

## AGENDA ITEM 5

<b>Report to Cabinet</b>	<b>Forward Plan reference number:</b> FP/998/02/15
<b>Date of Meeting:</b> 26 January 2016	<b>County Divisions affected by the decision:</b>  All divisions
<b>Title of report: 2015/16 FINANCIAL OVERVIEW AS AT THE THIRD QUARTER STAGE</b>	
<b>Report by</b> Cllr John Spence, Cabinet Member for Finance	
<b>Responsible Director:</b> Margaret Lee – Executive Director for Corporate and Customer Services.	
<b>Enquiries to:</b> Margaret Lee, Executive Director for Corporate and Customer Services	

### 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 of the 2015/16 financial year. This reports an under spend on revenue of **£5.3m** and an under spend of **£7.1m** on capital after proposed adjustments.

### 2. Recommendations

Approval is sought in relation to the following actions:

- 2.1 To draw down funds from reserves as follows:
- I. **£35,000** from the Transformation Reserve to Education and Lifelong Learning portfolio for redundancy costs related to the Education Redesign.
  - II. **£62,000** from the Transformation Reserve to Education and Lifelong Learning portfolio for redundancy costs incurred through the Adult Community Learning restructure.

- III. **£644,000** from the Transformation Reserve to Corporate Services portfolio to fund the In Person project to be drawn down on a phased basis.
- IV. **£57,000** from the Transformation Reserve to Corporate Services Recharged Support Services for Adult Mental Health and Waste Portfolio projects supported by the Transformation Support Unit.
- V. **£167,000** from the Community Initiative Reserve to Transport, Planning and the Environment portfolio to support the Community Initiative capital scheme.
- VI. **£750,000** from the Reserve for Future Capital Funding Reserve to Finance Recharged Support Services for Transforming Corporate Systems.

2.2 To appropriate funds to reserves as follows:

- I. **£127,000** to the Transformation Reserve from Adult Social Care portfolio as a result of the deferral of Phase 2 of the Care Act.
- II. **£446,000** to the Transformation Reserve from Corporate Services Recharged Support Services portfolio relating to the Digital Channels project.
- III. **£100,000** to the Transformation Reserve from Corporate Services Recharged Support Services in relation to the People and Change project, which will be requested in 2016/17.
- IV. **£124,000** to the Transformation Reserve from Corporate Service Recharged Support Services, which was for capacity to develop service propositions for 2016/17, and is no longer required.
- V. **£2.7m** pay award contingency budget to the General Balance from the Finance portfolio.
- VI. **£980,000** to the General Balance from Finance Recharged Support Services in relation to the Insurance Cost Recovery Account under spend on provision.

2.3 To approve the following adjustments:

- I. At the half year stage, Cabinet approved the inclusion of Schools Human Resources and Jobscene within EES Traded (formerly Essex Education Services). On the basis of these activities being subsumed into the EES trading account, approval is now sought to:

- a. Increase the budgeted surplus of the trading activity by **£745,000**; and
  - b. Appropriate this additional surplus to the General Balance to offset the budget shortfall within the Education and Lifelong Learning portfolio (**£280,000**) and Corporate Services Recharged Support Services (**£465,000**) created as a consequence of the transfer of these activities into EES trading service.
- II. To reduce the financial target for the Schools Staff Insurance Scheme by **£312,000**.
- III. To amend the capital budget as shown in Appendices C and C(ii) which allows for capital slippage of **£14.1m**, capital budget additions of **£6.0m**, capital budget reductions of **£12.6m** and advanced works of **£1.9m**.
- IV. To transfer **£458,000** from Leader portfolio to the Finance Recharge Support Services to transfer Policy and Management under spend.
- V. To transfer the **£4.9m** Redundancy Reserve balance to the Transformation Reserve, and close the Redundancy Reserve (see 3.7).
- VI. To transfer the **£5.7m** Consultation Reserve balance to the General Balance, and close the Consultation Reserve (see 3.7).
- VII. To transfer the **£9.8m** Collection Fund Investment Risk Reserve balance to the General Balance, and close the Collection Fund Investment Risk Reserve (see 3.7).
- VIII. To transfer the **£1.1m** Energy Inflation Reserve balance to the General Balance, and close the Energy Inflation Reserve (see 3.7).
- IX. To transfer the **£372,000** Essex Transport Reserve balance to the General Balance, and close the Essex Transport Reserve.

## Executive Summary

### 3. Revenue

- 3.1 Appendix A(i) summarises the revenue budgets and forecast outturn for each portfolio. There is a forecast under spend of **£5.3m**, driven by **£2.2m** on net expenditure and **£3.1m** on funding. This is **0.6%** against a total expenditure budget of **£926.2m**, which assumes full commitment of the remaining **£7.5m** in the emergency contingency.
- 3.2 There is a small overspend of **£2.1m (0.5%)** related to Adults and **£2.9m (2.5%)** related to Children's Social Care, which are primarily due to fluctuations in predicted need and the complexity of that need. There is

pressure with the Transitions service, due to increased client numbers driven by more complex behavioural cases and increased referrals from schools. All overspends are subject to recovery plans with mitigating actions, and will be closely monitored throughout the rest of the year. These pressures are offset by under spends on Other Operating Costs and Recharged Support Services. These under spends are increased further due to unexpected funding (outlined below) resulting in a net forecast under spend of **£5.3m**.

- 3.3 Additional funding totalling **£3.1m** has been received due to a **£1.5m** higher income than forecast on Brentwood Borough Council's forecast of ECC's share of council tax income, an additional **£667,000** grant income from central government relating to Business Rates compensation and a further better than forecast **£1.0m** benefit from business rates pooling.
- 3.4 This represents an improvement on portfolio expenditure of **£5.5m (0.6%)** since the Quarter 2 report. It should be noted that the forecast is based on best intelligence at this point in time.
- 3.5 Whilst the position has improved, there are a number of underlying pressures and risks which are building for the future years, and these are currently being contained in year by one-off means.
- 3.6 The Local Government Provisional Settlement recently announced is much more severe than was anticipated. It is imperative that the authority continues to reduce costs, drive out inefficiencies and pursue income opportunities.
- 3.7 In light of the Provisional Settlement, a review of reserves has been undertaken. Accordingly it is proposed to close a number of reserves and transfer their balances into the General Balance to support the unexpected fall in funding during 2016/17. As part of the draft budget proposals included elsewhere on the agenda (FP 333/12/15), a drawdown of the General balance will be required in order to present a balanced budget for 2016/17.

#### **4. Capital**

- 4.1 For 2015/16 the original approved capital programme was **£272.0m**. As a result of further re-profiling the programme has decreased by **£15.4m** so that the latest approved budget is **£256.6m**, and the forecast is **£230.7m**. Before adjustments proposed within this report this represents an under spend of **£25.9m** against the latest approved budget. An outturn of £230m will represent an increase against that for 2014/15, but assuming that budget change requests are approved there will be a residual under spend of **£7.1m**.
- 4.2 Appendix C (i) summarises current year forecasts along with changes in the Capital Programme for 2015/16 since approval of the original programme in the Budget Report to Council in February 2015. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

- 4.3 To date, gross slippage of **£43.9m** (16%) has occurred since the start of the year. Advanced works (**£7.6m**) and the impact of 2014/15 slippage (**£13.3m**) being added to the programme has offset the slippage.
- 4.4 Just under **£150.0m** has been spent on capital works in the first eight months of the year, this represents **65%** of the programme's forecast spend for the year, an improvement on the previous year's run rate.
- 4.5 Since the Quarter 2 report the Woodlands School improvement scheme has completed, a week ahead of schedule, improving the learning experience for its pupils. Nine Temporary Accommodation schemes at schools across the county have also completed, leaving an under spend which has enabled a further scheme at Brightlingsea Infant School to be delivered earlier than scheduled. All five Waste Transfer Stations are also now complete and operational. In terms of highways, a large 3 million square metres surface dressing programme is complete, the majority of the inlay surfacing and micro-surfacing programmes were completed before Christmas, and the pre-surfacing preparation works are underway to secure an early start in 2016/17.

## **2015/16 Revenue Position**

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

#### **5.1.1 Adult Social Care - £2.1m over spend**

- I. The outturn forecast for the Adults Social Care portfolio is a **£2.1m** over spend (**0.5%** of net budget). In addition, there are net risks of **£3.2m** that could impact by year end.
- II. Care and Support pressures totalling **£2.2m** which relate to:
- An over spend of **£3.3m** on Working Age Adults due to direct payment pressures of **£2.3m** arising from increased client numbers and a further **£1.0m** residential pressure where demand is higher than estimated. There is, however, a change in mix of packages and the pressures are partly offset by a **£2.4m** under spend of cash payments where average payment values are lower than budgeted.
  - Transitions **£986,000** over spend due mainly to there being higher volumes of clients than has been budgeted for.
- III. There is an under spend of **£1.7m** on Older People, due to domiciliary care (**£3.2m**) and day care activity and prices (**£1.4m**) being lower than budgeted whilst residential and nursing care are **£1.6m** above budget. Delays in reablement provision earlier in the year have resulted in higher numbers of residential care placements than anticipated whilst

conversely the expected increases in domiciliary and day care associated with successful reablement activity have not materialised therefore these areas are experiencing under spends.

- IV. Mental Health under spend of **£865,000** due to Care Quality Commission registration costs being less than anticipated; reduced costs due to delays in a number of units coming online; under spends on advocacy; and residential care and support prices being lower than budgeted.
- V. Other Social Care under spend of **£336,000** due to reducing spend in Advocacy.
- VI. Service Management Costs over spend of **£300,000** due to interim staffing costs borne pending a senior management recruitment that has now been completed.
- VII. Housing Related Support over spend of **£1.7m** as a consequence of planned savings projects slipping into 2016/17.
- VIII. There are a number of risks predominantly relating to market price pressures, increased demand driven by demographic changes and/or winter pressures

#### **5.1.2 Children and Families - £2.9m over spend**

- I. The children in care figures have decreased by over **7%** in comparison to the same period last year. However there are a greater number of 14+ year olds entering the care system (a **29%** rise in ECC, compared to a **21%** increase nationally), who have greater, more complex needs often requiring more costly residential placements, rather than less costly adoptions or fostering placements. The recovery plan to date has made significant strides in reducing the overall risk to the financial position, through supplier negotiations and a focussed review of children in care placements, which has mitigated nearly £600,000 of pressure.
- II. There is a staffing pressure in respect of above inflation salary increases for social workers, due to consolidation payments and the 2.2% pay award of the bands 1-3 (National Joint Council agreement). The portfolio will not be able to contain this pressure.
- III. There is a **£268,000** pressure due to additional unaccompanied asylum seekers. There are currently 82 unaccompanied asylum seekers in 2015/16 so far and although the authority receives a level of grant it is insufficient, due to the complexity of the needs of these children.
- IV. Multi-Systemic Therapy has a pressure of **£1.3m** as ECC is currently spending at a faster rate than originally forecast due to a higher

number of successful referrals through the programme. The over spend, is however simply a cash flow issue, meaning in future years ECC will not have to pay any more as the price in the contract is capped at a fixed total price. Adjustments to future years' budgets have been made (pending Cabinet approval).

#### **5.1.3 Corporate Services £594,000 over spend**

- I. The over spend relates to Registrars (**£443,000**) due to under recovery of income, and to Libraries (**£248,000**) where In Person' savings are delayed and approval has been granted to slip into future years.
- II. The over spend is partly mitigated by staffing vacancies within Customer Services and Member Enquiries (**£233,000**).

#### **5.1.4 Economic Growth and Waste and Recycling – £144,000 under spend**

- I. There are pressures of **£1.3m**, primarily landfill gas royalties, where ECC are unable to gain control of the export connection to the grid, and where the use of infrastructure cannot be optimised because of the on-going Mechanical Biological Treatment (MBT) plant commissioning stage.
- II. These pressures are mitigated by an under spend of **£1.5m** due to an extended period of lower gate fee rates into the MBT plant.
- III. There are planned carry forwards for which approval will be sought in the Provisional Outturn report of **£50,000** from Waste and Recycling relating to one off savings in 2016/17.

#### **5.1.5 Education and Lifelong Learning Dedicated Schools Grant (DSG) - £6.9m 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 ECC's forecast. Any variance in DSG will be addressed in future years.

The over spend of **£6.9m** is attributable to shortfall in early years funding for 3 and 4 year olds, an increase in 48 weeks independent school places and increased demand for high needs support for pupils. This will not be funded by Department of Education and ECC is lobbying on the inequity of the situation. Therefore the forecast over spend will be carried forward to 2016/17. The Government's settlement has announced there is no amendment to the guaranteed unit of funding for 2016/17. The key risk for 2016/17 remains Early Years as the guaranteed unit of funding has not been increased. There will be a

consultation on early years funding next year for 2017/18 where the Authority will continue to lobby for a fair rate of funding for Essex. Mitigation options are being worked through with Schools Forum in January.

**5.1.6 Education and Lifelong Learning Non DSG - £10,000 over spend**

- I. There is a **£1.6m** pressure on home to school transport due to increased cost pressures relating to the transport of children with special educational needs, and the anticipated procurement savings not coming to fruition; this is separate to the education transport policy savings. This is mitigated by savings within early years, special educational needs and a reduction in the forecast for premature retirement costs. The service is currently on track to deliver the education transport policy transport savings within the 2015/16 financial year.

**5.1.7 Infrastructure and Highways Delivery- £704,000 under spend**

- I. The under spend is largely due to staffing (**£430,000**) and additional income for bus lane enforcement and records management (**£424,000**).

**5.1.8 Leader – £180,000 under spend**

- I. The under spend is due to under utilisation of the Essex Initiatives budget (**£260,000**), under spends on Corporate Policy and Members Support (**£255,000**), with the remainder mainly attributable to staffing under spends across the portfolio.
- II. There are planned carry forwards for which approval will be sought in the Provisional Outturn report of **£250,000** in Place Policy and **£30,000** from Trading Standards relating to one-off savings in 2016/17.

**5.1.9 Finance - £833,000 over spend**

- I. The over spend is due to the Council Tax Sharing Scheme, under which a share of any increase in council tax income collected is paid back to District Councils. But this is a net gain to the authority, as it is currently projected that Districts will collect **£6.5m** more than planned.



#### **5.1.11 Transport, Planning and Environment- £2,000 over spend**

- I. There is a small over spend as a result of historical charges within the Local Bus service, Chelmsford Park & Ride sites and an income shortfall on Season Tickets. This is offset by staffing under spends.
- II. There are planned carry forwards for which approval will be sought in the Provisional Outturn report of **£170,000** from Planning and Environment relating to one off savings in 2016/17.

#### **5.1.12 Other Operating Costs - £4.3m under spend**

- I. The under spend is due to interest budgets, and a review of reserves. Changes in the profile of borrowing and higher yields on cash balances are driving a **£1.7m** under spend, with the remainder due to interest receivable, and the review of reserves (see 3.7).

#### **5.1.13 Finance Recharge Support Services- £1.7m under spend**

- I. The under spend of **£1.7m** is due to staffing vacancies and an overachievement of income. Additionally, contingency budgets are being held here specifically to offset pressures within the Corporate and Customer Services function. There is an over spend within the Insurance Cost Recovery Account (ICRA) of **£493,000** due to an increase in premium costs in this financial year.
- II. Following a review of potential future liabilities by our appointed actuary, there is a one-off opportunity to transfer **£980,000** of surplus budget to the general balance. This leaves a residual over spend on ICRA of **£493,000**, relating largely to an increase in the cost of insurance premiums in 2015/16. This pressure has been known throughout the year and is already mitigated by other under spends, allowing the full amount of the new opportunity to be realised.

#### **5.1.14 Leader Recharge Support Services- £368,000 under spend**

- I. The under spend is due to staffing vacancies and additional external income for school appeals and external committees.

#### **5.1.15 Corporate Services Recharge Support Services - £1.2m under spend**

- I. The under spend is due to staffing vacancies, lower contract costs and higher rental income in Property and Social Care Case Management (SCCM) Project.

## 6. Trading Activities

- I. The target operating surplus for 2015/16 is **£5.3m**. The forecast outturn is **£4.7m**, a shortfall of **£592,000**.
- II. Slough Libraries is forecast to generate a surplus of **£272,000**, which is a combination of Library Services Slough Limited 2014/15 trading surplus of **£258,000** and a 2015/16 contract re-negotiation surplus of **£14,000**.
- III. Place Services is forecast to exceed its target operating surplus by **£200,000**, as a result of reduced staffing costs due to delays in recruitment, and overhead costs.
- IV. The reduction of ECC commissioned services from EES has resulted in forecast pressure of **£147,000**.
- V. Essex Legal Services is forecasting a shortfall of **£611,000**, primarily due to a pressure on the Essex Guardians budget, where fees previously charged at the higher solicitor rate may have to be charged at the lower local authority rate. The service are looking to mitigate this shortfall.
- VI. Schools Staff Insurance is reporting a pressure of **£312,000**, due to a combination of an increase in the level of benefit paid out for claims and the number of claimants being more than anticipated. A draw down will be made from the Schools Staff Insurance Scheme reserve to offset the deficit. As a consequence, a change to the financial target is required.

## 7. Capital

- 7.1 The latest forecast is an under spend of **£25.9m** against the latest approved capital budget of **£256.6m**. Assuming that budget change requests are approved there will be a residual under spend of **£7.1m**.
- 7.2 Approval is sought for:
  - I. Slippage of **£14.1m**
  - II. Budget additions of **£6.0m**
  - III. Budget reductions of **£12.6m**
  - IV. Advanced works of **£1.9m**
- 7.3 The key points to note are listed below, and the detailed requests are shown at Appendix C.

## 7.4 Adult Social Care

- I. Spend to date of **£137,000** represents **11%** of the forecast outturn of **£1.3m**. An under spend of **£2.9m** is therefore forecast against the budget of **£4.2m**.
- II. **Accommodation for Vulnerable People;** There has been a delay to the start of the Everitt Road scheme due to the re-opening of commercial negotiations. As a result **£845,000** needs to be re-profiled into 2016/17. There is a risk that savings built into the revenue budget from 2017/18 may not be delivered as the revised completion date is currently unknown (savings at risk estimated to be between **£22,000 – £54,000**)
- III. **Extra Care Planning;** Recent uncertainty over the implementation of proposals announced in the Summer budget to reduce social rents by 1% per year over the next four years caused a slow-down in developer activity. It is expected to recover as the Department for Communities and Local Government (DCLG) become increasingly clear that it does not impact on specialist accommodation. As a result the remaining budget of **£1.7m** is required to be re-profiled into 2016/17.

## 7.5 Children and Families

- I. Spend to date of **£353,000** represents **78%** of the forecast outturn of **£454,000**. An under spend of **£23,000** is forecast.
- II. **Carers Adaptations** – Several adaptations budgets have now been consolidated to work more efficiently, therefore a residual variance of **£23,000** is forecast.

## 7.6 Transport, Planning and the Environment

- I. Spend to date of **£4.6m** represents **70%** of forecast outturn of **£6.6m**. An under spend of **£930,000** is currently forecast
- II. **Community Initiatives** – Approval is sought for an addition of **£167,000** to be funded by a withdrawal from the Community Initiatives Reserve to support the grants that have been awarded for Community Improvements over the last three months.
- III. **Tendring Coastal Defence** – This Tendring District Council (TDC) led project completed in October 2015. Latest indications suggest that TDC will not require ECC's **£1.0m** contingency budget however, they have 6 months from the date of completion to submit their final accounts.

## **7.7 Deputy Leader, Economic Growth and Waste and Recycling**

- I. Spend to date of **£7.8m** represents **52%** of forecast outturn of **£15.0m**. An under spend of **£3.3m** is currently forecast
- II. **Skills Economic Growth** – In order to protect the South East Local Enterprise Partnership (SELEP) Local Growth Fund (LGF) funding which must be used in 2015/16, ECC funding of **£689,000** needs to be re-profiled into 2016/17
- III. **Waste Transfer Stations** – Great Dunmow was handed over to ECC in November 2015 and began operation in December 2015. It is anticipated that there will be at least an under spend **£500,000** in relation to unrealised contingency.
- IV. **Landfill Restoration** – A revenue solution has now been identified for this project so the capital allocation is no longer required. This will result in an under spend of **£1.3m**.

## **7.8 Education & Lifelong Learning**

- I. Spend to date of **£49.7m** represents **78%** of forecast outturn of **£63.6m**. There is currently a forecast under spend of **£5.3m**
- II. **Glenwood Special School** – The profile has been challenged and re-examined and additional slippage of **£323,000** has been identified however, design work is still underway to agree the final scheme costs. The project is still on track for the required September 2017 opening date and additional places will be provided through Temporary Accommodation in the meantime.
- III. **Market Field re-organisation** – The scheme is now complete and an under spend of **£840,000** relating to unused contingency has been realised. Approval is sought to reduce the budget by **£840,000** to be used to mitigate pressures being experienced on other school projects.
- IV. **Other School Schemes**; New Hall Primary has been approved by Cabinet however the site is still owned by the housing developers. Land acquisition has been delayed until April 2016. Hence construction cannot start until 2016/17 so budget re-profiling of **£587,000** is required. The scheme is still expected to complete on time.
- V. **Basic Need Schemes**; Construction for a number of projects has been delayed until April/May however, all projects are forecasting to provide the required number of spaces on time. The delayed construction has resulted in total slippage of **£3.3m**.

## 7.9 Finance

- I. Spend to date of **£749,000** represents **13%** of forecast outturn of **£5.6m**. There is currently a forecast under spend of **£750,000**
- II. **New Corporate Systems** – Approval is sought to reduce the capital budget by **£750,000** to be transferred to the revenue budget via the Reserve for Future Capital Funding, to fund costs that have been deemed revenue in nature.

## 7.10 Infrastructure & Highways Delivery

- I. Spend to date of **£78.4m** represents 63% of forecast outturn of **£124.4m**. There is currently a forecast under spend of **£7.2m**.
- II. **Depot Infrastructure** - Planning approval is required around the potential highways depot site at Foxborough Hills (Halsted) so existing plans are on hold to ensure funding is spent at the best site. Approval is sought to re-profile **£1.3m** into 2016/17.
- III. **Infrastructure Connectivity** – A re-profiling exercise has recently been carried out across all of the LGF funded highways capital schemes to ensure that the 2015/16 LGF funding is maximised. The revised profile was approved by the SELEP in November and a Key Decision is currently being prepared to address these changes. This includes projects such as the Harlow Enterprise Zone & A414 Pinchpoint Package (**£4.4m** under spend) and Colchester Integrated Transport Package (**£2.1m** under spend).
- IV. **Nethermayne and Harlow Clock Tower** - Approval has been obtained from the DFT to allow underspends to be spent on other projects, therefore approval is sought for a reduction of **£430,000** on the Harlow Clock Tower and an addition of **£794,000** on Nether Mayne to fund the cost pressures caused by unforeseen drainage issues and the absence of an electrical supply for the street lighting. It is funded by the unutilised Pinch Point grant, no additional borrowing is required.

## 7.11 Leader

- I. No spend has been incurred to date against a forecast of **£390,000**. There is currently a forecast under spend of **£3.6m**
- II. **Essex Cares** - The Essex Cares Ltd Hub and Spoke investment programme is forecast to under spend by **£2.3m** in the current year, due to issues with establishing the detailed property solutions. Approval is sought for a net reduction of **£2.3m** on the Hub and Spoke programme

and to re-profile **£1.3m** into 2016/17 in relation to the ECL IS programme.

## 7.12 Corporate Services

- I. Spend to date of **£6.7m** represents **61%** of forecast outturn of **£11.0m**. An under spend of **£1.5m** is currently forecast.
- II. **Property Transformation (3)** – The potential to deliver early works in 2015/16 is not going to be achieved and therefore **£1.5m** needs to be re-profiled into 2016/17.

## 7.13 Controlled Elsewhere

- I. Spend to date of **£1.5m** represents 67% of forecast outturn of **£2.3m**. The service is currently forecasting an under spend of **£289,000**
- II. Approval is sought to reduce the budget by **£289,000** and transfer to revenue.

7.14 **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.

## 7.15 Capital Receipts

Capital receipts received to date are shown in the table below which demonstrates an over achievement against target:

	Revised Target	Capital Receipts Achieved as at 27/11/15
	£m	£m
2013/14	22.0	23.3
2014/15	8.0	10.5
2015/16	15.0	16.8
<b>Total</b>	<b>45.0</b>	<b>50.6</b>
<i>Includes 're-use properties'</i>		
Percentage of overall target		112%

**Note to table above:** 'Re-use properties' refer to re-use for new purpose within ECC rather than disposal.

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

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

## **9. Policy context and Outcomes Framework**

- 9.1 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 2015.

## **10. Financial Implications**

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

- 10.1 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 2015/16 budget.
- 10.2 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.

## **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. Staffing and other resource implications**

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

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

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





Essex County Council  
Appendix A (i)

REVENUE														
2015/16														
	Year to Date			Budget Movement		Forecast Outturn								
	Latest Budget	Actual	Variance	Original Budget	Movement	Latest Budget	Outturn Forecast	Forecast Variance	Variance Plan	Residual Variance	RAG Status	Residual Variance at Half Year	Movement in Residual Variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	
Adult Social Care	273,953	263,046	(10,907)	400,036	4,233	404,268	406,199	1,930	(127)	2,057	✧	3,410	(1,353)	
Children and Families	78,363	80,168	1,805	115,691	(230)	115,461	118,321	2,860	-	2,860	✧	1,650	1,210	
Communities and Healthy Living	3,780	4,169	389	818	7,870	8,688	8,780	92	72	20	✧	117	(97)	
Corporate Services	8,128	9,786	1,658	12,886	49	12,935	14,117	1,182	588	594	✧	1,460	(86)	
Economic Growth, Waste and Recycling	50,578	51,116	538	82,249	(1,525)	80,724	80,530	(194)	(50)	(144)	✧	(57)	(87)	
Education and Lifelong Learning														
Education and Lifelong Learning DSG	182,796	126,555	(56,241)	(2,912)	3,399	487	7,356	6,869	(15)	6,884	✧	6,311	573	
Education and Lifelong Learning NON DSG	32,693	31,742	(951)	49,469	(1,429)	48,040	48,487	447	437	10	✧	(193)	203	
Fire Reinstatement Works	-	(362)	(362)	-	-	-	-	-	-	-	✧	-	-	
Infrastructure and Highways Delivery	37,705	32,570	(5,135)	50,730	6,387	57,117	56,413	(704)	-	(704)	✧	(245)	(459)	
Leader	6,018	4,632	(1,386)	7,392	1,969	9,361	8,358	(1,003)	(823)	(180)	✧	(336)	156	
Finance	12,919	11,914	(1,005)	20,704	547	21,252	19,371	(1,880)	(2,713)	833	✧	64	769	
Transport, Planning and Environment	26,085	26,499	414	37,782	1,369	39,151	38,983	(168)	(170)	2	✧	(173)	175	
Other Operating Costs	5,904	8,104	2,200	60,639	(39,027)	21,612	17,278	(4,334)	-	(4,334)	✧	(1,523)	(2,811)	
Recharged Support Services														
Finance RSSS	6,639	9,380	2,741	18,452	3,332	21,784	20,331	(1,453)	228	(1,681)	■	(1,142)	(539)	
Leader RSSS	2,934	2,580	(354)	4,204	194	4,398	4,115	(283)	85	(368)	■	(302)	(66)	
Corporate Services RSSS	53,301	51,248	(2,053)	68,462	12,165	80,627	79,443	(1,184)	(24)	(1,160)	✧	548	(1,708)	
Net Expenditure	781,796	713,148	(68,648)	926,602	(699)	925,903	928,080	2,178	(2,512)	4,690	✧	9,591	(4,901)	
DSG offset	(182,796)	(126,555)	56,241	2,912	(3,399)	(487)	(7,356)	(6,869)	15	(6,884)		(6,311)	(573)	
ECC Projected Outturn	599,000	586,593	(12,407)	929,514	(4,098)	925,416	920,724	(4,691)	(2,497)	(2,194)	✧	3,280	(5,474)	
Financed by														
COL FUND (SURPLUS)/DEFICIT				(10,749)	-	(10,749)	(12,223)	(1,474)	-	(1,474)				
COUNCIL TAX PRECEPT				(539,138)	-	(539,138)	(539,138)	-	-	-				
GENERAL BALANCE - CONTRIBUTION/(WITHDRAWAL)				(3,462)	8,066	4,604	4,604	-	-	-				
GENERAL GOVERNMENT GRANTS				(52,274)	(7,895)	(60,169)	(60,836)	(667)	-	(667)				
NDR PRECEPT				(42,053)	-	(42,053)	(42,053)	-	-	-				
NDR SAFETY NET PAY(Benefit of NDR pooling)				(528)	528	-	(1,000)	(1,000)	-	(1,000)				
NDR TOP UP/TARIFF				(117,624)	-	(117,624)	(117,624)	-	-	-				
REVENUE SUPPORT GRANT				(160,774)	-	(160,774)	(160,774)	-	-	-				
Total Financing				(926,602)	699	(925,903)	(929,044)	(3,141)	-	(3,141)				

## Appendix A (ii)

	REVENUE VARIANCE PLAN									
	Unadjusted Variance	Not seeking Approval				Seeking Approval in this report			Total Technical Adjustment	Residual Variance
		Virement Requests	Carry Forward requests	Amounts (to) / from reserve	Total Not for Approval	Virement Requests	Amounts (to) / from reserve	Total for Approval		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Adult Social Care</b>	1,930				-		(127)	(127)	(127)	2,057
<b>Children and Families</b>	2,860				-			-	-	2,860
<b>Communities and Healthy Living</b>	92			72	72			-	72	20
<b>Corporate Services</b>	1,182	(56)		644	588			-	588	594
<b>Economic Growth and Waste and Recycling</b>	(194)		(50)		(50)			-	(50)	(144)
<b>Education and Lifelong Learning</b>								-		
Education and Lifelong Learning NON DSG	447		(35)	375	340		97	97	437	10
<b>Infrastructure and Highways Delivery</b>	(704)				-			-	-	(704)
<b>Leader</b>	(1,003)	(85)	(280)		(365)	(458)		(458)	(823)	(180)
<b>Finance</b>	(1,880)				-		(2,713)	(2,713)	(2,713)	833
<b>Transport, Planning and Environment</b>	(168)		(170)		(170)			-	(170)	2
<b>Recharged Support Services</b>										
<b>Finance RSSS</b>	(1,453)	-			-	458	(230)	228	228	(1,681)
<b>Leader RSSS</b>	(283)	85			85			-	85	(368)
<b>Corporate Services RSSS</b>	(1,184)	56	(513)	1,046	589		(613)	(613)	(24)	(1,160)
<b>Total</b>	<b>(357)</b>	<b>-</b>	<b>(1,048)</b>	<b>2,137</b>	<b>1,089</b>	<b>-</b>	<b>(3,586)</b>	<b>(3,586)</b>	<b>(2,497)</b>	<b>2,140</b>
Other Operating Costs	(4,334)				-			-	-	(4,334)
<b>Total (including Other Operating Costs)</b>	<b>(4,691)</b>	<b>-</b>	<b>(1,048)</b>	<b>2,137</b>	<b>1,089</b>	<b>-</b>	<b>(3,586)</b>	<b>(3,586)</b>	<b>(2,497)</b>	<b>(2,194)</b>

## Appendix B

	Revenue reserve 1 April 2015	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2016
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Education &amp; Lifelong Learning</b>											
EES Traded	(2,647)	(12,420)	12,420	-	(13,026)	13,173	147	(2,707)	(106)	350	(2,256)
Music Services Traded	(109)	(4,567)	4,567	-	(4,567)	4,567	0	(113)	-		(109)
Schools Staff Insurance Scheme	(1,175)	(5,232)	5,232	-	(4,721)	5,033	312	-	-		(863)
<b>Libraries Communities &amp; Planning</b>											
Library Services	(277)	(2,201)	2,201	-	(1,880)	1,609	(272)	(277)	93		(456)
<b>Transformation &amp; Support Services Trading</b>											
Information Services infrastructure	(208)	(6,650)	6,650	-	(6,650)	6,650	0	-	-		(208)
Legal Services	(300)	(9,829)	9,829	-	(8,862)	9,472	611	(1,959)	(121)		189
Place Services	(190)	(1,585)	1,585	-	(1,761)	1,561	(200)	(125)	-		(390)
Smarte East	(245)	(265)	265	-	(63)	57	(6)	-	(3)		(254)
<b>Total</b>	<b>(5,152)</b>	<b>(42,749)</b>	<b>42,749</b>	<b>-</b>	<b>(41,531)</b>	<b>42,122</b>	<b>592</b>	<b>(5,182)</b>	<b>(137)</b>	<b>350</b>	<b>(4,347)</b>

## Appendix C (i)

### CAPITAL

2015/16

	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	1,523	137	(1,386)	7,676	(3,515)	4,161	1,295	(2,866)	●
Children and Families	253	353	100	541	(64)	477	454	(23)	■
Transport, Planning and the Environment	4,924	4,589	(335)	5,434	2,108	7,542	6,612	(930)	●
Deputy Leader, Economic Growth and Waste & Recycling	8,885	7,757	(1,128)	25,342	(7,010)	18,332	15,018	(3,314)	●
Education and Lifelong Learning	47,199	49,736	2,537	77,404	(8,454)	68,950	63,630	(5,320)	●
Finance	2,454	749	(1,705)	5,285	1,093	6,378	5,628	(750)	●
Infrastructure & Highways Delivery	75,598	78,364	2,766	131,778	(113)	131,665	124,442	(7,223)	●
Leader	1,086	-	(1,086)	4,006	14	4,020	390	(3,630)	●
Corporate Services	6,288	6,716	428	12,782	(275)	12,507	10,975	(1,532)	●
Archived Codes	-	-	-	-	-	-	-	-	■
<b>ECC Capital Programme</b>	<b>148,210</b>	<b>148,401</b>	<b>191</b>	<b>270,248</b>	<b>(16,216)</b>	<b>254,032</b>	<b>228,444</b>	<b>(25,588)</b>	●
Schools Cash Balance	-	339	339	-	339	339	339	-	■
Devolved Formula Capital	687	1,197	510	1,800	430	2,230	1,941	(289)	●
<b>Total School Balances</b>	<b>687</b>	<b>1,536</b>	<b>849</b>	<b>1,800</b>	<b>769</b>	<b>2,569</b>	<b>2,280</b>	<b>(289)</b>	●
<b>Total Capital Programme</b>	<b>148,897</b>	<b>149,937</b>	<b>1,040</b>	<b>272,048</b>	<b>(15,447)</b>	<b>256,601</b>	<b>230,724</b>	<b>(25,877)</b>	●

### Financed by

ECC Capital Programme				
Grants	131,419	(11,034)	120,385	118,858
Reserves	10,991	(1,269)	9,722	13,494
Developer contributions	7,364	1,893	9,257	7,336
Capital receipts	10,409	-	10,409	10,409
Unsupported borrowing	110,065	(5,807)	104,259	78,346
Borrowing funded by revenue	-	-	-	-
<b>sub-total ECC Capital Programme</b>	<b>270,248</b>	<b>(16,217)</b>	<b>254,031</b>	<b>228,443</b>
<b>School Balances</b>				
Grants	1,800	(644)	1,156	878
Reserves	-	-	-	-
Unsupported borrowing	-	1,413	1,413	1,402
<b>sub-total School Balances</b>	<b>1,800</b>	<b>769</b>	<b>2,569</b>	<b>(289)</b>
<b>Total ECC &amp; Schools Capital Funding</b>	<b>272,048</b>	<b>(15,448)</b>	<b>256,600</b>	<b>230,723</b>

## Appendix C(i)

### Variance plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	2015/16 Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	(2,192)	845	(1,145)	(1,023)	(3,515)	(2,823)	-	(63)	-	20	(2,866)
Children and Families	(40)	392	(402)	(14)	(64)	-	-	-	-	(23)	(23)
Communities and Healthy Living	-	-	-	-	-	-	-	-	-	-	-
Transport, Planning and the Environment	243	869	-	992	2,104	(100)	191	(24)	2	(999)	(930)
Deputy Leader, Economic Growth and Waste & Recycling	(7,069)	2,370	(2,310)	(1)	(7,010)	(1,285)	-	(1,800)	-	(229)	(3,314)
Education and Lifelong Learning	(6,369)	44,906	(42,847)	(4,144)	(8,454)	(4,336)	4,198	(6,052)	1,247	(376)	(5,320)
Finance	-	318	-	-	318	-	-	(750)	-	-	(750)
Infrastructure & Highways Delivery	(2,507)	73,728	(69,894)	(1,437)	(109)	(2,305)	1,554	(1,209)	700	(5,963)	(7,223)
Leader	14	2,618	(2,618)	-	14	(1,302)	70	(2,398)	-	-	(3,630)
Corporate Services	525	390	(390)	(26)	499	(1,956)	-	(30)	-	454	(1,532)
Archived Codes	-	-	-	-	-	-	-	-	-	-	-
<b>Total ECC Capital Programme</b>	<b>(17,396)</b>	<b>126,436</b>	<b>(119,606)</b>	<b>(5,652)</b>	<b>(16,217)</b>	<b>(14,107)</b>	<b>6,013</b>	<b>(12,327)</b>	<b>1,949</b>	<b>(7,116)</b>	<b>(25,588)</b>
Schools Cash Balance	339	-	-	-	339	-	-	-	-	-	-
Devolved Formula Capital	646	1,842	(2,058)	-	430	-	-	(289)	-	(0)	(289)
<b>Total Controlled Elsewhere</b>	<b>985</b>	<b>1,842</b>	<b>(2,058)</b>	<b>-</b>	<b>769</b>	<b>-</b>	<b>-</b>	<b>(289)</b>	<b>-</b>	<b>(0)</b>	<b>(289)</b>
<b>Total Capital Programme</b>	<b>(16,410)</b>	<b>128,278</b>	<b>(121,664)</b>	<b>(5,652)</b>	<b>(15,448)</b>	<b>(14,107)</b>	<b>6,013</b>	<b>(12,615)</b>	<b>1,949</b>	<b>(7,116)</b>	<b>(25,877)</b>



Essex County Council

## Appendix C (ii)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2015/16 Changes Requested	Residual Variance £000	Total Variance £000
<b>Adult Social Care</b>							
Accommodation for Vulnerable People	(845)	-	-	-	(845)	20	(825)
Extra Care Planning	(875)	-	-	-	(875)	-	(875)
Changing Places	(240)	-	-	-	(240)	-	(240)
Ashley House - Harwich	(863)	-	-	-	(863)	-	(863)
Shared Ownership	-	-	(63)	-	(63)	(0)	(63)
	<b>(2,823)</b>	-	<b>(63)</b>	-	<b>(2,886)</b>	<b>20</b>	<b>(2,866)</b>
<b>Infrastructure &amp; Highways Delivery</b>							
Chelmsford North Eastern Bypass	-	-	-	443	443	457	901
Other Highways Major Schemes	(890)	155	(298)	-	(1,033)	(4,748)	(5,781)
Depots	(1,333)	-	-	-	(1,333)	(2)	(1,335)
Nether mayne	-	794	-	-	794	0	794
Other Schemes	(82)	606	(911)	256	(131)	(1,670)	(1,801)
	<b>(2,305)</b>	<b>1,554</b>	<b>(1,209)</b>	<b>700</b>	<b>(1,260)</b>	<b>(5,963)</b>	<b>(7,223)</b>
<b>Deputy Leader, Economic Growth and Waste and Recycling</b>							
Transfer Stations	-	-	(500)	-	(500)	0	(500)
Waste & Recycling	(596)	-	-	-	(596)	0	(596)
Landfill Restoration	-	-	(1,300)	-	(1,300)	14	(1,286)
Skills Economic Growth	(689)	-	-	-	(689)	-	(689)
Other	-	-	-	-	-	(243)	(243)
	<b>(1,285)</b>	-	<b>(1,800)</b>	-	<b>(3,085)</b>	<b>(229)</b>	<b>(3,314)</b>
<b>Education and Lifelong Learning</b>							
Glenwood Special School	(323)	89	(89)	-	(323)	(3,999)	(4,322)
Harlow Secondary Basic Need	-	530	-	-	530	-	530
Market Field Special School	-	-	(840)	-	(840)	865	25
Other School Schemes	(2,421)	925	(2,644)	-	(4,140)	5,398	1,258
Special Schools	-	1,247	(1,247)	1,247	1,247	(1,273)	(26)
Other	(1,592)	1,407	(1,232)	-	(1,410)	(534)	(1,944)
	<b>(4,336)</b>	<b>4,198</b>	<b>(6,052)</b>	<b>1,247</b>	<b>(4,943)</b>	<b>(377)</b>	<b>(5,321)</b>
<b>Corporate Services</b>							
Property Transformation III	(1,500)	-	-	-	(1,500)	-	(1,500)
Other	(456)	-	(30)	-	(486)	458	(29)
	<b>(1,956)</b>	-	<b>(30)</b>	-	<b>(1,986)</b>	<b>458</b>	<b>(1,529)</b>
<b>Finance</b>							
New Corporate Systems	-	-	(750)	-	(750)	-	(750)
	-	-	<b>(750)</b>	-	<b>(750)</b>	-	<b>(750)</b>
<b>Transport, Planning and the Environment</b>							
Public Realm	(76)	-	-	2	(74)	(22)	(96)
Community Initiatives	-	167	-	-	167	(0)	167
Tendring Coastal	-	-	-	-	-	(1,000)	(1,000)
Passenger Transport	(24)	24	(24)	-	(24)	11	(13)
Other	-	-	-	-	-	13	13
	<b>(100)</b>	<b>191</b>	<b>(24)</b>	<b>2</b>	<b>69</b>	<b>(998)</b>	<b>(930)</b>
<b>Leader</b>							
ECL Hub and Spoke	-	-	(1,562)	-	(1,562)	-	(1,562)
Essex Cares Hub & Spoke Mid	-	-	(836)	-	(836)	-	(836)
Essex Cares Ltd - IS	(1,142)	-	-	-	(1,142)	-	(1,142)
Other	(160)	70	-	-	(90)	-	(90)
	<b>(1,302)</b>	<b>70</b>	<b>(2,398)</b>	-	<b>(3,630)</b>	-	<b>(3,630)</b>
<b>Archived Codes</b>	-	-	-	-	-	0	0
<b>ECC Capital Programme</b>	<b>(14,107)</b>	<b>6,013</b>	<b>(12,327)</b>	<b>1,949</b>	<b>(18,472)</b>	<b>(7,113)</b>	<b>(25,585)</b>
<b>Schools Balances &amp; DFC</b>	-	-	(289)	-	(289)	(0)	(289)
	-	-	<b>(289)</b>	-	<b>(289)</b>	<b>(0)</b>	<b>(289)</b>
<b>Total School Balances</b>	-	-	<b>(289)</b>	-	<b>(289)</b>	<b>(0)</b>	<b>(289)</b>
<b>Total Capital Programme</b>	<b>(14,107)</b>	<b>6,013</b>	<b>(12,615)</b>	<b>1,949</b>	<b>(18,760)</b>	<b>(7,113)</b>	<b>(25,873)</b>



## RESERVES AND BALANCES

2015/16

	Estimated Balance at 1 April 2015 £000	2015/16 movements							Estimated Balance at 31 March 2016 £000
		Contributions	Proposed	Contributions to reserves	Withdrawals	Proposed	Withdrawals from reserves	Net Movement	
		£000	£000	£000	£000	£000	£000	£000	
<b>Earmarked for Future Use</b>									
Capital receipts pump priming	(2,221)	(1,000)		(1,000)	550		550	(450)	(2,671)
Carbon Reduction reserve	(3,075)	(529)		(529)	-	430	430	(99)	(3,174)
Carry forwards reserve	(12,677)	-	(1,048)	(1,048)	12,677		12,677	11,629	(1,048)
Collection Fund Investment Risk reserve	(9,772)	(1,412)		(1,412)	-	11,184	11,184	9,772	-
Community Resilience reserve	-	-		-	-		-	-	-
Community Initiatives Fund	-	(3,750)		(3,750)	1,071		1,071	(2,679)	(2,679)
Consultation reserve	(5,674)	-		-	-	5,674	5,674	5,674	-
Energy Inflation reserve	(920)	(200)		(200)	-	1,120	1,120	920	-
Economic Growth Strategy reserve	-	-		-	-		-	-	-
Essex Crime and Police Panel reserve	(73)	-		-	-		-	-	(73)
Essex Transport Reserve	(372)	-		-	-		-	-	(372)
Flood and Water Management Reserve	(3,000)	-		-	3,000		3,000	3,000	-
Health and Safety Reserve	(207)	-		-	-		-	-	(207)
Insurance	(8,747)	-		-	-		-	-	(8,747)
Innovation Reserve	-	(1,000)		(1,000)	-		-	(1,000)	(1,000)
Newton bequest reserve	(120)	-		-	-		-	-	(120)
Pension Fund Deficit reserve	(3,988)	-		-	1,574		1,574	1,574	(2,414)
Quadrennial Elections reserve	(500)	(500)		(500)	-		-	(500)	(1,000)
Redundancy reserve	(6,050)	-		-	1,068	4,982	6,050	6,050	-
Tendring PPP	(422)	-		-	-		-	-	(422)
Transformation	(28,740)	(8,289)	(5,637)	(13,926)	15,492	1,272	16,764	2,838	(25,902)
				-			-	-	-
<b>Future capital funding</b>				-			-	-	-
General	(21,114)	(3,878)		(3,878)	-	750	750	(3,128)	(24,242)
Bellhouse landfill	(61)	-		-	-		-	-	(61)
				-			-	-	-
<b>General Balance</b>	(58,075)	(1,025)	(20,631)	(21,656)	-		-	(21,656)	(79,731)

## BALANCE SHEET

### RESTRICTED FUNDS

2015/16									
	Estimated Balance at 1 April 2015 £000	Contributions £000	Proposed £000	Contributions to reserves £000	Withdrawals £000	Proposed £000	Withdrawals from reserves £000	Net Movement £000	Estimated Balance at 31 March 2016 £000
Equalisation reserves							-	-	-
PFI equalisation reserves							-	-	-
A130 PFI	(55,809)	-		-	3,902		3,902	3,902	(51,907)
Clacton secondary schools' PFI	(3,833)	(188)		(188)	343		343	155	(3,678)
Debden PFI	(4,346)			-	251		251	251	(4,095)
Building schools for the future PFI	(2,546)			-	-	375	375	375	(2,171)
Waste reserve	(57,611)	(21,764)		(21,764)	12,204		12,204	(9,560)	(67,171)
Grants equalisation reserve	(18,587)	-		-	11,255	72	11,327	11,327	(7,260)
Schools	(53,821)	-	-	-	-		-	-	(53,821)
Partnerships	(2,012)	-	-	-	260		260	260	(1,752)
Trading activities	(5,151)	(137)		(137)	-		-	(137)	(5,288)





## PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

### TREASURY MANAGEMENT - 2015/16

	Actual Balance 1 April	Movements		Net movement	Balance at 31 March	Interest payable / (earned) to date
	£000	Raised £000	Repaid £000	£000	£000	£000
<b>Borrowing</b>						
Long Term	354,516	-	(1,761)	(1,761)	352,755	14,970
Temporary	4,140	-	(3,660)	(3,660)	480	4
	<b>358,656</b>	<b>-</b>	<b>(5,421)</b>	<b>(5,421)</b>	<b>353,235</b>	<b>14,974</b>
<b>Investments</b>						
Long Term	(5,500)	-	-	-	(5,500)	(147)
Temporary	(266,900)	(18,500)	-	(18,500)	(285,400)	(2,108)
	<b>(272,400)</b>	<b>(18,500)</b>	<b>-</b>	<b>(18,500)</b>	<b>(290,900)</b>	<b>(2,255)</b>
<b>Net indebtedness</b>	<b>86,256</b>	<b>(18,500)</b>	<b>(5,421)</b>	<b>(23,921)</b>	<b>62,335</b>	<b>12,718</b>

#### Borrowing

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

350,673

Opening pool rate at 1 April 2015

4.26%

Weighted average rate of interest on new loans secured to date

n/a

Average pool rate for year

4.26%

#### Investments

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

338,401

Average interest earned over period

0.67%

Benchmark rate - average 7 day LIBID rate

0.36%

## Appendix E (ii)

### PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT

#### PRUDENTIAL INDICATORS

		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2015/16 and earlier years' 'starts'	£	£89.57	<b>£86.58</b>
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	6.9%	<b>6.8%</b>
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	6.6%	<b>6.6%</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	272	<b>238</b>
Capital Financing Requirement ( <i>excluding credit arrangements</i> )	£m	792	<b>736</b>
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	600	<b>N/A</b>
Operational boundary (borrowing only)	£m	390	<b>N/A</b>
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	N/A	<b>360</b>
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	620	<b>350</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	186	<b>6</b>
Debt		30.0%	<b>1.7%</b>
Investments		100.0%	<b>79.2%</b>
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	<b>4.7%</b>
12 months & within 24 months	%	40.0%	<b>7.6%</b>
24 months & within 5 years	%	60.0%	<b>13.7%</b>
5 years & within 10 years	%	60.0%	<b>11.3%</b>
10 years & within 25 years	%	67.0%	<b>11.8%</b>
25 years & within 40 years	%	51.0%	<b>29.9%</b>
40 years & within 50 years	%	50.0%	<b>23.0%</b>
50 years & above	%	22.0%	<b>0.0%</b>
Total sums invested for more than 364 days			
Authorised limit	£m	100 <sup>6</sup>	<b>N/A</b>
Actual sums invested ( <b>maximum position during year</b> )	£m	N/A	<b>6<sup>6</sup></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>			