

Report title: 2016/17 Financial Overview as at the Half Year stage	
Report to: Cabinet	
Report author: Cllr John Spence, Cabinet Member for Finance, Housing and Planning Portfolio	
Date: 18 October 2016	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's) revenue and capital budgets as at the half year stage of the 2016/17 financial year. This reports a full year forecast over spend on revenue of **£7.1m** against a net budget of **£937.7m** and an under spend of **£3.5m** on capital against the current budget, to be reduced to **£323,000** after adjustments are made.

2. Recommendations

Approval is sought in relation to the following actions:

- 2.1 To draw down funds from reserves as follows:
- I. **£732,000** from the Community Initiative Reserve to the Environment and Waste portfolio to support the Community Initiative capital scheme (see 7.8.II)
 - II. **£530,000** from the Transformation reserve to the Corporate, Communities and Customers Recharged Support Services portfolio to support delivery of the Organisational Design project
 - III. **£500,000** from Slough Libraries reserve to Essex Education Services (EES) to mitigate the increase in EES contribution this financial year as a result of the transfer of a Traded Development saving, for which, there are no immediate plans in place to mitigate. (see 6.1)
 - IV. **£157,000** from the Schools Sickness Insurance Scheme to Finance, Housing and Planning portfolio to mitigate in year pressures (see 6.1)
 - V. **£25,000** from the Transformation reserve to Adult Social Care portfolio in relation to prepaid cards within the Self Directed Support Transformation project.

2.2 To appropriate funds to reserves as follows:

- I. **£232,000** to the PFI Equalisation reserves from Education and Lifelong Learning portfolio in relation to Building Schools for the Future (**£146,000**), Clacton Secondary Schools (**£65,000**) and Debden (**£21,000**) (see 5.1.7.II)
- II. **£59,000** to the Transformation reserve from Corporate, Communities and Customers Recharged Support Services portfolio relating to the Property Transformation project.

2.3 To approve the following adjustments:

- I. To vire **£137,000** from the Finance, Housing and Planning portfolio to the Finance, Housing and Planning Recharged Support Services portfolio to fund the Director of Greater Essex Devolution post
- II. To amend the capital budget as shown in Appendices C (i) and C(ii) which allows for capital slippage of **£6.1m**, capital budget additions of **£9.4m**, capital budget reductions of **£7.3m** and advanced works of **£853,000**. (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 **£7.1m**, driven by **£8.4m** on service expenditure and offset by additional grant funding from Business Rates of **£1.3m**. This over spend represents less than 1% of expenditure (**£937.7m**). It also assumes full commitment of the **£4.0m** emergency contingency. A recovery plan has been developed for Adult Social Care, however more work is ongoing to operationalise the plans to mitigate the over spend, although the transitions element of the over spend is not fully recoverable. Infrastructure; Highways and Transport are developing a recovery plan. This will be closely monitored in the following months.
- 3.2 There is an over spend of **£8.7m** on Adults Social Care, which is primarily due to higher than predicted activity in Working Age Adults Care and Support (**£3.6m**), Older People Care and Support (**£2.2m**) and the Transitions service (**£3.3m**).
- 3.3 This position represents an improvement of **£803,000** since the Quarter 1 report. It should be noted that the forecast is based on best intelligence at this point in time. There are numerous material and minor risks not included within the current forecast, particularly relating to adult social care (**£17.2m**), to which further reference is made in 5.1.1. Actions to mitigate

these risks and the pressures within the forecast position will continue to be closely monitored; confidence levels are such that it is not appropriate to amend year end forecasts at this time.

- 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. We must also continue to be innovative in finding ways to maintain and enhance services while maximising efficiency.

4. Capital

- 4.1 The original capital programme for 2016/17 as set by Full Council in February 2016 was **£251.9m**. This was reduced by a net **£1.8m** as a result of advancing works to 2015/16 in the final outturn position. In year approved changes of a net **£22m** reduction have resulted in the latest budget for the year of **£228.1m**. The forecast outturn is **£224.7m**. Before adjustments proposed within this report this represents an under spend of **£3.5m**, but assuming that budget change requests are approved there will be a residual under spend of **£323,000**.
- 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 for which approval is sought.
- 4.3 **£80.2m** has been spent on capital works in the first five months of the year, this represents 36% 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 **£8.1m** (9%) 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.
- 4.4 During the first half of the year the BDUK Superfast Broadband Phase 1 project has successfully completed ahead of schedule and under budget achieving 87% superfast broadband coverage across the county. In addition to this, Wivenhoe cycle route is now complete, providing the people of Essex with a safe cycle route from the University to Colchester Town Centre. The Maldon to Chelmsford Route Based Strategy transport scheme is almost complete and has declared savings on the contract of **£500,000**. School expansion schemes at Pear Tree Mead, Whitmore and St Andrews Primary Schools have enabled additional pupils to be accommodated as of September 2016. The temporary accommodation programme has successfully delivered six additional projects to accommodate large classes.

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 - £8.7m over spend

- I. Adult Social Care is projecting an **£8.7m** over spend (2.2% of net budget). The service is confident in achieving a substantial reduction in this overrun during the year.
- II. The overspend is caused by:
 - **£3.3m** in learning disabilities due to 5,010 more hours per week of domiciliary care support being provided (**£4.2m**) than budgeted. The pressures are partly offset by residential placement costs being lower than budgeted (**£662,000**)
 - **£2.2m** over spend in older people due to 4,585 more hours per week of domiciliary care support (**£4.0m**) being provided than anticipated in the budget . The pressures are partly driven by lower reablement capacity than expected but in turn partly offset by underutilisation of the Residential Reablement beds (**£1.0m**) and additional income generated from the extra domiciliary care placements (**£659,000**)
 - **£3.3m** overspend in transitions service (which supports young people with additional needs planning their journey from childhood to adulthood) due to the need to support a greater number of young people than expected.
- III. There are, however, net risks of **£17.2m** that are being managed, predominately relating to savings delivery (**£7.9m**), and a series of 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 transitions.

5.1.2 Children and Families - £613,000 under spend

- I. The under spend is due to Supported Living and Specialist Fostering within Childrens Placements budgets (**£449,000**) and removal of a Service Management recharge (**£296,000**).

5.1.3 Health - £681,000 under spend

- I. The forecast under spend is due to Adult Mental Health. **£389,000** of the under spend relates to care and support, made up of day care (**£224,000**), where the budget was set for an incorrect number of packages, and the Intensive Enablement contract (**£111,000**), where

one new site will now not be available, however this missing provision is instead being provided via domiciliary care. In addition there are under spends in respect of third sector provision (**£184,000**), where a joint procurement exercise with Public Health has resulted in less funding being required than expected, and a delay in recruitment to the new Care and Assessment Team (CAT) focussed on early intervention (**£108,000**).

5.1.4 Corporate, Communities and Customer Services - £30,000 over spend

- I. The over spend primarily relates to Registrars (**£306,000**) due to not reaching increased income targets set for 2016/17. Initial data indicates the number of wedding ceremonies booked has fallen compared to 2015/16 and this is being reviewed to understand the causes.
- II. The over spend is partly offset by an under spend in the Coroners service (**£180,000**) due to the reduced number of independent post mortems anticipated and an under spend (**£68,000**) in Customer Services and Member Enquiries due to staff vacancies.

5.1.5 Economic Growth and Partnerships – £240,000 under spend

- I. The under spend is due to staff vacancies (**£114,000**) which will not be recruited to in the current year and early achievement of savings within Skills following a review of the Apprenticeship Hub budget (**£125,000**).

5.1.6 Education and Lifelong Learning Dedicated Schools Grant (DSG) - £4.4m over spend

- I. The Dedicated Schools Grant is ring fenced for use by Schools, therefore any variance arising will not be taken in 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 **£2.6m** due to higher demand for Free Early Education Entitlement for 3 and 4 year olds, and **£1.4m** arising from assumed growth on Statutory Assessments of statemented and Education, Health and Care Plan pupils. Mitigation plans for the overspend centre around the consultation of the Early Years National Funding Formula and a review the central costs. Projections have identified that the review of central costs will be lower than the funding that the authority can retain from the early years block and so it is expected that after three years, excess funding will mitigate the overspend.
- III. It should be noted that indicative calculations from 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 - £313,000 over spend

- I. The over spend primarily relates to Home to School Transport (**£857,000**). 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 at opportunities to reduce costs. This is partly mitigated by the forecast under spend for Premature Retirement Costs (**£395,000**).
- II. The recommendations include a request to transfer funds to the PFI reserves as income exceeds forecast costs, which is the approved mechanism for dealing with in year variances.

5.1.8 Infrastructure, Highways and Transport - £1.5m over spend

- I. The over spend relates to the local supported bus services due to higher contract costs as well as lower income from bus fares than originally budgeted. Further work is underway to identify the precise cause of the pressure and what, if anything, can be done to mitigate the projected over spend.

5.1.9 Leader – £522,000 under spend

- I. There is a projected underspend against the Innovation Fund (**£250,000**), a reduction in forecast commitments against the Essex Initiatives, which is the Leader's discretionary award fund (**£125,000**) and a lower than budgeted Levy payment to Lee Valley Park (**£79,000**) plus other smaller underspends relating to staff vacancies and corporate subscriptions.

5.1.10 Finance, Housing and Planning - £501,000 under spend

- I. There is a **£1.3m** under spend reported on the central ECC provision for National Living Wage (NLW) costs, since the potential costs of this new burden across the authority are now expected to be less than originally budgeted for.
- II. This is partly offset by an additional **£619,000** to be returned to District Councils in relation to the Council Tax Sharing Scheme, due to a restatement of the baseline position (**£384,000**) and an increase in share-back (**£235,000**) for 2016/17. The increase to the share-back amount is due to additional council tax income collected across Essex, of which ECCs share is **£1.5m**, resulting in an overall net

benefit improvement to ECC of **£1.2m**; this will be recognised in future years budgets.

- III. There is also a **£132,000** over spend within this portfolio due lower than anticipated uptake in commercial activities within Cultural and Heritage services.

5.1.11 Environment and Waste - £76,000 over spend

- I. The over spend 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, procurement delays in developing wedding planner services and the delayed letting of some yard space (**£202,000**), offset by staffing vacancies across the portfolio.

5.1.12 Other Operating Costs - £319,000 over spend

- I. The over spend is attributable to the budgeted **£1m** Essex Cares Limited dividend not forecast to be received in this financial year. There is a **£387,000** over spend against Capital Financing costs due to recent additional borrowing (taking advantage of low rates in 2016/17). This is partially offset by the favourable position on interest receivable where investments are being made over a longer term to achieve a higher yield and there is a reduction in interest payable on earmarked reserves following the cut in the base rate to 0.25% which feeds into the interest receivable line.

5.1.13 Finance, Housing and Planning Recharged Support Services - £70,000 under spend

- I. This is mainly due to one-off under spends from across the Corporate and Customer functional area being held within this portfolio (**£427,000**) and proposed to be carried forward later in the year to help mitigate 2017/18 Support Service savings. This is offset by over spends due to Transforming Corporate Systems (TCS) savings not deliverable in-year (**£426,000**) and other smaller underspends elsewhere within the portfolio.

5.1.14 Leader Recharged Support Services - £372,000 over spend

- I. An over spend of **£372,000** is reported after the proposed planned transfer of under spends to the Finance Recharged Support Services portfolio later in the year to support the delivery of Support Services savings in 2017/18 (**£146,000**) (see 5.1.13 above). There is an over spend in Information Services of **£394,000**, due to TCS savings not deliverable in year (**£178,000**), and the Social Care Case Management project (**£187,000**) due to the implementation of the Live at Home programme and increased timescales for

implementation. The service is continuing to seek ways to mitigate this pressure, mainly through vacancy management.

5.1.15 Corporate, Communities and Customers Recharged Support Services - £288,000 under spend

- I. An under spend of **£288,000** is reported after proposed adjustments, including the planned transfer of carry forward of underspends within Business Support (**£21,000**) and Customer Services (**£322,000**) into the Finance Recharged Support Services portfolio to be carried forward later in the year, to help mitigate 2017/18 savings plans, following the delay to the Support Services Project. The under spend primarily relates to Business Support (**£397,000**) and is attributable to vacancies and delays in recruiting. This is partly offset by small overspends in HR and Procurement.

6. Trading Activities

- 6.1 Trading Activities are forecasting a deficit of **£1m**, Deputyships and EES are reporting pressures of **£539,000** and **£500,000** respectively. For both EES and Deputyships full cost recovery is in place however it is insufficient to meet the stretch surplus targets set. A proposal to transfer **£500,000** from Slough Libraries reserves to EES reserves to cover the shortfall is requested for approval in this half year report. Schools Staff Insurance Scheme is forecasting a pressure of **£157,000**, however this will be mitigated by a request to draw down from the School Sickness Insurance Reserve. The budgeted surplus is **£5.6m** and the forecast for the portfolio is **£4.4m**.
- 6.2 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 under spend of **£3.5m** against the capital budget of **£228.1m**. Assuming that budget change requests are approved there will be a residual under spend of **£323,000**.
- 7.2 Approval is sought for:
 - I. Slippage of **£6.1m**
 - II. Budget additions of **£9.4m**
 - III. Budget reductions of **£7.3m**
 - IV. Advanced works of **£853,000**
- 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 - £1.5m over spend

- I. The over spend predominately relates to an Independent Living scheme in Braintree (£1m) where conversion works are awaiting endorsement; if successful approval will be sought in the Third Quarter Report to advance the budget from 2017/18.

7.5 Children and Families – £87,000 under spend

- I. The under spend mainly relates to feasibility budget (£50,000) which is no longer required and is to be removed from the capital programme.

7.6 Deputy Leader, Economic Growth and Partnerships - £3.6m under spend

- I. The under spend relates to the BDUK Superfast Broadband programme. An under spend of £2.6m is forecast on Phase 1 as BT have successfully completed deployment ahead of schedule and under budget (in part due to savings on project management costs as a result of early deployment). This under spend may be endorsed in a future phase of broadband, which is under exploration. There is a further under spend of £655,000 on Phase 2b due to a change in the contractors cash flow forecast, however this does not affect the delivery plan for the project which is still on track.

7.7 Education and Lifelong Learning - £273,000 under spend

- I. The under spend relates to Basic Need and Glenwood Special School and does not impact educational delivery.
- II. **Basic Need Programme**; Some schools projects have had their cash flow forecasts revised, such as the schemes at Little Waltham Primary and Roding Valley Secondary. This is primarily due to revised information about construction start dates as well as the sequencing of the work. This has resulted in slippage of £621,000 across the Basic Need Programme.
- III. **Glenwood Special School**; the cash flow profile is now received and construction began during August. The cash flow shows that slippage of £339,000 is required into 2017/18.

7.8 Environment and Waste - £83,000 over spend

The position is driven by Travellers and Community Initiatives.

- I. **Travellers**; An over spend of £275,000 is 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. This is offset by an under spend of £400,000 on the Traveller Transit site project as a suitable site has not yet been identified, therefore approval is sought to slip £400,000 into 2018/19

- II. **Community Initiatives**; Approval is sought to draw down **£323,000** from the Community Initiatives reserve to match the spend incurred to date in 2016/17 in relation to approved community projects.

7.9 Finance, Housing and Planning - £115,000 over spend

- I. The over spend is on the Essex Housing Programme, as a result of to the proposed investment in The Friary, Maldon. The Maldon Friary is an ECC owned vacant property, surplus to ECC requirements, and the proposed investment will create up to 21 residential units.

7.10 Infrastructure & Highways Delivery - £1.2m over spend

- I. The over spend relates to Advanced Scheme Design (ASD) budget which is for the development of a continuous major transport project pipeline. Within 2016/17 there are two large projects (M11 J7A and A127 / A130 Fairglens Interchange short term) that take up **£4.4m** of the allocated **£5.9m** budget, leaving very little available to design other projects. Approval is sought to increase the ASD budget to **£7.4m** (net £1.2m addition) to allow for the increased activity required bearing in mind that the service has been successful in securing a **£1.5m** grant from the DfT Local Major Transport fund which will fund this increase to the capital programme.

7.11 Leader - £1.9m under spend

The under spend is due to the following capital schemes:

- I. **Property Transformation III**; There is an under spend of **£1.2m** as the scheme requirements have not yet been finalised and as a result this is to be re-profiled into 2017/18
- II. **Social Care Case Management System**; the Finance Mosaic module has now been delayed until 2017/18 to allow focus on the Live at Home module in 2016/17, this has resulted in **£904,000** needing to be slipped into 2017/18
- III. **IS Delivery Programme**; A recent order has been placed to Dell for 2,000 devices. This order is to be funded by a virement of **£1m** from the Property Transformation III capital budget to the ISDP programme in 2016/17 to be reimbursed in 2017/18. Formal approval for this virement is sought in this report.

7.12 Corporate, Communities & Customers - £395,000 under spend

- I. The under spend relates to the Libraries self-serve rollout where an estimated one fifth (**£100,000**) of the budget is on target to be spent in

2016/17. The remaining budget is to be re-profiled into 2017/18 to be spent alongside the Community Hub programme.

7.13 Controlled Elsewhere - £151,000 under spend

- I. Approval is sought for additions of **£750,000** and reductions of **£903,000** in relation to the Schools Devolved Formula Capital grant.

7.14 Capital Receipts

Capital receipts received to date are shown in the table below, the service are on track to deliver £15m by year end:

		Revised Target	Capital Receipts Achieved as at Sept 16
		£m	£m
	2014/15	8.0	10.5
	2015/16	15.0	19.1
	2016/17	15.0	10.0
		38.0	39.6
	<i>Includes 're-use' properties</i>		
	Percentage of overall target		104%

There is a pipeline of disposal cases feeding the programme. These are progressing well, with 5 cases (combined value in excess of **£10m**) having a high likelihood of completing within year.

8. Policy context and Outcomes Framework

- 8.1 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 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 and policy framework. Once agreed the Cabinet has to implement the budget and policy framework and keep within the budget, subject to the variations permitted 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 1	Movement in Residual Variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	
Adult Social Care	173,512	171,809	(1,703)	392,404	8,480	400,884	412,489	11,605	2,876	8,729	⚡	7,420	1,309	
Children and Families	46,562	46,362	(200)	115,723	789	116,512	115,899	(613)	-	(613)	🟢	72	(685)	
Health	9,454	8,481	(973)	23,549	201	23,750	23,069	(681)	-	(681)	🟢	-	(681)	
Corporate, Communities and Customers	9,502	9,619	117	15,906	3,218	19,124	19,154	30	-	30	🟡	(146)	176	
Economic Growth and Partnerships	2,304	2,219	(85)	5,479	1,124	6,603	6,363	(240)	-	(240)	🟢	(26)	(214)	
Education and Lifelong Learning														
Education and Lifelong Learning DSG	(239,014)	45,252	284,266	(3,063)	1,391	(1,672)	2,735	4,407	-	4,407	🔴	3,582	825	
Education and Lifelong Learning NON DSG	19,839	19,290	(549)	48,410	1,714	50,124	50,251	127	(186)	313	🟢	(332)	645	
Fire Reinstatement Works	-	80	80	-	-	-	-	-	-	-	⚡	-	-	
Infrastructure, Highways and Transport	20,623	34,405	13,782	76,633	1,431	78,064	79,582	1,518	-	1,518	⚡	(669)	2,187	
Leader	4,047	3,895	(152)	6,825	1,616	8,441	9,756	1,315	1,837	(522)	🟡	(147)	(375)	
Finance, Housing and Planning	10,056	10,313	257	24,992	(284)	24,708	22,704	(2,004)	(1,503)	(501)	🟢	367	(868)	
Environment and Waste	33,393	36,973	3,580	78,838	770	79,608	79,684	76	-	76	⚡	(25)	101	
Other Operating Costs	17,560	6,630	(10,930)	63,642	(21,777)	41,865	42,184	319	-	319	⚡	1,135	(816)	
Recharged Support Services														
Finance, Housing and Planning RSSS	6,058	7,359	1,301	17,232	3,072	20,304	19,104	(1,200)	(1,130)	(70)	🟢	(214)	144	
Leader RSSS	19,814	21,470	1,656	46,911	423	47,334	48,426	1,092	720	372	⚡			
Corporate, Communities and Customers RSSS	8,117	7,652	(465)	21,345	(1,012)	20,333	20,173	(160)	128	(288)	🟢	(31)	(257)	
Net	141,827	431,809	289,982	934,826	1,156	935,982	951,572	15,590	2,742	12,848	⚡	11,220	1,490	
DSG offset	239,014	(45,252)	(284,266)	3,063	(1,391)	1,672	(2,735)	(4,407)	-	(4,407)		(3,582)	(825)	
ECC	380,841	386,557	5,716	937,889	(235)	937,654	948,837	11,183	2,742	8,441	⚡	7,638	803	
Financed by														
COL FUND (SURPLUS)/DEFICIT				(11,340)	-	(11,340)	(11,340)	-	-	-				
COUNCIL TAX PRECEPT				(570,202)	-	(570,202)	(570,201)	1	-	1				
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)	(1,319)	-	-	-				
NDR SURPLUS/DEFICIT				2,444	-	2,444	2,444	-	1	(1)				
NDR TOP UP/TARIFF				(118,604)	-	(118,604)	(118,604)	-	-	-				
REVENUE SUPPORT GRANT				(117,938)	-	(117,938)	(117,938)	-	-	-				
Total Financing				(934,826)	(1,156)	(935,982)	(937,273)	(1,291)	1	(1,292)				

Appendix B

	Revenue reserve 1 April 2016	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	(Surplus)/ Deficit	Variance	Adjusted To County Variance after Revenue Variance Plan 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	£000
Education & Lifelong Learning												
EES Traded	(1,920)	(15,117)	11,151	(3,966)	(13,410)	9,944	(3,466)	500	1,000	(3,266)	(200)	(2,620)
Music Services Traded	(133)	(4,569)	4,456	(113)	(4,569)	4,456	(113)	0	0	(113)	-	(133)
Schools Staff Insurance Scheme	(973)	(4,825)	4,825	-	(4,413)	4,570	157	157	-	-	(157)	(816)
									-			
Libraries Communities & Planning												
Library Services	(484)	(1,527)	1,454	(73)	(414)	341	(73)	(0)	(500)	-	(73)	(57)
									-			
Transformation & Support Services Trading												
Information Services infrastructure	(400)	(6,643)	6,643	0	(6,643)	6,643	-	-	-	-	-	(400)
Legal Services	(61)	(11,161)	9,776	(1,385)	(10,426)	9,551	(875)	510	510	(1,385)	-	959
Place Services	(336)	(1,963)	1,880	(83)	(1,963)	1,880	(83)	0	0	(83)	-	(335)
Smarte East	(257)	(64)	61	(3)	(64)	61	(3)	(0)	(0)	-	(3)	(260)
									-			
Total	(4,564)	(45,868)	40,245	(5,623)	(41,902)	37,446	(4,456)	1,167	1,010	(4,847)	(276)	(3,662)

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	920	489	(431)	3,778	428	4,206	5,745	1,539	♦
Children and Families	148	43	(105)	365	(24)	341	254	(87)	●
Deputy Leader, Economic Growth and Partnerships	2,233	1,162	(1,071)	14,339	(844)	13,495	9,915	(3,580)	●
Education and Lifelong Learning	21,018	18,043	(2,975)	61,336	(12,579)	48,757	48,484	(273)	■
Environment and Waste	1,502	2,126	624	5,303	910	6,213	6,296	83	❖
Finance, Housing & Planning	406	361	(45)	1,768	1,595	3,363	3,478	115	❖
Infrastructure and Highways & Transport Delivery	56,496	54,310	(2,186)	149,466	(14,833)	134,633	135,832	1,199	❖
Leader	4,166	2,856	(1,310)	12,596	1,325	13,921	11,993	(1,928)	●
Corporate, Communities & Customers	219	26	(193)	456	180	636	241	(395)	●
ECC Capital Programme	87,108	79,416	(7,692)	249,407	(23,842)	225,565	222,238	(3,327)	■
Schools Cash Balance	141	341	200	-	339	339	341	2	❖
Devolved Formula Capital	1,081	457	(624)	2,500	(256)	2,244	2,091	(153)	●
Total School Balances	1,222	798	(424)	2,500	83	2,583	2,432	(151)	●
Total Capital Programme	88,330	80,214	(8,116)	251,907	(23,759)	228,148	224,669	(3,479)	■

Financed by

ECC Capital Programme					
Grants			101,125	(7,710)	93,415
Reserves			11,989	(259)	11,730
Developer contributions			7,295	(1,282)	6,013
Capital receipts			15,000	-	15,000
Unsupported borrowing			113,998	(14,591)	99,406
sub-total ECC Capital Programme			249,407	(23,842)	225,565
School Balances					
Grants			2,500	(398)	2,102
Unsupported borrowing			-	481	481
sub-total School Balances			2,500	83	2,583
Total ECC & Schools Capital Funding			251,907	(23,759)	228,148

Portfolio Variance Plan	Approved changes					Variance Plan				
	Slippage	Additions	Reductions	Advanced Works	2016/17 Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Adult Social Care	502	1,182	(1,210)	(46)	428	-	839	(980)	762	918
Children and Families	-	-	-	(24)	(24)	-	-	(50)	-	(37)
Deputy Leader, Economic Growth and Partnerships	3	336	(1,160)	(23)	(844)	(1,006)	100	(102)	-	(2,572)
Education and Lifelong Learning	(11,176)	35,147	(34,877)	(1,673)	(12,579)	(1,018)	4,220	(3,780)	91	214
Environment and Waste	48	880	-	(18)	910	(512)	323	-	-	272
Finance, Housing & Planning	1,368	2,125	(2,097)	199	1,595	(225)	9	(9)	-	340
Infrastructure and Highways & Transport Delivery	(9,841)	20,385	(18,741)	(6,636)	(14,833)	(863)	3,052	(1,331)	-	341
Leader	251	2,900	(3,957)	2,132	1,325	(2,068)	125	(185)	-	200
Corporate, Communities & Customers	112	68	-	-	180	(396)	-	-	-	1
Total ECC Capital Programme	(18,732)	63,023	(62,042)	(6,091)	(23,842)	(6,088)	8,669	(6,437)	853	(324)
Schools Cash Balance	339	-	-	-	339	-	-	-	-	2
Devolved Formula Capital	(175)	109	(190)	-	(256)	-	750	(903)	-	(0)
Total Controlled Elsewhere	164	109	(190)	-	83	-	750	(903)	-	1
Total Capital Programme	(18,569)	63,132	(62,233)	(6,091)	(23,760)	(6,088)	9,419	(7,340)	853	(323)

Appendix C(ii)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2016/17 Changes Requested
Adult Social Care					
IL OP Coppins CRT Clacton	-	780	-	-	780
IL OP Ninefields Waltham Abbey	-	59	-	-	59
IL OP Block	-	-	(780)	762	(18)
Feasibility - Adult Social Care	-	-	(200)	-	(200)
	-	839	(980)	762	621
Children and Families					
Feasibility - Children & Families	-	-	(50)	-	(50)
	-	-	(50)	-	(50)
Corporate, Communities and Customer					
Libraries Self Serv	(396)	-	-	-	(396)
	(396)	-	-	-	(396)
Infrastructure and Highways & Transport Delivery					
Colchester ITP (Borough wide)	(363)	363	-	-	-
Advanced Scheme Design	-	911	(585)	-	326
Chelmsford Station (Station Square/Mill Yard)	(500)	-	-	-	(500)
Chelmsford Growth Area	-	190	-	-	190
M11 Junction 7a	-	846	-	-	846
Depots	-	41	(41)	-	-
Jaywick Road Investment	-	500	-	-	500
Maldon to Chelmsford RBS	-	-	(500)	-	(500)
Other Schemes	-	201	(204)	-	(3)
	(863)	3,052	(1,331)	-	859
Deputy Leader, Economic Growth and Partnerships					
Broadband Extension Programme	(656)	100	(100)	-	(656)
Thames Chase Forest Centre	-	-	(2)	-	(2)
Economic Growth Fund	(350)	-	-	-	(350)
	(1,006)	100	(102)	-	(1,007)
Education and Lifelong Learning					
Brentwood Primary Basic Need	-	-	(129)	-	(129)
Chelmsford Secondary Basic Need	-	150	(150)	-	-
Glenwood Special School	(339)	1,990	(1,990)	-	(339)
Harlow Secondary Basic Need	-	-	(200)	-	(200)
Other School Schemes	-	48	(127)	-	(79)
Special Schools	-	655	(655)	91	91
Colchester Secondary Basic Need	(300)	-	-	-	(300)
Capitalised Maintenance 16/17	-	315	(185)	-	130
Other	(379)	1,062	(345)	-	339
	(1,018)	4,220	(3,780)	91	(487)
Environment and Waste					
Community Initiatives	-	323	-	-	323
Shrub End Redevelopment	(112)	-	-	-	(112)
Travellers	(400)	-	-	-	(400)
	(512)	323	-	-	(189)
Finance, Housing & Planning					
Norton Road	(21)	-	-	-	(21)
Goldlay Gardens	-	-	(9)	-	(9)
Essex Housing Programme	-	9	-	-	9
Moulsham Lodge	(204)	-	-	-	(204)
	(225)	9	(9)	-	(225)
Leader					
Social Care Case Management	(904)	-	-	-	(904)
Essex Cares Hub & Spoke South	-	-	(60)	-	(60)
County Hall Transformation II	-	-	(72)	-	(72)
Property Transformation III	(1,164)	-	-	-	(1,164)
Minor Works	-	-	(53)	-	(53)
Chelmsford Families	-	125	-	-	125
	(2,068)	125	(185)	-	(2,128)
ECC Capital Programme	(6,087)	8,669	(6,437)	853	(3,003)
Schools Balances & DFC	-	750	(903)	-	(153)
	-	750	(903)	-	(153)
Total School Balances	-	750	(903)	-	(153)
Total Capital Programme	(6,088)	9,419	(7,340)	853	(3,154)

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	Repaid	Net movement £000		
		£000	£000	£000	£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)	-	1,000	1,000	(2,500)	(20)
Temporary	(213,800)	(118,328)	-	(118,328)	(332,128)	(401)
	(217,300)	(118,328)	1,000	(117,328)	(334,628)	(421)
Net indebtedness	138,974	(8,328)	(5,530)	(13,858)	125,116	2,253

Borrowing

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

430,006

Opening pool rate at 1 April 2016

4.28%

Weighted average rate of interest on new loans secured to date

2.82%

Average pool rate for year

3.92%

Investments

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

337,239

Average interest earned over period

0.78%

Benchmark rate - average 7 day LIBID rate

0.32%

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	£89.79
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	7.5%	7.6%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	7.1%	7.2%
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	225
Capital Financing Requirement (<i>excluding credit arrangements</i>)	£m	1,086	1,044
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	465
5 Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	660	144
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%	2.6%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	5.8%
12 months & within 24 months	%	40.0%	8.2%
24 months & within 5 years	%	60.0%	6.9%
5 years & within 10 years	%	60.0%	5.4%
10 years & within 25 years	%	65.0%	31.8%
25 years & within 40 years	%	70.0%	28.2%
40 years & within 50 years	%	50.0%	14.1%
50 years & above	%	22.0%	0.0%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	6
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>			

RESERVES AND BALANCES

2016/17

	Estimated Balance at 1 April 2016 £000	2016/17 movements						Estimated Balance at 31 March 2017 £000
		Contributions agreed £000	Proposed Contributions £000	Contributions to reserves £000	Withdrawals agreed £000	Proposed Withdrawals £000	Withdrawals from reserves £000	Net Movement £000
Earmarked for Future Use								
Capital receipts pump priming	(2,671)	(1,000)		(1,000)	879		879	(121)
Carbon Reduction reserve	(3,172)	(529)		(529)	717		717	188
Carry forwards reserve	(9,057)		(1,798)	(1,798)	9,057		9,057	7,259
Collection Fund Investment Risk reserve	(1,412)			-			-	-
Community Initiatives Fund	(2,512)	(1,500)		(1,500)	249		249	(1,251)
Health and Safety Reserve	(236)			-	150		150	150
Highways Maintenance				-			-	-
IMT development				-			-	-
Insurance	(8,356)			-			-	-
LAA Performance				-			-	-
Life Raft Pledge reserve				-			-	-
Innovation Reserve	(966)	(1,000)		(1,000)	66		66	(934)
Newton bequest reserve	(120)			-			-	-
Pension Fund Deficit reserve	(2,414)			-	1,574		1,574	1,574
Procurement reserve				-			-	-
Quadrennial Elections reserve	(1,000)	(500)		(500)	25		25	(475)
Section 75 reserve				-			-	-
Severe weather reserve				-			-	-
Street Lighting reserve				-			-	-
Tendring PPP	(422)	(74)		(74)			-	(74)
Transformation	(31,699)	(21,996)	(71)	(22,067)	18,475	2,953	21,428	(639)
				-			-	-
Future capital funding	(11,748)	(4,241)		(4,241)			-	(4,241)
Restricted Funds								
PFI reserves								
A130 PFI	(52,102)			-	3,294		3,294	3,294
Clacton secondary schools' PFI	(3,180)	(958)	(65)	(1,023)	883		883	(140)
Building schools for the future PFI	(2,495)		(146)	(146)	1,516		1,516	1,370
Debden PFI	(4,153)	(314)	(21)	(335)	120		120	(215)
Waste reserve	(79,620)	(9,882)		(9,882)	-		-	(9,882)
Grants equalisation reserve	(10,039)			-	2,986	1,837	4,823	4,823
Trading activities	(4,562)	(276)	(500)	(776)	-	657	657	(119)
Partnerships (not available for ECC use)	(1,567)			-	209		209	209
Schools (not available for ECC use)	(51,939)						-	-