

Report title: 2016/17 Financial Overview as at the Third Quarter stage	
Report to: Cabinet	
Report author: Cllr John Spence, Cabinet Member for Finance, Housing and Planning	
Date: 24 January 2017	For: Decision
Enquiries to: Margaret Lee, Executive Director for Corporate and Customer Services	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the third quarter stage of the 2016/17 financial year. This reports a full year forecast over spend on revenue of **£7.7m** (under 1%) against a net budget of **£935.8m**. This assumes that the balance of the Emergency Contingency (of **£3.4m**) is fully committed, if there are no further calls, then the full year forecast over spend is expected to be **£4.3m**. This position is broadly consistent with the Quarter 2 position of **£7.1m** that was reported.
- 1.2 The report also sets out an over spend of **£353,000** on capital against the current budget of **£224.7m**. Assuming that capital budget change requests are approved there will be an over spend of **£972,000**.

2. Recommendations

Approval is sought in relation to the following actions:

- 2.1 To draw down funds from reserves as follows:
- I. **£500,000** from Essex Education Services (EES) Reserve to the service reducing the budgeted surplus for 2016/17 resulting from a shortfall in surplus target for Traded Development, for which there are no immediate plans in place to mitigate (see 6.1)
 - II. **£152,000** from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding, via the Environment and Waste portfolio, to match expenditure incurred to date in 2016/17 in relation to approved community projects. (see 7.9.II)

2.2 To appropriate funds to reserves as follows:

- I. **£248,000** from Adult Social Care portfolio to the Transformation Reserve relating to unused Increasing Independence project funds which will now be required in 2017/18
- II. **£12,000** from Finance, Commercial, Traded Services, Housing and Planning Recharged Support Services to the Transformation Reserve in relation to budget carried forward for the Support Services project which is no longer required
- III. **£132,000** to the PFI Equalisation reserves from Education and Lifelong Learning portfolio in relation to Clacton Secondary Schools (**£94,000**), Building Schools for the Future (**£23,000**) and Debden (**£15,000**)

2.3 To approve the following adjustments:

- I. To transfer **£1.6m** from the Pump Priming Reserve to Community Initiatives Reserve following a review of reserve balances (see 3.5)
- II. To transfer **£884,000** from the Carbon Reduction Reserve to the General balance as there are sufficient funds to meet the future requirement (see 3.5)
- III. To transfer the **£86,000** Health and Safety Reserve balance to the General balance and close the Health and Safety Reserve (see 3.5)
- IV. To vire **£612,000** from Other Operating Costs to Finance, Commercial, Traded Services, Housing and Planning Recharged Support Services to fund the pressure within the Insurance Cost Recovery Account from the Emergency Contingency (see 5.1.16.II)
- V. To transfer **£155,000** from the Grants Equalisation Reserve to the General balance relating to balances identified no longer required
- VI. To amend the capital budget as shown in Appendices C (i) and C(ii) which allows for capital slippage of **£4.2m**, capital budget additions of **£7.5m**, capital budget reductions of **£7.2m** and advanced works of **£3.3m**. (see section 7).

Executive Summary

3. Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£7.7m**, driven by **£9.1m** on service expenditure and offset by additional grant funding on Business

Rates of **£1.4m**. This over spend represents less than 0.8% of expenditure (**£935.8m**). It also assumes full commitment of the remaining emergency contingency of **£3.4m**, which if not required would result in a forecast outturn of **£4.3m**.

- 3.2** There is an over spend of **£9.3m** on Adults Social Care, which is primarily due to higher than predicted activity in both Older People care and support (**£6.9m**) and the Transitions service (**£3.5m**) due to projected savings in the Transitions service not being delivered, as well as to support a greater number of young people than expected.
- 3.3** This position represents a deterioration of **£527,000** since the Quarter 2 report. It should be noted that the forecast is based on current intelligence. There are numerous material and minor risks not included within the current forecast, particularly relating to Adult Social Care (**£13.4m**) (see 5.1.1). Actions to mitigate these risks and the pressures within the forecast position will continue to be closely monitored.
- 3.4** There are a number of underlying pressures and risks which are likely to impact in future years, so it is imperative that every possibility for achieving in-year gap closure is explored.
- 3.5** After a review of reserves it is proposed to close the Health and Safety Reserve, and reduce the balance on some specific reserves and transfer to the General Balance.

4. Capital

- 4.1** The original capital programme for 2016/17 as set by Full Council in February 2016 was **£251.9m**. This has decreased by a net **£1.8m** as a result of advancing works to 2015/16 due to projects progressing ahead of original delivery plans. In year approved changes of a net **£25.5m** reduction has resulted in a latest budget for the year of **£224.7m**. The forecast outturn is **£225m**. Before adjustments proposed within this report this represents an over spend of **£353,000**, but assuming that budget change requests are approved there will be a residual over spend of **£972,000**. The residual over is less than 0.5% and predominantly reflects an accelerated rate of spend on Beaulieu Park and New Hall school projects, a projected over spend on Colchester Local Sustainable Transport Plan, which is currently being reviewed and Fernhill Traveller Site, where a Cabinet Member Action has subsequently been approved.
- 4.2** Appendix C (i) summarises current year forecasts along with changes in the Capital Programme for 2016/17 since approval of the original programme in the Budget Report to Council in February 2016. Appendix C (ii) contains the detail of the budget adjustments seeking approval.
- 4.3** **£131.6m** has been spent on capital works in the first eight months of the year, this represents **58%** of the programme's forecast spend for the year.

Noting that the budget has been profiled to reflect the anticipated pattern of spend, actual expenditure is **£15.9m (11%)** lower than expected at this point in the year. While officers are confident of achieving the required pace for full delivery, there will as ever be a dependency on favourable weather conditions during the winter.

2016/17 Revenue Position

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

5.1.1 Adult Social Care - £9.3m over spend

- I. Adult Social Care is projecting an **£9.3m** over spend (2.3% of net budget). The service continue to seek to mitigate the over spend.
- II. The over spend is caused by:
 - **£6.9m** over spend in older people due to 9,030 more hours per week of domiciliary care support (**£6.4m**) being provided than anticipated in the budget. The pressures are partly driven by lower reablement capacity. There is also **£1.2m** of pressure across Residential and Nursing placements due to higher activity forecasts but in turn partly offset by underutilisation of the Residential Reablement beds (**£1.0m**).
 - **£3.5m** over spend in transitions service (which supports young people with additional needs planning their journey from childhood to adulthood) due mainly to non-delivery of savings in year, as well as to support a greater number of young people than expected and higher package costs.
- III. These over spends are offset by:
 - **£553,000** under spend in Service Management cost due to reduced safeguarding costs aligned to lower Deprivation of Liberty Safeguarding activity as a result of insufficient capacity in the market for assessments
 - **£398,000** under spend on Access, Assessment and Care Management where recruitment is delayed due to lack of capacity in the market.
- IV. There are, however, net risks of **£13.4m** that are being managed, predominately relating to savings delivery (**£5.4m**), and market and demand pressures. Activities aimed at reducing costs include: Increasing the independence of adults to enable them to live in their own homes for as long as possible, maximising reablement capacity to support adults leaving hospital and reducing the unit costs of community equipment. Whilst examples of demand and market pressures include: rising domiciliary care prices, numbers of hospital discharges and demographic pressures in the transition from children's social care to adults.

5.1.2 Children and Families - £263,000 under spend

- I. The under spend is caused by:
 - **£901,000** relating to Children's Placements where the service have reviewed current placements, in particular residential, to ensure that the service user is receiving the most appropriate, and cost effective, type of care. In addition, early insight into the introduction of Therapeutic Fostering shows that this service is potentially delaying children going into residential care, resulting in a better outcome for the young person and has impacted on the mix of placements.
 - **£300,000** relating to No Recourse for Public Funds (NRPF) as the number of families seeking this support in 2016/17 is currently lower than expected;
 - **£296,000** due to the removal of a Service Management recharge.
- II. This is offset by pressures on:
 - **£750,000** relating to Expert Assessments due to an increase in Care Proceedings which is also linked to the increased number of children requiring adoption;
 - **£473,000** within Early Years, predominantly due to 4 Children charity going into administration and the additional costs incurred following the sourcing of a new provider (Action for Children).
- III. Within this position, a Cabinet Member Action requesting to transfer **£750,000** to Adult Social Care portfolio as part of Transitions mitigation, was approved in January. This is due to a one off under spend as a result of lower than expected spend on Internal Fostering. This is due to a lower average fee and allowance payment, together with marginal reduction.

5.1.3 Corporate and Communities - £65,000 over spend

- I. This position primarily relates to Registrars (**£304,000**) due to under recovery on income and additional rental costs relating to community weddings. Initial data suggested that the number of wedding ceremonies booked has fallen compared to 2015/16; however this is no longer expected to be the case and the position is likely to improve by year end. This is partly offset by an under spend in the Coroners service (**£198,000**) due to the reduced number of independent post mortems and in Trading Standards due to in year staffing savings, and the Car Provision Scheme (**£84,000**)

5.1.4 Digital Innovation, IT and Customer Services - £60,000 under spend

- I. There is underlying under spend of **£229,000** relating to staffing. This reduces by **£169,000** due to a proposed carry forward to support the delivery of 2017/18 Support Service Project savings in the budget.

5.1.5 Economic Growth, Infrastructure and Partnerships - £681,000 under spend

- I. The under spend is due to staff vacancies (**£486,000**) which will not be recruited to in the current year and early achievement of savings within Skills following a review of the Apprenticeship Hub programme (**£207,000**).

5.1.6 Education and Lifelong Learning Dedicated Schools Grant (DSG) - £5.4m over spend

- I. The Dedicated Schools Grant is ring fenced for use by Schools, therefore any variance arising will not be taken into account within Essex County Council's forecast. Any variance in DSG is retained to be managed in future years.
- II. There is an over spend of **£2.7m** due to higher demand for Free Early Education Entitlement for 3 and 4 year olds and **£2.7m** arising from assumed growth on Statutory Assessments of statemented and Education, Health and Care Plan pupils. Mitigation plans for the over spend centre around the Early Years National Funding Formula. The outcome of the consultation on the Early Years National Funding Formula sees an increase in the hourly rate of 14.9% for Essex taking it from the second lowest in the East of England to the fifth highest resulting in a **£7.2m** increase.

5.1.7 Education and Lifelong Learning Non DSG - £444,000 over spend

- I. The over spend primarily relates to Home to School Transport (**£1m**). Detailed work has been undertaken to understand the year to date position and the impact of rising costs, which is due to an increase in high cost transport for pupils with special educational needs and disabilities. The Integrated Transport Project team is looking to introduce a coherent procurement strategy for transport to reduce costs. This is partly mitigated by the forecast under spend for Premature Retirement Costs (**£344,000**) and vacancies within Planning and Provision (**£255,000**).

5.1.8 Environment and Waste - £111,000 over spend

- I. The position is mostly attributable to the under recovery of income in Country Parks, including delays in marketing season tickets, which has led to ticket sales below target, and procurement delays in developing wedding planner services, offset by staffing vacancies across the portfolio.

5.1.9 Finance, Commercial, Traded Services, Housing and Planning - £326,000 under spend

- I. The under spend is mainly due to Central Services to the Public which reports an overall under spend of **£457,000**. Within this position there is a **£1.3m** under spend reported against the central budget provision for National Living Wage, which has been held in this portfolio during 2016/17 pending confirmation of the actual cost pressures across portfolios arising as a result of this legislative change. This is partly offset by a pressure on the budget for the Council Tax Sharing Scheme of **£843,000**, which represents an increase of **£224,000** since Quarter 2. This has arisen as a result of an increased share back of council tax income collected by Districts due to improved collection performance during 2016/17; this will benefit ECC through increased council tax income in future years.
- II. There are also under spends reported against other service areas within the portfolio which are partly offset by Heritage and Cultural Services which report **£169,000** lower than anticipated income from commercial activities plus a **£129,000** over spend within Service Management which predominantly relates to non achievement of staff savings.
- III. Traded Strategy (Business Incubator) is reporting a small underspend mainly due to a vacant post, however it is likely that the target income will not be achieved resulting in a **£243,000** overspend at year end.

5.1.10 Health - £597,000 under spend

- I. The under spend is due to Adult Mental Health. **£224,000** of the under spend relates to day care, with lower packages than budgeted, and the Intensive Enablement contract (**£244,000**), where two sites will now not be available, however this missing provision is instead being provided via domiciliary care. In addition there is a delay in recruitment to the new Care and Assessment Team (CAT) focussed on early intervention (**£191,000**), although there is no evidence to suggest this delay has had a negative impact on services, and the team is due to go live in first quarter of 2017.

5.1.11 Highways and Transport - £1.1m over spend

- I. The over spend relates to local supported bus services due to higher contract costs as well as lower income from bus fares than originally budgeted.

5.1.12 Leader- £516,000 under spend

- I. There is a projected under spend against the new Innovation Fund (**£250,000**) due to scheme costing less to run than originally anticipated, a reduction in forecast commitments against Essex

Initiatives, which is the Leader's discretionary award fund (**£125,000**), a lower than budgeted Levy payment to Lee Valley Park (**£83,000**) plus other smaller underspends relating to vacancies and under spend on corporate subscriptions.

5.1.13 Other Operating Costs- £529,000 over spend

- I. There is an over spend attributable to the **£1m** budgeted Essex Cares Limited (ECL) dividend not being realised and a further **£286,000** overspend attributable to restructuring costs in ECL. There is a net **£800,000** income from Treasury activities with additional interest receivable due to higher yield from long term investments, offset by additional borrowing costs.

5.1.14 Corporate and Communities Recharged Support Services - £420,000 over spend

- I. The under spend primarily relates to staffing under spends on Business Support (**£428,000**). This position assumes a planned carry forward of **£20,000** to help mitigate delivery of 2017/18 Support Service Project savings in the budget.

5.1.15 Digital Innovation, IT and Customer Services Recharged Support Services - £159,000 over spend

- I. The over spend is mainly attributable to Information Services (**£139,000**) project resource over spends (**£132,000**), and additional Social Care Case Management costs (**£109,000**). This is partly offset by vacancies within the service (**£84,000**). This position assumes a planned carry forward of **£355,000** to support delivery of 2017/18 Support Service Project savings in the budget.

5.1.16 Finance, Commercial, Traded Services, Housing and Planning Recharged Support Services - £235,000 over spend

- I. This position is mainly due to The Corporate System (TCS) related savings which cannot be achieved this year as a result of delays to implementation of new systems (**£398,000**), and an under recovery of income in Payroll due to schools converting to Academy status (**£62,000**). This is offset by underspends within Corporate Services (**£147,000**) that are being held to mitigate pressures across the function.
- II. The position assumes a planned carry forward of **£846,000** to support delivery of 2017/18 Support Service Project savings (in total **£2.3m** from across portfolios is planned to be carried forward for this purpose), and **£612,000** to be transferred from the Emergency Contingency budget to fund the Insurance cost Recovery Account following a recent Actuarial review which requires an additional contribution to ECC's

insurance provision in 2016/17 to maintain it at the recommended level, reflecting current ECC policy.

5.1.17 Leader Recharged Support Services - £36,000 over spend

- I. An over spend of **£36,000** is reported after proposed adjustments including the carry forward of **£244,000** of under spends in Performance and Commissioning Support (**£206,000**), Democratic Services (**£19,000**) and Equality and Diversity (**£19,000**) from this Portfolio to support the delivery of 2017/18 Support Service Project savings in the budget. The over spend is mainly attributable to additional rental costs within Property and Facilities.

6. Trading Activities

- I. Trading Activities are forecasting a deficit of **£1.2m**, Deputyships and EES are reporting pressures of **£671,000** and **£500,000** respectively. A proposal is included in the report to appropriate **£500,000** from the EES reserve to the service reducing the budgeted surplus, which results from the Traded Development target for which, there are no immediate plans in place to mitigate. The budgeted surplus is **£5.5m** and the forecast for the portfolio is **£4.3m**.
- II. Appendix B shows the position by each Trading Activity. Risks across all trading activities are being actively managed and marketing strategies will ensure budgeted levels of income are achieved.

7. Capital

- 7.1 The forecast is an over spend of **£353,000** against the capital budget of **£224.7m**. Assuming that budget change requests are approved there will be a residual over spend of **£972,000**.
- 7.2 Approval is sought for:
 - I. Slippage of **£4.2m**
 - II. Budget additions of **£7.5m**
 - III. Budget reductions of **£7.2m**
 - IV. Advanced works of **£3.3m**
- 7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C (ii).
- 7.4 **Adult Social Care - £161,000 over spend**
 - I. **Accommodation for Vulnerable People;** The position on the Thistley/Evegate Independent Living scheme has been revised to reflect latest delivery plans which show a budget requirement of only **£230,000** this financial year. Therefore approval of **£230,000** to be advanced from the Independent Living block in 2017/18 is being sought in this report.

7.5 Children and Families - £165,000 under spend

- I. The under spend mainly relates to the Adopters Adaptions project, and represents the current level of uncommitted budget, taking into account grants that have been awarded following receipt of successful grant applications. However it is possible that some or all, of this amount will be allocated to successful future applications. Any required budget reduction at year end will seek approval within the Provisional Outturn report.

7.6 Deputy Leader, Economic Growth, Infrastructure and Partnerships - £931,000 over spend

- I. The over spend relates to the schemes at the Harlow and Braintree campuses which are progressing ahead of schedule. Therefore approval for advanced works of **£901,000** from 2017/18 is requested together with an addition of **£29,000**.

7.7 Digital Innovation, IT & Customer Services - £278,000 under spend

- I. An under spend of **£309,000** is forecast on the IS Delivery Programme, which aligns to latest delivery profiles. Approval is sought to re-profile this into 2017/18 to support the development of Digital projects in future years.

7.8 Education & Lifelong Learning - £256,000 under spend

- I. **Early Years;** following the first round of bids for early years funding, take up from external providers was not as high as expected. The service are in the process of mitigating against the delays this has caused, however it has resulted in **£656,000** that needs to be re-profiled into 2017/18.
- II. **Basic Need;** a number of schemes have been able to accelerate their delivery programme due to design work being carried out faster than initially expected, in particular relating to S106 funded schemes. As a result **£731,000** will be requested to be advanced from 2017/18. Partially offsetting this are a few minor delays to some projects, the impact is **£243,000** which requires re-profiling into 2017/18.

7.9 Environment and Waste - £424,000 over spend

- I. **Travellers;** An over spend of **£332,000** is currently forecast on the redevelopment of Fernhill Traveller site due to additional site clearance required and increased security to protect the construction works being carried out. A Cabinet Member Action seeking additional funding to mitigate this over spend was approved at the end of December and the budget will be adjusted in the next report to bring the project back online.
- II. **Community Initiatives;** Approval is sought to draw down **£152,000** from the Community Initiatives reserve to match expenditure incurred to date in relation to approved community projects.

7.10 Finance, Commercial, Traded Services, Housing and Planning - £120,000 under spend

- I. **Essex Housing Programme; £120,000** net under spend. A number of the Essex Housing Projects have experienced small delays or have under spent resulting in a **£227,000** under spend. As a result it is proposed to utilise **£105,000** of this under spend by accelerating the purchase of Gloucester Avenue Police Station, subject to formal approval and contract negotiations. The **£95,000** under spend on Maldon Friary has been offered up as a saving as a result of effective commissioning and approval is sought for a reduction in this report.

7.11 Highways and Transport - £332,000 over spend

- I. **Chelmsford Station (Station Square/Mill Yard);** This Local Growth funded scheme continues to be a complex project that is being managed by Chelmsford City Council in conjunction with Network Rail, giving ECC very little control over delivery. The grant agreement between ECC and Chelmsford CC is still under negotiation and work on the ground has not yet begun, placing greater risk on the possibility of spend taking place this financial year. As a result approval for slippage of **£945,000** into 2017/18 is requested.
- II. **Harlow Enterprise Zone and A414 Pinch Point package one** is now expected to be fully completed this financial year which requires **£1.4m** to be advanced from 2017/18.
- III. **Section 106 programme;** a number of Highways S106 schemes previously in the capital programme for design, are now ready for delivery this financial year. As a result, approval for an addition of **£609,000** funded by S106 contributions is sought.

7.12 Leader - £438,000 under spend

- I. **Property Transformation III;** There is an under spend of **£368,000**, due to a number of delays it is now considered too late to deliver spend in 2016/17 and as a result this is to be re-profiled into 2017/18.

7.13 Corporate and Communities - online

7.14 Controlled Elsewhere - £240,000 under spend

- I. Approval is sought for a reduction of **£240,000** in relation to the Schools Devolved Formula Capital grant, for transactions that do not meet the capitalisation criteria.
- II.

7.15 Capital Receipts

- I. Capital receipts received to date are shown in the table overleaf:

		Revised Target	Capital Receipts Achieved as at November 16
		£m	£m
	2014/15	8.0	10.5
	2015/16	15.0	19.1
	2016/17	15.0	17.4
	Total	38.0	46.9
	<i>includes 're-use' properties</i>		
	Percentage of overall target		
			123%

- III. The 2016/17 target has been exceeded as receipts previously planned for 2017/18 have been achieved early. This has implications for the 2017/18 target of a further £15m (currently assumed in the budget) as fewer properties are available for disposal and expectations for completions in 2017/18 are currently being reviewed.

Appendix D 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 2016.

9. Prudential Indicators and Treasury Management

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

10. Reserves

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

11. Financial Implications

Finance and Resources Implications (Section 151 Officer)

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

12. Legal Implications

- 12.1 The Council is responsible for setting the budget 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. Staffing and other resource implications

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

14. Equality and Diversity implications

- 14.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 14.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

- 14.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.

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

15. List of Appendices

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

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

Appendix A

REVENUE														
2016/17														
	Year to Date			Budget Movement		Forecast Outturn								
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Forecast Outturn	Forecast Variance	Variance Plan	Residual Variance	RAG Status	Residual Variance at Qtr 2	Movement in Residual Variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	
Adult Social Care	271,611	285,404	13,793	392,404	9,860	402,264	414,386	12,122	2,856	9,266	⚡	8,729	537	
Children and Families	78,004	73,410	(4,594)	115,723	789	116,512	115,499	(1,013)	(750)	(263)	🟢	(613)	350	
Corporate and Communities	11,901	12,218	317	13,415	3,632	17,047	17,487	440	375	65	⚡	98	(33)	
Digital Innovation, IT and Customer Services	1,308	1,159	(149)	2,491	(427)	2,064	1,835	(229)	(169)	(60)	🟢	(68)	8	
Economic Growth, Infrastructure and Partnerships	3,746	3,227	(519)	5,610	1,080	6,690	6,009	(681)	-	(681)	🟡	(204)	(477)	
Education and Lifelong Learning														
Education and Lifelong Learning DSG	(271,826)	71,703	343,529	(3,063)	3,253	190	5,544	5,354	-	5,354	🔴	3,153	2,201	
Education and Lifelong Learning NON DSG	29,872	32,753	2,881	48,958	(653)	48,305	48,518	213	(231)	444	⚡	216	228	
Environment and Waste	52,610	37,227	(15,383)	78,067	18	78,085	78,196	111	-	111	⚡	60	51	
Finance, Commercial, Traded Services, Housing and Planning	15,542	14,890	(652)	25,084	(836)	24,248	23,467	(781)	(455)	(326)	🟢	(423)	97	
Fire Reinstatement Works	-	375	375	-	-	-	-	-	-	-	⚡	-	-	
Health	15,092	13,986	(1,106)	23,549	201	23,750	22,731	(1,019)	(422)	(597)	🟢	(681)	84	
Highways and Transport	51,959	46,248	(5,711)	76,633	1,722	78,355	79,497	1,142	-	1,142	⚡	1,518	(376)	
Leader	5,992	4,650	(1,342)	6,825	1,753	8,578	9,899	1,321	1,837	(516)	🟡	(523)	7	
Other Operating Costs	21,897	2,345	(19,552)	63,642	(22,219)	41,423	41,317	(106)	(612)	506	⚡	319	187	
Recharged Support Services										-				
Corporate and Communities RSSS	8,344	7,391	(953)	14,773	(1,543)	13,230	12,790	(440)	(20)	(420)	🟢	161	(581)	
Digital Innovation, IT and Customer Services RSSS	13,260	14,462	1,202	18,066	1,849	19,915	20,612	697	539	158	⚡	(132)	290	
Finance, Commercial, Traded Services, Housing and Planning RSSS	(28,358)	12,375	40,733	21,736	3,982	25,718	25,088	(630)	(865)	235	🔴	7	228	
Leader RSSS	19,725	19,189	(536)	30,913	(1,306)	29,607	29,597	(10)	(46)	36	⚡	(23)	59	
Net	300,679	653,012	352,333	934,826	1,155	935,981	952,472	16,491	2,037	14,454	⚡	11,594	2,860	
DSG offset	271,826	(71,703)	(343,529)	3,063	(3,253)	(190)	(5,544)	(5,354)	-	(5,354)		(3,153)	(2,201)	
ECC	572,505	581,309	8,804	937,889	(2,098)	935,791	946,928	11,137	2,037	9,100	⚡	8,441	659	
Financed by														
COL FUND (SURPLUS)/DEFICIT				(11,340)	-	(11,340)	(11,340)	-	-	-				
COUNCIL TAX PRECEPT				(570,201)	-	(570,201)	(570,201)	-	-	-				
GENERAL BALANCE - CONTRIBUTION/(WITHDRAWAL)				(19,359)	(1,156)	(20,515)	(20,515)	-	-	-				
GENERAL GOVERNMENT GRANTS				(54,050)	-	(54,050)	(55,342)	(1,292)	-	(1,292)				
NDR PRECEPT				(44,458)	-	(44,458)	(44,458)	-	-	-				
NDR SAFETY NET PAY(Benefit of NDR pooling)				(1,319)	-	(1,319)	(1,451)	(132)	-	(132)				
NDR SURPLUS/DEFICIT				2,444	-	2,444	2,444	-	-	-				
NDR TOP UP/TARIFF				(118,604)	-	(118,604)	(118,604)	-	-	-				
REVENUE SUPPORT GRANT				(117,938)	-	(117,938)	(117,938)	-	-	-				
Total Financing				(934,825)	(1,156)	(935,981)	(937,405)	(1,424)	-	(1,424)				

Appendix B

	Revenue reserve 1 April 2016	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Education & Lifelong Learning											
EES Traded	(1,920)	(15,117)	11,151	(3,966)	(13,345)	9,878	499	(3,286)	(200)	230	(1,851)
Music Services Traded	(133)	(4,581)	4,468	(113)	(4,581)	4,468	0	(87)	-		(133)
Schools Staff Insurance Scheme	(973)	(4,825)	4,982	157	(4,412)	4,569	(0)	-	157		(816)
Libraries Communities & Planning											
Library Services	(484)	(425)	352	(73)	(414)	341	(0)	(480)	407		(77)
Transformation & Support Services Trading											
Information Services infrastructure	(400)	(6,643)	6,643	0	(6,643)	6,643	-	-	-		(400)
Legal Services	(61)	(10,618)	9,233	(1,385)	(13,532)	12,817	671	(1,385)	-		610
Place Services	(336)	(1,963)	1,880	(83)	(2,013)	1,930	(0)	(83)	-		(336)
Smarte East	(257)	(64)	61	(3)	(64)	61	(0)	-	(3)		(260)
Total	(4,564)	(44,236)	38,770	(5,466)	(45,003)	40,707	1,170	(5,320)	361	230	(3,263)

Appendix C (i)

CAPITAL 2016/17											
	Year to date			Budget Movement		Forecast outturn (Full Year)			RAG status		
	Budget YTD	Actual to Date	Variance YTD	Original Budget	In year approved changes	Revised Budget	Forecast Outturn	Variance			
	£000	£000	£'000	£000	£000	£000	£000	£000			
Adult Social Care	2,349	671	(1,678)	3,778	1,049	4,827	4,988	161	❖		
Children and Families	258	80	(178)	365	(74)	291	126	(165)	●		
Deputy Leader and Economic Growth, Infrastructure and Part	2,491	2,183	(308)	14,339	(4,425)	9,914	10,845	931	◆		
Digital Innovation IT & Customer Services	2,388	2,751	363	3,858	124	3,982	3,704	(278)	●		
Education and Lifelong Learning	36,135	32,502	(3,633)	61,336	(11,552)	49,784	49,528	(256)	■		
Environment and Waste	3,073	2,973	(100)	5,303	941	6,244	6,668	424	◆		
Finance, Commercial, Traded Services, Housing and Planning	2,303	983	(1,320)	1,768	1,735	3,503	3,383	(120)	■		
Highways and Transport	92,173	84,021	(8,152)	149,466	(13,974)	135,492	135,824	332	❖		
Leader	4,664	3,806	(858)	8,738	(749)	7,989	7,551	(438)	●		
Corporate and Communities	194	102	(92)	456	(216)	240	241	1	❖		
ECC Capital Programme	146,028	130,073	(15,955)	249,407	(27,141)	222,266	222,858	592	❖		
Schools Cash Balance	226	341	115	-	339	339	341	2	❖		
Devolved Formula Capital	1,183	1,170	(13)	2,500	(409)	2,091	1,851	(240)	●		
Total School Balances	1,409	1,511	102	2,500	(70)	2,430	2,192	(239)	●		
Total Capital Programme	147,437	131,583	(15,853)	251,907	(27,211)	224,696	225,049	353	❖		
Financed by											
ECC Capital Programme											
Grants				101,125	(5,606)	95,519	93,369	(2,150)			
Reserves				11,989	143	12,132	12,554	422			
Developer contributions				7,295	4,856	12,151	12,481	330			
Capital receipts				15,000	(3,689)	11,311	15,000	3,689			
Unsupported borrowing				113,998	(22,844)	91,153	89,455	(1,698)			
sub-total ECC Capital Programme				249,407	(27,140)	222,266	222,859	592			
School Balances											
Grants				2,500	(551)	1,949	1,710	(239)			
Unsupported borrowing				-	481	481	482	1			
sub-total School Balances				2,500	(70)	2,430	2,192	(239)			
Total ECC & Schools Capital Funding				251,907	(27,210)	224,696	225,049	353			
Variance plan											
Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	2016/17 Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	502	2,021	(2,190)	716	1,049	(158)	230	(230)	230	89	161
Children and Families	-	-	(50)	(24)	(74)	-	-	(50)	-	(115)	(165)
Deputy Leader and Economic Growth, Infrastructure and Part	(1,003)	436	(3,836)	(23)	(4,425)	-	529	(500)	901	1	931
Digital Innovation IT & Customer Services	(821)	1,485	(485)	(55)	124	(377)	98	-	-	1	(278)
Education and Lifelong Learning	(12,193)	40,881	(38,657)	(1,583)	(11,552)	(1,399)	1,071	(1,011)	731	353	(256)
Environment and Waste	(464)	1,423	-	(18)	941	-	152	-	-	272	424
Finance, Commercial, Traded Services, Housing and Planning	1,143	2,499	(2,471)	564	1,735	-	106	(227)	-	1	(120)
Highways and Transport	(10,704)	23,437	(20,071)	(6,636)	(13,974)	(1,888)	5,360	(4,888)	1,410	339	332
Leader	(995)	1,718	(3,658)	2,186	(749)	(368)	-	(100)	-	30	(438)
Corporate and Communities	(284)	68	-	-	(216)	-	-	-	-	1	1
Total ECC Capital Programme	(24,820)	73,969	(71,418)	(4,873)	(27,141)	(4,190)	7,547	(7,007)	3,271	971	592
Schools Cash Balance	339	-	-	-	339	-	-	-	-	2	2
Devolved Formula Capital	(175)	859	(1,093)	-	(409)	-	-	(240)	-	0	(240)
Total Controlled Elsewhere	164	859	(1,093)	-	(70)	-	-	(240)	-	2	(239)
Total Capital Programme	(24,656)	74,829	(72,511)	(4,873)	(27,211)	(4,190)	7,547	(7,247)	3,271	972	353

Appendix C(ii)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2016/17 Changes Requested
Adult Social Care					
IL LD Block	(46)	-	(230)	230	(46)
IL LD Thistley and Evegate Braintree	-	230	-	-	230
IL OP Block	(112)	-	-	-	(112)
	(158)	230	(230)	230	72
Children and Families					
Adaptations	-	-	(50)	-	(50)
	-	-	(50)	-	(50)
Corporate and Communities					
	-	-	-	-	-
Highways and Transport					
Advanced Scheme Design	(400)	1,879	(1,579)	-	(100)
Chelmsford Station (Station Square/Mill Yard)	(945)	-	-	-	(945)
Roads Maintenance	-	-	(500)	-	(500)
Other Highways Major Schemes	-	1,155	-	-	1,155
A127 Road Safety & Network Resilience Packa	-	-	(1,155)	-	(1,155)
Section 106	-	609	-	-	609
Bridges	-	500	-	-	500
HEZ & A414 Pinch Point Delivery Package one	-	680	(680)	1,410	1,410
Other Schemes	(543)	536	(974)	-	(980)
	(1,888)	5,360	(4,888)	1,410	(6)
Digital Innovation IT & Customer Services					
Next Generation Networks	-	-	-	-	-
Social Care Case Management	(68)	98	-	-	30
Minor Works	-	-	-	-	-
IS Delivery Programme	(309)	-	-	-	(309)
	(377)	98	-	-	(279)
Deputy Leader and Economic Growth, Infrastructure and Partnerships					
Economic Growth Fund	-	-	(500)	-	(500)
Skills Economic Growth	-	29	-	901	930
Harlow MedTech	-	500	-	-	500
	-	529	(500)	901	930
Education and Lifelong Learning					
Brentwood Primary Basic Need	-	52	(52)	52	52
Chelmsford Secondary Basic Need	-	-	-	200	200
Glenwood Special School	(153)	-	-	-	(153)
Early Years	(656)	-	-	-	(656)
Other School Schemes	-	66	(53)	200	212
Special Schools	-	286	(342)	-	(56)
Country Parks & Outdoor Centres	(500)	-	-	-	(500)
Harlow Primary Basic Need	-	131	(147)	131	115
Uttlesford Primary Basic Need	(20)	94	(47)	47	74
Chelmsford Primary Schools	-	72	(10)	-	62
Colchester Primary Basic Need	(33)	104	(131)	101	41
Other	(38)	267	(229)	-	(0)
	(1,399)	1,071	(1,011)	731	(609)
Environment and Waste					
Community Initiatives	-	152	-	-	152
	-	152	-	-	152
Finance, Commercial, Traded Services, Housing and Planning					
New Corporate Systems	-	-	-	-	-
Public Realm	-	-	-	-	-
Goldlay Gardens	-	-	(33)	-	(33)
Rochford Police Station	-	-	-	-	-
Moulsham Lodge	-	-	(36)	-	(36)
Norton Road	-	1	-	-	1
Essex Housing Programme	-	105	-	-	105
Rocheway	-	-	(63)	-	(63)
Maldon Friary	-	-	(95)	-	(95)
	-	106	(227)	-	(121)
Leader					
Essex Cares Ltd - IS	-	-	(100)	-	(100)
Property Transformation III	(368)	-	-	-	(368)
	(368)	-	(100)	-	(468)
ECC Capital Programme	(4,189)	7,547	(7,007)	3,271	(379)
Schools Balances & DFC	-	-	(240)	-	(240)
	-	-	(240)	-	(240)
Total School Balances	-	-	(240)	-	(240)
Total Capital Programme	(4,189)	7,547	(7,247)	3,271	(618)

Appendix D (i)

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

TREASURY MANAGEMENT - 2016/17

	Actual Balance 1 April £000	Movements			Balance at 31 March £000	Interest payable / (earned) to date £000
		Raised £000	Repaid £000	Net movement £000		
Borrowing						
Long Term	353,606	110,000	(3,862)	106,138	459,744	2,673
Temporary	2,668	-	(2,668)	(2,668)	-	1
	356,274	110,000	(6,530)	103,470	459,744	2,674
Investments						
Long Term	(3,500)	(7,500)	-	(7,500)	(11,000)	(20)
Temporary	(213,800)	(65,800)	-	(65,800)	(279,600)	(401)
	(217,300)	(73,300)	-	(73,300)	(290,600)	(421)
Net indebtedness	138,974	36,700	(6,530)	30,170	169,144	2,253

Borrowing

Average long term borrowing over period to date (£000)
Opening pool rate at 1 April 2016
Weighted average rate of interest on new loans secured to date
Average pool rate for year

441,323
4.28%
2.82%
3.92%

Investments

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

329,905
0.79%
0.25%

Appendix D(ii)

PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

PRUDENTIAL INDICATORS

		Approved Indicator	Provisional Outturn
1 Affordability			
Incremental impact on Council Tax of 2016/17 and earlier years' 'starts'	£	£92.65	£90.94
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	7.5%	7.5%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	7.1%	7.1%
2 Prudence		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
3 Capital Expenditure			
Capital expenditure	£m	252	224
Capital Financing Requirement (<i>excluding credit arrangements</i>)	£m	1,086	1,038
4 External Debt			
Authorised limit (borrowing only)	£m	660	N/A
Operational boundary (borrowing only)	£m	480	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	470
5 Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	660	228
Debt		100.0%	100.0%
Investments		100.0%	100.0%
Upper limit for exposure to variable rates			
Net exposure	£m	198	13
Debt		30.0%	3.5%
Investments		100.0%	5.8%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.8%
12 months & within 24 months	%	40.0%	1.0%
24 months & within 5 years	%	60.0%	4.2%
5 years & within 10 years	%	60.0%	4.9%
10 years & within 25 years	%	65.0%	29.2%
25 years & within 40 years	%	70.0%	25.9%
40 years & within 50 years	%	50.0%	13.0%
50 years & above	%	22.0%	16.7%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	11
6 Summary			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			

Appendix E

BALANCE SHEET									
RESERVES AND BALANCES									
2016/17									
	Estimated	2016/17 movements							Estimated
	Balance at	Contributions	Proposed	Contributions	Withdrawals	Proposed	Withdrawals	Net	Balance at
	1 April	agreed	Contributions	to reserves	agreed	Withdrawals	from reserves	Movement	31 March
	2016								2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Earmarked for Future Use									
Capital receipts pump priming	(2,671)	(1,000)		(1,000)	1,057	1,600	2,657	1,657	(1,014)
Carbon Reduction reserve	(3,172)	(529)		(529)	717		717	188	(2,984)
Carry forwards reserve	(9,057)		(2,366)	(2,366)	9,057		9,057	6,691	(2,366)
Collection Fund Investment Risk reserve	(1,412)			-			-	-	(1,412)
Community Initiatives Fund	(2,512)	(1,500)	(1,600)	(3,100)	981	152	1,133	(1,967)	(4,479)
Health and Safety Reserve	(236)			-	150		150	150	(86)
Highways Maintenance				-			-	-	-
IMT development				-			-	-	-
Insurance	(8,356)			-			-	-	(8,356)
LAA Performance				-			-	-	-
Life Raft Pledge reserve				-			-	-	-
Innovation Reserve	(966)	(1,000)		(1,000)	66		66	(934)	(1,900)
Newton bequest reserve	(119)			-			-	-	(119)
Pension Fund Deficit reserve	(2,414)			-	1,574		1,574	1,574	(840)
Procurement reserve				-			-	-	-
Quadrennial Elections reserve	(1,000)	(500)		(500)	25		25	(475)	(1,475)
Section 75 reserve				-			-	-	-
Severe weather reserve				-			-	-	-
Street Lighting reserve				-			-	-	-
Tendering PPP	(422)	(74)		(74)			-	(74)	(496)
Transformation	(31,699)	(21,996)	(260)	(22,256)	19,074	2,899	21,973	(283)	(31,982)
				-			-	-	-
Future capital funding	(11,748)	(5,164)	(152)	(5,316)			-	(5,316)	(17,064)
Restricted Funds									
PFI reserves									
A130 PFI	(52,102)			-	3,294		3,294	3,294	(48,808)
Clacton secondary schools' PFI	(3,180)	(958)	(94)	(1,052)	818		818	(234)	(3,414)
Building schools for the future PFI	(2,495)		(23)	(23)	1,370		1,370	1,347	(1,148)
Debden PFI	(4,153)	(314)	(15)	(329)	99		99	(230)	(4,383)
Waste reserve	(79,620)	(9,882)		(9,882)	-		-	(9,882)	(89,502)
Grants equalisation reserve	(10,039)			-	3,046	1,992	5,038	5,038	(5,001)
Trading activities	(4,562)	(119)		(119)	-	500	500	381	(4,181)
Partnerships (not available for ECC use)	(1,567)			-	209		209	209	(1,358)
Schools (not available for ECC use)	(51,939)						-	-	(51,939)