and Communities	1,666	2,115	449	2,877	265	3,142	3,090	(51)	(90)	39	↓		
Customer and Corporate	7,046	6,116	(930)	14,706	(129)	14,577	14,232	(345)	(126)	(219)	↑		
Deputy Leader and Infrastructure	18,403	16,854	(1,549)	46,287	4,370	50,657	48,397	(2,261)	7	(2,268)	↑		
Economic Development	3,092	2,581	(510)	6,279	1,483	7,762	7,099	(662)	(264)	(399)	↑		
Education and Skills	7,827	107,115	99,288	76,318	2,536	78,855	82,621	3,766	3,991	(225)	↑		
Environment and Waste	34,956	34,792	(164)	81,193	259	81,452	81,567	115	102	13	↓		
Finance, Commercial and Traded Services	6,973	11,023	4,050	16,195	3	16,198	15,408	(790)	120	(909)	↑		
Leader	3,540	2,642	(898)	7,809	252	8,061	7,960	(101)	(327)	227	↓		
Other Operating Costs	21,038	6,927	(14,111)	62,228	(24,523)	37,705	36,566	(1,139)	(501)	(638)	↑		
Leader RSSS	3,523	3,069	(454)	9,706	(1,125)	8,581	8,587	5	(421)	426	↓		
Finance, Commercial and Traded Services RSSS	9,623	9,843	220	24,396	5,673	30,069	29,858	(211)	(327)	116	↓		
Customer and Corporate RSSS	20,258	21,164	906	40,644	6,563	47,207	47,181	(26)	1,016	(1,041)	↑		
Fire Reinstatement Works	(646)	253	898	(0)	-	(0)	0	0	0	(0)	↑		
Total	371,269	462,039	90,770	915,413	(4)	915,410	914,824	(584)	7,020	(7,604)	↑		
DSG Offset	23,655	(77,197)	(100,852)	3,063	(2,552)	511	(796)	(1,307)	99	(1,406)	↑		
Total Excluding DSG	394,924	384,842	(10,082)	918,476	(2,556)	915,920	914,027	(1,891)	7,118	(9,010)	↑		
Funding								(146)	-	(146)	↑		
Overall Total Including Funding								(2,038)	7,118	(9,156)	↑		

## Appendix B

### Traded Services

	Revenue reserve 1 April 2018	Budget			Forecast			Final Outturn position	Appropriations		Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2019
		Income	Expenditure	(Surplus) /Deficit	Income	Expenditure	(Surplus) /Deficit		To County Revenue Account	To Trading Activity reserve		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>EDUCATION TRADED</b>												
EES for Schools	(321)	(12,862)	7,958	(4,903)	(12,862)	7,958	(4,903)	(606)	(4,298)	(606)	(170)	(757)
<b>FINANCE, COMMERCIAL &amp; TRADED</b>												
Schools Staff Insurance Scheme	(263)	(4,166)	4,166	-	(4,940)	5,139	198	198	-	-	-	(65)
Essex Legal Services	-	(0)	0	(0)	-	-	-	0	-	-	-	-
Information Services infrastructure	(538)	(6,500)	6,500	-	(6,500)	6,500	0	0	-	-	-	(538)
Place Services	(293)	(2,570)	2,390	(179)	(2,582)	2,346	(237)	(91)	(145)	(34)	-	(384)
Music Services Traded	-	(4,654)	4,541	(113)	(4,644)	4,500	(144)	(31)	(113)	-	-	(31)
<b>Total</b>	<b>(1,416)</b>	<b>(30,751)</b>	<b>25,556</b>	<b>(5,196)</b>	<b>(31,528)</b>	<b>26,443</b>	<b>(5,085)</b>	<b>(530)</b>	<b>(4,556)</b>	<b>(640)</b>	<b>(170)</b>	<b>(1,775)</b>

## Appendix C (i)

### Capital

	Year to date			Budget Movement		Full Year		
	Budget	Actuals	Variance	Original	In year	Revised	Outturn	Variance
	£000	£000	£000	Budget £000	approved £000	Budget £000	£000	£000
Health and Adult Social Care	1,942	947	(995)	3,269	716	3,984	2,753	(1,231)
Children and Families	150	128	(23)	590	100	690	690	-
Culture and Communities	1,022	429	(593)	1,810	827	2,637	2,740	103
Customer and Corporate	2,118	831	(1,287)	6,304	502	6,806	6,306	(501)
Deputy Leader and Infrastructure	50,046	49,528	(518)	139,591	3,928	143,519	134,427	(9,092)
Economic Development	10,268	6,671	(3,598)	19,452	2,974	22,426	19,960	(2,466)
Education and Skills	50,898	45,613	(5,285)	103,651	2,357	106,009	104,586	(1,422)
Environment and Waste	2,226	2,340	114	4,950	293	5,243	5,242	(1)
Finance, Commercial and Traded Services	273	133	(139)	343	71	414	414	-
<b>ECC Capital Programme</b>	<b>118,944</b>	<b>106,621</b>	<b>(12,324)</b>	<b>279,960</b>	<b>11,769</b>	<b>291,729</b>	<b>277,117</b>	<b>(14,611)</b>
Schools Cash Balance	-	311	311	-	-	-	0	0
Devolved Formula Capital	745	568	(177)	1,600	-	1,600	1,370	(230)
<b>Total School Balances</b>	<b>745</b>	<b>879</b>	<b>135</b>	<b>1,600</b>	<b>-</b>	<b>1,600</b>	<b>1,370</b>	<b>(230)</b>
<b>Capital Programme</b>	<b>119,689</b>	<b>107,500</b>	<b>(12,189)</b>	<b>281,560</b>	<b>11,769</b>	<b>293,329</b>	<b>278,488</b>	<b>(14,841)</b>
Property Investment	5,067	6,559	1,492	17,035	(10,266)	6,769	12,670	5,901
<b>Total Capital Programme</b>	<b>124,756</b>	<b>114,059</b>	<b>(10,697)</b>	<b>298,595</b>	<b>1,503</b>	<b>300,097</b>	<b>291,158</b>	<b>(8,940)</b>

### Financed by:

	Budget Movement		Full Year		
	Original Budget £000	In year approved £000	Revised Budget £000	Outturn £000	Variance £000
<b>ECC Capital Programme</b>					
Grants	87,937	2,780	90,717	91,625	908
Reserves	8,843	(145)	8,698	8,698	-
Developer & Other contributions	14,581	(2,676)	11,905	12,462	557
Capital receipts	10,000	(5,000)	5,000	5,000	-
Unsupported borrowing	175,634	6,544	182,177	172,003	(10,175)
<b>ECC Capital Programme</b>	<b>296,995</b>	<b>1,503</b>	<b>298,497</b>	<b>289,788</b>	<b>(8,710)</b>
Grants	1,600	-	1,600	1,370	(230)
<b>School Balances</b>	<b>1,600</b>	<b>-</b>	<b>1,600</b>	<b>1,370</b>	<b>(230)</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>298,595</b>	<b>1,503</b>	<b>300,097</b>	<b>291,158</b>	<b>(8,940)</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
Health and Adult Social Care	716	-	-	-	716	(1,231)	-	-	-	0	(1,231)
Children and Families	100	-	-	-	100	-	-	-	-	-	-
Culture and Communities	501	338	-	(11)	827	-	103	-	-	0	103
Customer and Corporate	502	-	-	-	502	-	-	(47)	-	(454)	(501)
Deputy Leader and Infrastructure	3,536	13,364	(12,384)	(588)	3,928	(5,439)	231	(5,365)	1,034	447	(9,092)
Economic Development	3,043	8,446	(8,421)	(94)	2,974	(2,671)	-	-	-	205	(2,466)
Education and Skills	3,408	49,501	(50,501)	(51)	2,357	(3,086)	7,051	(5,275)	282	(394)	(1,422)
Environment and Waste	608	245	(588)	28	293	-	-	-	-	(1)	(1)
Finance, Commercial and Traded Services	135	-	-	(63)	71	-	-	-	-	-	-
<b>ECC Capital Programme</b>	<b>12,548</b>	<b>71,894</b>	<b>(71,894)</b>	<b>(779)</b>	<b>11,769</b>	<b>(12,427)</b>	<b>7,385</b>	<b>(10,687)</b>	<b>1,316</b>	<b>(198)</b>	<b>(14,611)</b>
Devolved Formula Capital	-	658	(658)	-	-	-	-	(230)	-	0	(230)
<b>Total School Balances</b>	<b>-</b>	<b>658</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(230)</b>	<b>-</b>	<b>0</b>	<b>(230)</b>
<b>Capital Programme</b>	<b>12,548</b>	<b>72,551</b>	<b>(72,552)</b>	<b>(779)</b>	<b>11,769</b>	<b>(12,427)</b>	<b>7,385</b>	<b>(10,916)</b>	<b>1,316</b>	<b>(198)</b>	<b>(14,841)</b>
Property Investment	224	-	-	(10,490)	(10,266)	-	-	-	5,901	(0)	5,901
<b>Total Capital Programme</b>	<b>12,772</b>	<b>72,551</b>	<b>(72,552)</b>	<b>(11,268)</b>	<b>1,503</b>	<b>(12,427)</b>	<b>7,385</b>	<b>(10,916)</b>	<b>7,217</b>	<b>(198)</b>	<b>(8,940)</b>



# Appendix C(ii) cont'd

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2018/19 Changes Requested
IL OP Coppins CRT Clacton	(6)	-	-	-	(6)
IL OP Smiths Farm	(1,050)	-	-	-	(1,050)
IL AWD Smiths Farm	(175)	-	-	-	(175)
<b>Health and Adult Social Care</b>	<b>(1,231)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,231)</b>
Community Initiatives	-	103	-	-	103
<b>Culture and Communities</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>-</b>	<b>103</b>
Libraries Community Hub	-	-	(47)	-	(47)
<b>Customer and Corporate</b>	<b>-</b>	<b>-</b>	<b>(47)</b>	<b>-</b>	<b>(47)</b>
Town Centre Improvements	(44)	-	-	-	(44)
Road Safety	(44)	-	-	-	(44)
A414 Harlow to Chelmsford RBS	(500)	-	-	-	(500)
HEZ & A414 Pinch Point Delivery Package two	(1,794)	-	-	-	(1,794)
A120 Preferred route	(931)	-	-	-	(931)
Basildon Integrated Transport Package	(1,378)	-	-	-	(1,378)
Colchester ITP (Borough Wide)	-	-	-	1,034	1,034
BDUK Essex Superfast Programme Phase 2	(748)	-	-	-	(748)
BDUK Essex Superfast Programme Phase 4	-	-	(5,365)	-	(5,365)
Section 106	-	231	-	-	231
<b>Deputy Leader and Infrastructure</b>	<b>(5,439)</b>	<b>231</b>	<b>(5,365)</b>	<b>1,034</b>	<b>(9,539)</b>
Maldon Friary	(2,438)	-	-	-	(2,438)
Moulsham Lodge	(233)	-	-	-	(233)
<b>Economic Development</b>	<b>(2,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,671)</b>
Basildon Primary Basic Need	(394)	-	(532)	-	(926)
Braintree Secondary Basic Need	-	-	-	72	72
Brentwood Primary Basic Need	(47)	256	-	-	209
Castle Point Basic Need	-	-	(244)	-	(244)
Chelmsford Primary Basic Need	-	3	(850)	-	(847)
Chelmsford Secondary Basic Need	-	28	-	-	28
Colchester Primary Basic Need	-	639	(224)	-	415
Colchester Secondary Basic Need	-	3,575	(10)	-	3,565
Epping Forest Secondary Basic Need	(249)	-	(563)	-	(812)
Harlow Primary Basic Need	-	-	(34)	-	(34)
Other School Schemes	(218)	55	-	-	(163)
Rochford Primary Basic Need	-	29	(100)	-	(71)
Rochford Secondary Basic Need	-	396	-	-	396
Special Schools	(202)	1,561	-	210	1,569
Temporary Accommodation	-	311	-	-	311
Tendring Primary Basic Need	(227)	137	-	-	(90)
Tendring Secondary Basic Need	(600)	-	(1,274)	-	(1,874)
Uttlesford Primary Basic Need	(65)	33	(28)	-	(60)
Uttlesford Secondary Basic Need	(1,084)	29	(707)	-	(1,762)
Capitalised Building Maint	-	-	(709)	-	(709)
<b>Education and Skills</b>	<b>(3,086)</b>	<b>7,051</b>	<b>(5,275)</b>	<b>282</b>	<b>(1,028)</b>
<b>ECC Capital Programme</b>	<b>(12,427)</b>	<b>7,385</b>	<b>(10,687)</b>	<b>1,316</b>	<b>(14,413)</b>
Schools Balances & DFC	-	-	(230)	-	(230)
<b>Total (including School Balances)</b>	<b>(12,427)</b>	<b>7,385</b>	<b>(10,916)</b>	<b>1,316</b>	<b>(14,643)</b>

## Reserves

	2018/19 movements				
	Balance at 1	(Contributions)/	Adjustments	Future	Estimated
	April 2018	Withdrawals	proposed in	commitments	Closing
	£000	£000	quarterly report	£000	balance
			£000		£000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(45,247)	4,002	(128)	-	(41,373)
Building Schools for the Future PFI	(1,870)	(315)		-	(2,185)
Debden School PFI	(3,813)	502		-	(3,311)
Clacton Secondary Schools' PFI	(2,836)	340		-	(2,496)
Waste Reserve	(99,733)	(8,776)		2,044	(106,465)
Grant Equalisation Reserve	(10,787)	1,927		-	(8,860)
Trading Activities (not available for use)	(1,417)	4,556		(4,556)	(1,417)
Partnerships and Third Party (not available for use)	(1,964)	-		-	(1,964)
Schools (not available for use)	(41,649)	-		-	(41,649)
General Balance	(55,212)	-	(48)	-	(55,260)
Reserves earmarked for future use					
Adults Digital Programme	(6,900)	6,900		-	-
Capital Receipts Pump Priming	(2,325)	(1,000)		1,000	(2,325)
Carbon Reduction	(2,606)	-		-	(2,606)
Carry Forward	(16,395)	16,347	48	-	-
Collection Fund Risk	(1,412)	-		-	(1,412)
Community Initiatives Fund	(796)	(591)	200	1,187	-
Digital Infrastructure	-	(4,560)		1,500	(3,060)
Future Capital Funding	(10,061)	(8,606)	(56)	8,662	(10,061)
Health and Safety	(631)	-		-	(631)
Innovation	(1,795)	655		-	(1,140)
Insurance	(9,061)	1,000		-	(8,061)
Local Projects	(867)	-	122	745	-
Pension Fund Equalisation	(206)	206		-	-
Property Fund	-	(326)		(165)	(491)
Quadrennial Elections	(118)	(500)		-	(618)
Tendring PPP	(496)	-		-	(496)
Transformation	(22,015)	(1,996)	305	20,084	(3,622)

## Appendix E

### PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

#### TREASURY MANAGEMENT - 2018/19

	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date £000
	£000	Raised £000	Repaid £000	Net movement £000	£000	
<b>Borrowing</b>						
Long Term	515,487	1,917	(2,406)	(489)	514,998	16,057
Temporary	-	1,594	-	1,594	1,594	6
<b>Total External Borrowing (A)</b>	<b>515,487</b>	<b>3,511</b>	<b>(2,406)</b>	<b>1,105</b>	<b>516,592</b>	<b>16,063</b>
<b>Investments</b>						
Long Term	11,000	-	(1,000)	(1,000)	10,000	(199)
Temporary	245,480	-	(109,980)	(109,980)	135,500	(1,039)
<b>Total External Investments (B)</b>	<b>256,480</b>	<b>-</b>	<b>(110,980)</b>	<b>(110,980)</b>	<b>145,500</b>	<b>(1,238)</b>
<b>Net indebtedness (A-B)</b>	<b>259,007</b>	<b>3,511</b>	<b>108,574</b>	<b>112,085</b>	<b>371,092</b>	<b>14,825</b>

#### Borrowing

Average long term borrowing over period to date (£000)	506,454
Opening pool rate at 1 April 2018	3.74%
Weighted average rate of interest on new loans secured to date	N/A
Average pool rate for year	3.74%

#### Investments

Average daily cash balance over period to date (£000)	300,499
Average interest earned over period	0.86%
Benchmark rate - average 7 day LIBID rate	0.41%

## Appendix F

### PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

#### PRUDENTIAL INDICATORS

		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2018/19 and earlier years' 'starts'	£	£92.68	<b>£87.32</b>
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	7.3%	<b>5.3%</b>
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	6.9%	<b>5.0%</b>
<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	299	<b>291</b>
Capital Financing Requirement ( <i>excluding credit arrangements</i> )	£m	990	<b>993</b>
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	910	<b>N/A</b>
Operational boundary (borrowing only)	£m	800	<b>N/A</b>
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	N/A	<b>541</b>
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	910	<b>335</b>
Debt		100.0%	<b>100.0%</b>
Investments		100.0%	<b>100.0%</b>
Upper limit for exposure to variable rates			
Net exposure	£m	273	<b>-</b>
Debt		30.0%	<b>4.6%</b>
Investments		100.0%	<b>31.0%</b>
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	<b>0.5%</b>
12 months & within 24 months	%	40.0%	<b>0.6%</b>
24 months & within 5 years	%	40.0%	<b>8.0%</b>
5 years & within 10 years	%	40.0%	<b>10.0%</b>
10 years & within 25 years	%	60.0%	<b>19.6%</b>
25 years & within 40 years	%	40.0%	<b>30.5%</b>
40 years & within 50 years	%	20.0%	<b>3.9%</b>
50 years & above	%	20.0%	<b>15.0%</b>
Total sums invested for more than 364 days			
Authorised limit	£m	50	<b>N/A</b>
Actual sums invested ( <b>maximum position during year</b> )	£m	N/A	<b>11</b>
<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>			