

Forward Plan Reference Number: FP/307/02/22

<b>Report title:</b> 2022/23 Provisional Outturn Report	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Councillor Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs	
<b>Date:</b> 23 May 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 The purpose of this report is to present and provide commentary on the provisional outturn position for financial year 2022/23 prior to formal closure of the accounts. The report also explains the key movements since the third quarter financial overview report (presented to Cabinet on 17 January 2023) to the year-end position. The report will highlight that while there is a small revenue under spend of 1.2%, the medium term outlook remains incredibly challenging, with inflation yet to reduce in any meaningful way (still 10.1% as of March), the risk to tax revenues from the cost of living crisis, alongside continued demand pressures across social care and market volatility.
- 1.2 This year has seen the impact of the cost of living crisis and high inflation which affects local authorities in addition to households. During the year, we have incurred inflationary pressure over and above that allowed for in the budget of £17m. The majority of the impact has been on energy costs and care packages in Adult Social Care. We have also suffered the impact of the realisation of pent-up demand from the pandemic.
- 1.3 The economic outlook for the Council remains uncertain. Bank of England projections show an expected sharp decline in inflation during 2023 but there is currently little evidence of this decline commencing and an increasing risk that continued high prices may impact 2023/24 spending. We also face increasing demand for our services, particularly in Social Care and have the inherent risk of the continued absence of a multi-year funding settlement from central government threatening our financial stability. However, we will continue to plan moving forwards to ensure we spend within our means.
- 1.4 Despite these challenges the focus remains on prioritising resources to achieve the strategic aims outlined in Everyone's Essex. Resources have been prioritised from the Everyone's Essex reserve, notably to invest in a strong and sustainable economy (£8.8m), deliver our response to climate challenges (£8.2m), a range of programmes to level up the County (£4.2m) and funding for cultural organisations in Essex (£2.6m).

## 2. Recommendations

Approval is sought for the following in relation to the 2022/23 outturn position:

- 2.1 That the net under spend **£11.742m** is appropriated as follows:
- **£8m** to the Reserve for Future Capital Funding to provide some level of resilience to the growing cost escalation risk across the £1.2bn capital programme,
  - Create a new earmarked reserve to be known as the Highways Reserve **and** transfer **£3m** to support one-off investment in Highways. Drawdowns will be approved by the Cabinet Member for Finance, Resources and Corporate Affairs in consultation with the Cabinet Member for Highways Maintenance and Sustainable Transport
  - **£742,000** to the Technology and Digitisation reserve to support ongoing digital transformation, including any emergent pressure coming from 2030 work.
- 2.2 That under spends are allocated between portfolios as set out within the 'Transfers of under / over spends between Portfolios' column of Appendix A.
- 2.3 That the following amounts are appropriated to / from restricted and other revenue reserves:

### Restricted Funds

- **Private Finance Initiative (PFI) Reserves**
  - Building Schools for the Future - **£574,000** contribution (Appendix D 8iii)
  - Clacton Secondary Schools - **£880,000** contribution (Appendix D8iii)
  - Debden School - **£22,000** withdrawal (Appendix D 8iii)
  - A130 Road - **£1.034m** withdrawal (Appendix D 10iii)
- **Waste Reserve – £7.053m** net contribution comprising:
  - Contribution of **£7.227m** to return balances not needed as tonnages were lower than anticipated and **£268,000** to replenish the reserve relating to interim investment in senior resources (Appendix D 12iii)
  - Contribution of **£780,000** for site dilapidation works and unspent project funds, for use in 2023/24 (Appendix D 12iii)
  - Withdrawal of **£1.222m** to fund waste related projects (Appendix D 12iii)
- **Schools - £5.508m** net withdrawal from the Schools reserve, following net decreases against schools' budgets in 2022/23 (Appendix D 7i)
- **Partnership Reserves**
  - Youth Offending Service Partnership Reserve - **£94,000** net withdrawal (Appendix D 3iv)
  - Essex Safeguarding Children's Board Partnership Reserve - **£38,000** withdrawal (Appendix D 3iv)
  - Adults Safeguarding Board Partnership Reserve - **£33,000** contribution (Appendix D 1vii)

- Public Law Partnership Reserve - **£10,000** withdrawal (Appendix D 15iii)

### Reserve for Future Capital Funding

- **Capital funding - £781,000** net contribution to transfer revenue financing resources to capital in respect of:
  - Capital Financing - **£2.508m** contribution due to slippage in the capital programme (Appendix D 17ii)
  - To offset write off expenditure in relation to Essex County Hospital - **£1.182m** withdrawal (Appendix D 6iii)
  - Schools Devolved Formula Grant categorised as revenue - **£612,000** withdrawal (Appendix D 7iii)
  - Capital works relating to lift replacement - **£20,000** contribution (Appendix D 15iii)
  - DUCL capital project - **£47,000** contribution (Appendix D 15iii)
  - This is in addition to the **£8m** contribution to this reserve proposed in recommendation 2.1 above, and will bring the net contribution to £8.781m (Section 2.1)

### Other reserves

- **Carry Forwards - £6.468m** contribution, in respect of revenue budget under spends that it is proposed are carried forward for use in 2023/24. The proposals for utilising this Reserve in 2023/24 are set out in **Appendix C** of this report
  - In addition to this there is a £298,000 contribution returning unused 2021/22 carry forwards no longer required, and a withdrawal of £24,000 relating to a 2021/22 carry forward not previously drawn down in year (Appendix D 3iv, 5iii & 13iii)
- **Adults Risk - £139,000** contribution relating to the Market Initiatives fund, the funding will be withdrawn for use in 2023/24 (Appendix D 1vii)
- **Adults Transformation – £780,000** net contribution comprising:
  - £951,000 contribution, due to unspent project funding (Appendix D 1vii)
  - £171,000 withdrawal to fund expenditure relating to Charging Reform and the Care Quality Commission (CQC). (Appendix D 1vii & 13iii)
- **Ambition Fund - £1.068m** net contribution comprising:
  - £1.404m of contributions, due in the main to unspent project funding, which is required for use in the next financial year and therefore will be withdrawn in 2023/24 (Appendix D 1vii, 4iii, 11iii, 13iii & 15iii)
  - £336,000 withdrawal to fund expenditure for various Leader led initiatives. (Appendix 5iii, 7iii, 8iii & 13iii)
- **Bursary for Trainee Carers Reserve - £75,000** withdrawal relating to the Nightingale Health and Care Bursary Programme (Appendix D 8iii)
- **Children's Transformation Reserve - £634,000** net withdrawal comprising:
  - £651,000 withdrawal to fund foster care fee uplifts and a number of projects to deliver the Children's Transformation Programme (Appendix D 3iv)

- £17,000 contribution due to the under spend on Children In Care Books project to be used in 2023/24 (Appendix D 3iv)
- **Commercial Investment in Essex Places - £11,000** contribution due to unspent resource costs related to Essex Renewal Fund, for use in 2023/24 (Appendix D 6iii)
- **Community Initiatives Reserve - £279,000** withdrawal to support expenditure incurred on community projects during 2022/23 (Appendix D 4iii)
- **COVID Equalisation Reserve - £30,000** net withdrawals comprising:
  - £786,000 contribution to return Covid funding where actual expenditure or income losses were lower than previously forecast in year, of which £660,000 is for use in 2023/24. (Appendix D 6iii, 10iii, 13iii & 15iii)
  - £816,000 withdrawals to help cover the continued impact of the pandemic on services (Appendix D 3iv, 4iii & 8iii).
- **Emergency Reserve - £734,000** withdrawal to cover increases in Home to School transport public ticket increases and Local Bus fuel costs (Appendix D 10iii)
- **Essex Climate Change Commission - £846,000** contribution relating to Climate Change for use in 2023/24. (Appendix D 11iii)
- **Everyone's Essex Reserve - £218,000** net contribution comprising:
  - £415,000 contribution relating to Everyone's Economy and Everyone's Environment projects for use in 2023/24 (Appendix D 6iii, 8iii & 10iii)
  - £197,000 withdrawal mainly relating to the Arts and Culture Fund, Adult Community Learning and Community Challenge Fund initiatives (Appendix D 3iv, 5iii, 8iii)
- **General Risk Reserve - £4.296m** contribution relating to Utilities and Energy costs as additional costs were lower than anticipated due to the receipt of government funding and to replenish in relation to the approved pay award decision for 2023/24 (Appendix D 9iii, 10iii & 15iii)
- **Insurance Reserve - £4.865m** contribution due to year end actuarial evaluation and provision (Appendix D 15iii)
- **Quadrennial Elections Reserve - £13,000** contribution due to unspent election funds (Appendix D 4iii)
- **Technology and Digitalisation Reserve - £549,000** net contribution comprising:
  - £1.443m contribution relating to mitigation of future pressures and under spend against Social Care platform programme (Appendix D 15iii)
  - £894,000 withdrawal relating to various technology projects (Appendix D 15iii)
  - This is in addition to the £742,000 contribution proposed in paragraph 2.1 above, and will bring the total net contribution to this reserve to £1.291m (Section 2.1)
- **Transformation Reserve - £1.993m**, net withdrawal comprising:
  - £2.041m withdrawal relating to approved decisions mainly for work on Property Transformation, Libraries Strategy, Concessionary fares

reimbursement, Charging Reform and CQC, Support Services and Corporate Print services projects (Appendix D 1vii, 4iii, 6iii, 10iii, 13iii & 15iii)

- £48,000 contribution relating to the return of North East Quadrant Office Strategy and Digital Connectivity Resourcing funding for use in 2023/24 (Appendix D 6iii & 15iii)

- 2.4 That the financing of capital payments in 2022/23 is approved on the basis set out within **Appendix G** to this report.
- 2.5 Capital payment budgets, and associated capital financing, of **£31.385m** are re-profiled into subsequent financial years, in respect of slippage in schemes (as shown in the 'Slippage' column of Appendix H).
- 2.6 Capital payment budgets, and associated capital financing, of **£13.314m** are brought forward in respect of schemes that have progressed ahead of schedule (as shown in the 'Advanced works' column of Appendix H).
- 2.7 That 2022/23 capital payment approvals are reduced by a total of **£33.395m** (as shown in the 'Reductions' column of Appendix H), with increases of **£36.244m** to other schemes (as shown in the 'Additions' column of Appendix H), to reflect achieved activity in 2022/23.

Approval is also sought for the following in relation to the 2023/24 budget:

- 2.8 To agree to delegate authority to the Executive Director for Corporate Services (S151 officer), in consultation with the Cabinet Member for Finance, Resources and Corporate Affairs, to apply the total of **£11.917m** from the Carry Forwards Reserve in 2023/24 for the purposes detailed in Appendix C of this report for amounts that have been requested at year end, plus amounts previously approved by Cabinet to be carried into the Reserve during 2022/23. The Section 151 Officer will advise the Cabinet Member for Finance, Resources and Corporate Affairs if, after consultation with the relevant Executive Director, the amount of any carry forward should be reduced.

### **3. Executive Summary**

#### **3.1 Introduction**

- 3.1.1 This has been another exceptional and peculiar year, with underlying volatility in expenditure and uncertainty in forecasting prevailing throughout 2022/23 due to an inflation rate over double that forecast when the budget was set in February 2022, rising interest rates, and the impact of the realisation of pent-up demand from the pandemic. Therefore, not unexpectedly, we have seen movements across portfolios in the provisional outturn figures when compared to our Quarter 3 forecasts. This has resulted in a better year end position than expected, mainly impacting Other Operating Costs, Adult Social Care and Children's Services.
- 3.1.2 We continue to face an extremely challenging period across the medium term, with inflation continuing to hover close to the 40-year high seen a few months ago. Whilst the Bank of England maintains its assumption that inflation is due to fall

dramatically during 2023 (albeit at a slower rate than it previously assumed) we have yet to see any meaningful decline to date. We also face growing demand pressures, particularly in social care services, and have no clarity on funding beyond the 2023/24 financial year. Robust financial management over the last year, despite the exceptional circumstances the Council has faced, has enabled recommendations in this report that will offer some financial risk mitigation in the short term to the impact of escalating costs, alongside some opportunities for one-off investment in our key priorities.

- 3.1.3 The report sets out an under spend on revenue of **£11.742m** (1.2%) against a budget of **£957.983m**. This position is after adjusting for proposals to carry forward under spends for use in 2023/24 and reserve movements. **£12.830m** of the under spend is driven by reduced capital financing costs, due to lower than anticipated borrowing for the capital programme because of delivery slippage, and additional income from interest receivable due to higher than budgeted interest rates. This is partially offset by an adverse position on Funding of **£1.437m**, where the Business Rate Compensation grant was less than budgeted. **This leaves £349,000 due to net under spends on services, driven by:**
- Highways Maintenance and Sustainable Transport, where Local Bus services contracts have been procured at a price lower than budgeted and we are seeing increased income. In addition, we have seen higher than budgeted levels of contravention income (for example Bus Lane Enforcement).
  - The under spend is partially offset by Children's Services and Early Years, where we have seen an over spend due to placement insufficiency necessitating the use of high-cost unregistered placements, high numbers of semi-independent living placements, high placement costs in residential care and the cost-of-living crisis increasing demand for Section 17 and Section 20 support to families at risk particularly with travel costs.

Proposals for how the £11.742m under spend is utilised (predominantly to support cost escalation risk in the capital programme) are set out in section 2.1.

- 3.1.4 The underlying volatility in expenditure and uncertainty in forecasting that has prevailed throughout 2022/23 due to historic high inflation, increasing interest rates and emergent demand, has been reported to Cabinet every quarter and, not unexpectedly, we have seen movements in the provisional closure figures. We have seen an improvement of £7.363m on the position reported at the Third Quarter stage, which was a forecast under spend of £4.379m. The reasons for this movement are set out in **Appendix D**.
- 3.1.5 There is an under spend on capital of **£15.221m** (6.3%) against the final approved budget of £240.102m – This is 94% delivery against the final approved budget, or 79% against original budget. This is in line with our delivery record in 2021/22, where we also achieved 94% against the final approved budget.
- 3.1.6 The Council's 2022/23 Accounts have been closed against a backdrop of still having the two prior financial years' external audits open; this is not due to any accounting or reporting failures by the Council. This is an unprecedented position for the Council and means that the outturn position needs to be viewed with a degree of caution.

- 3.1.7 The Council's external auditor reported in March 2022 that the 2020/21 audit was largely complete, and that the auditor expected to issue an unmodified opinion, subject to the satisfactory resolution of a national and technical issue related to accounting for infrastructure (highways) assets. The government amended statutory regulations and an update was made to the CIPFA Code of Practice on Local Authority Accounting in order to pave the way for resolution of this issue.
- 3.1.8 Since these updates were published, the Council has completed extensive analysis to support its accounting approach, which was submitted to the external auditor at the beginning of March 2023. The external auditor's consideration of this work is still pending, although the external auditor has indicated that he anticipates being able to bring the 2020/21 audit to conclusion in time to present the audit completion report to the Audit, Governance and Standards Committee on 3 July 2023.
- 3.1.9 In terms of the 2021/22 accounts, the external auditor commenced the audit work in November 2022, but recently paused the work in order to prioritise the 2022/23 external audits of NHS bodies. The timeline for completion of the 2021/22 audit therefore currently remains unclear.
- 3.1.10 Given the significant delays to completion of the 2020/21 and 2021/22 audits, it is highly unlikely that the external auditor will be able to commence the 2022/23 audit ahead of the statutory deadline of 30 September 2023 for publication of audited accounts.
- 3.1.11 These delays are extremely concerning but are not unique to ECC - similar delays are being experienced across the sector. It is now difficult to see how auditors can clear the severe backlog of outstanding accounts and value for money audits without system wide changes to the local audit framework.
- 3.1.12 The results of the external audits for 2020/21, 2021/22 and 2022/23 will be reported to the Audit, Governance and Standards Committee upon completion, at which stage the Committee will be able to approve the respective sets of Accounts. They will then be formally published on the Council's website.

## **3.2 Overview - Revenue**

- 3.2.1 Through careful financial planning and management, Essex County Council has delivered a small under spend of £11.742m (1.2%), almost all of which being due to lower than anticipated borrowing for the capital programme because of delivery slippage, and additional income from interest receivable due to higher than budgeted interest rates. This position has been delivered through another year of exceptional impact on the financial management of the organisation due to the cost of living crisis – to which the Council is not immune - with additional inflation over and above that allowed for within the original budget of £17m. Given the uncertainty at the time the budget was set in February 2022, the overall outcome is deemed as a positive position, although the risk now highlighted is that we continue to see demand pressures due to pent up demand filtering through following the pandemic, while the outlook for inflation and interest rates remains uncertain.
- 3.2.2 The net under spend of **£11.742m** reflects:

- i. A net under spend by services of **£349,000**. Driven by an under spend of **£3.459m** within Highways Maintenance and Sustainable Transport, partly offset by over spends within Children's Services and Early Years Non DSG of **£2.873m** and Finance, Resources and Corporate Affairs RSSS of **£1.031m**.
- ii. A **£12.830m** under spend position for interest, capital financing and dividends.
- iii. An under receipt on funding of **£1.437m**
- iv. Proposals to transfer **£30.140m** (net) to earmarked revenue reserves. Excluding transfers to Restricted Funds (£1.834m) which are funds not under the Council's control, and carry forward requests (£6.468m), a significant proportion of the residual balance relates to support for cost escalation risk in the capital programme, increasing our insurance reserve based on actuarial advice and an increase to our general risk reserve to partly replenish amounts drawn down during the year to support energy cost pressures.

3.2.3 The focus now needs to move to the challenging period ahead - with inflation stubbornly maintaining high levels (although projected by the Bank of England to fall sharply during 2023), continued growth in interest rates, projected increases in unemployment, and the ongoing emergence of pent up demand, it is highly probable that there will continue to be volatility in the financial position across revenue and capital throughout 2023/24. Therefore, the position will be closely monitored throughout the year ahead.

3.2.4 Commentary on the provisional outturn position for each portfolio is provided in **Appendix D** of the report.

### 3.3 Trading activities

3.3.1 The Council's activities that operate on a trading account basis have increased their revenue reserves during 2022/23 by **£215,000** against a financial target set for the year of breakeven (after budgeted appropriations to ECC).

3.3.2 Commentary on the provisional outturn position for each Trading Activity is provided in **Appendix F** of the report.

### 3.4 Capital

3.4.1 Capital delivery of **94%** against latest budget has been achieved in 2022/23.

3.4.2 The original budget for the capital programme was **£283.623m**. During the year this has been revised to allow for revisions to project delivery plans. The final approved total capital programme budget amounted to **£240.102m**. Actual capital expenditure amounted to **£224.881m**, resulting in an under spend of **£15.221m**. There is a need for caution as there are risks ahead with inflation and supplies in the market creating significant cost escalation which could affect the delivery of the programme in 2023/24 and beyond.



3.4.3 During 2022/23, circa 330 schemes were undertaken. Our residents have benefited from and will continue to benefit from a wide range of new investment including:

- Essex Highways delivered essential work on improving our roads and footways, vital to maintaining a safe network (£50.744m). Each improvement and maintenance scheme helps keep our residents safe, contributes to longer-term economic growth, and helps deliver our vision for safer, greener and healthier travel.
- Significant packages of transport improvement work continue to progress such as Beaulieu Park Station where works have now started on site and Chelmsford North East Bypass where early works have commenced with accommodation works of building a new conveyer bridge which will allow the new road to operate with minimal interference with mineral extraction.
- Active Travel Fund 2 continued delivering local walking and cycling infrastructure projects in Essex with the aim to relocate road-space by creating high quality routes which can accommodate an increase in cycling and start to create cycle networks.
- We were successful on three Levelling Up Funding bids which have unlocked significant government investment into Essex. We have started to work with our partners in Colchester, Harlow and Tendring District Councils to plan delivery of Levelling Up Regeneration which will include a range of high quality new homes and jobs, support transport improvements, and catalyse the regeneration of these priority places.

- Essex County Council was successful in a Public Sector Decarbonisation Scheme bid, delivering a number of measures to work towards meeting net zero aspirations by 2030. The main focus of the work has been replacement of gas boilers, solar PV panels, insulation, window replacement and led lighting. In total £9.4m is committed to these Salix projects, with approximately £4.5m funded through grants. The projects have included large core office estate, libraries and school buildings.
- Circa 800 new school places continue to be delivered across Essex in the form of new schools; expansion of existing schools; temporary solutions changed to permanent solutions, all of which are delivered to net zero standards where possible.
- The flood management programme designed and delivered 6 schemes benefitting 119 properties as well as completing feasibility studies that will form our pipeline of schemes for design and delivery in 2023/24.
- LED Phase 4 Street Lighting has continued, and we achieved our 100,000<sup>th</sup> light converted to new LED street light lanterns, thereby saving Essex residents and businesses money by reducing energy usage, as well as contributing to an environmental carbon saving.

#### 3.4.4 Approval is sought to:

- Re-profile capital payment budgets of **£31.385m**, from 2022/23 into future years as a consequence of slippage in schemes;
- Bring capital payment budgets of **£13.314m** forward in respect of schemes that have progressed ahead of schedule; and
- Realign scheme and payment approvals to reflect actual activity in 2022/23 – this results in payment approvals for some schemes being reduced by **£33.395m**, with increases of **£36.244m** to several other schemes.

3.4.5 **Appendix G** provides a comparison of approved and forecast outturn capital payments by portfolio and **Appendix H** summarises the proposed variance plan. Commentary on the provisional outturn position for each portfolio is provided in **Appendix I**.

### 3.5 Commercial property

3.5.1 The commercial property portfolio net income outturn was £5,000 ahead of budget at £1.501m. This is after transferring £260,000 to the Reserve for Future Capital Funding to pay for the lift replacement required at the Watford property, some of which will be recoverable from tenants. The portfolio performance benefitted from a tenant not exercising a lease break clause when the budget assumed that they would. The portfolio continues to be fully occupied. This position is included within the overall Finance, Resources and Corporate Affairs portfolio position.

3.5.2 The annual valuation exercise shows a reduction in the portfolio value of £2.4m (8.6%) to £25.320m. The fall was in the industrial asset at Guildford (£1.4m) caused by the yields for the sector as a whole increasing which drives down values, as a response to the financial market impact of the mini Budget in October. The office at Watford reduced by £1m due to ongoing uncertainty in the sector post Covid. The retail asset at Keighley was unchanged and the portfolio remains fully tenanted albeit all leases are now a year closer to ending.

### 3.6 Reserves and balances

3.6.1 The final approved budget for 2022/23 included provision for appropriations to or from various revenue reserves and restricted funds. Proposals are presented throughout this report which further impact on the Council's reserves and balances. Approval is sought for **£30.140m** (net) to be transferred to earmarked reserves mainly relating to setting aside resources to help manage the growing pressure from the current high levels of inflation, together with utilising under spends from 2022/23 to support delivery of activities in 2023/24.

- **£2m** relates to restricted funds, which are funds held for medium to long term contractual commitments or on behalf of others and not available for alternative use by the Council
- **£6m** relates to carry forward of under spends into 2023/24 for specific purposes as set out in **Appendix C**
- Approximately **£12m** relates to sums set aside to support and mitigate both general economic risks and service specific risk
- Approximately **£1m** relates to funds set aside and reprofiling of budget to support future years budgets and transformational activities
- Approximately **£4m** is for investment in Everyone's Essex and the Council's strategic priorities
- Approximately **£5m** for technical adjustments mainly in respect of the year end actuarial adjustment, capital write off costs and an under spend on capital financing.

A schedule setting out each of the Council's reserves with a summary of its purpose is provided in **Appendix J**

3.6.2 **Appendix K** shows the position on restricted funds and revenue reserves, assuming the proposals contained within this report are accepted. These reserves represent funds set aside for specific policy purposes and contingencies and are necessary to ensure the Council's continued financial resilience to future financial challenges and known pressures. As referenced above, given the current uncertain economic outlook and high inflation there is a heightened risk of escalating costs, and recommendations in this report will provide some mitigation towards the potential impact, although it is very difficult to forecast.

3.6.3 **Appendix L** summarises the position on the General Balance at 31st March 2023. The closing balance is sufficient to fund **21** days of operating expenditure.

### 3.7 Prudential indicators and treasury management

- 3.7.1 Summaries of the Prudential Indicators and investment and borrowing levels are provided in **Appendix M** and **Appendix N** respectively.

## **4 Policy context and Outcomes Framework**

- 4.1 This report provides an assessment of the financial position of the Council at the end of the 2022/23 financial year, and as such, provides a financial representation of the performance against the annual plan. The Everyone's Essex Annual Plan for 2022/23 was approved in February 2022.

## **5 Financial Implications**

- 5.1 All actions proposed within this report are within the available funding. There are appropriate actions to deal with variances arising.

## **6 Legal Implications**

- 6.1 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.

## **7 Equality and Diversity implications**

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council 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.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 7.4 There are no equality and diversity, or other resource implications associated with this report.

## **8 List of Appendices**

Appendix A – Revenue Variance Plan  
Appendix B – Revenue Outturn Summary  
Appendix C – Overview of revenue carry forward requests

Appendix D – Revenue Position – Detailed commentary  
Appendix E – Trading Activities  
Appendix F – Trading Activities – Detailed commentary  
Appendix G – Capital Payments and Financing Summary  
Appendix H – Capital Variance Plan  
Appendix I – Capital Position – Detailed commentary  
Appendix J – ECC Reserves and their Purpose  
Appendix K – Restricted use and other revenue reserves  
Appendix L – General Balance  
Appendix M – Prudential Indicators  
Appendix N – Treasury Management Summary

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

## **9 List of Background Papers**

Budgetary control reports

## Appendix A – Revenue Variance Plan

VARIANCE PLAN						
	Provisional Outturn Variance (Under) / Over spend	Proposed mitigating actions				
		Transfers of under / over spends between portfolios	Under spends to be carried forward into 2022/23	Appropriations to/(from) other reserves	Underlying under / (over) spends	Total of mitigating actions
		£000	£000	£000	£000	£000
Adult Social Care and Health	(2,144)	(10)	337	1,022	795	2,144
Children's Services and Early Years						
Dedicated Schools Budget	-	-	-	-	-	-
Non Dedicated Schools Budget	3,747	1	67	(941)	(2,874)	(3,747)
Community, Equality, Partnerships and Performance	(411)	(134)	626	(241)	160	411
Devolution, the Arts, Heritage and Culture	(282)	121	170	(9)	-	282
Economic Renewal, Infrastructure and Planning	(72)	558	60	(768)	222	72
Education Excellence, Lifelong Learning and Employability						
Dedicated Schools Budget	6,150	-	-	(6,150)	-	(6,150)
Non Dedicated Schools Budget	(1,033)	426	-	862	(255)	1,033
Finance, Resources and Corporate Affairs	(966)	(411)	1,373	582	(578)	966
Highways Maintenance and Sustainable Transport	(2,323)	158	286	(1,422)	3,301	2,323
Leader	(1,061)	57	-	997	7	1,061
Waste Reduction and Recycling	(6,626)	(427)	-	7,053	-	6,626
Recharged Support Services						
Community, Equality, Partnerships and Performance						
Assurance	(260)	-	-	-	260	260
Democratic Services and Governance	(14)	-	-	-	14	14
Equality and Diversity	27	(22)	-	(5)	-	(27)
Performance, Business Planning and Partnerships	(171)	(55)	226	-	-	171
Transformation Support Unit	(249)	(48)	-	296	1	249
Finance, Resources and Corporate Affairs						
Business Support	(771)	11	760	-	-	771
Car Provision Scheme	(21)	21	-	-	-	21
Customer Services	(145)	145	-	-	-	145
Finance	(844)	(80)	759	88	77	844
Human Resources	69	6	150	(225)	-	(69)
Information Services	(518)	-	-	494	24	518
Insurance Cost Recovery Account	(5,033)	-	-	4,865	168	5,033
Legal Services	(263)	-	230	(10)	43	263
Procurement	(246)	-	65	181	-	246
Property and Facilities Management Service	(1,306)	(872)	-	2,752	(574)	1,306
Leader						
Communications and Customer Relations	(140)	9	126	-	5	140
Economic Renewal, Infrastructure and Planning						
Capital Programme Implementation and Delivery	(99)	42	-	-	57	99
<b>Net cost of services (Portfolios)</b>	<b>(15,005)</b>	<b>(504)</b>	<b>5,235</b>	<b>9,421</b>	<b>853</b>	<b>15,005</b>
Other operating costs - Interest, capital financing and dividends	(16,571)	504	1,233	2,508	12,326	16,571
General government grant	1,038	-	-	-	(1,038)	(1,038)
Financing	399	-	-	-	(399)	(399)
<b>Net expenditure</b>	<b>(30,139)</b>	<b>-</b>	<b>6,468</b>	<b>11,929</b>	<b>11,742</b>	<b>30,139</b>
Appropriations to / from restricted funds and other revenue reserves						
Carry Forwards reserve	6,742	-	(6,468)	(274)	-	(6,742)
Restricted funds	1,834	-	-	(1,834)	-	(1,834)
Capital financing	8,781	-	-	(781)	(8,000)	(8,781)
Transformation Reserve	(1,993)	-	-	1,993	-	1,993
Other reserves	14,775	-	-	(11,033)	(3,742)	(14,775)
General Balance	-	-	-	-	-	-
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2022/23 Provisional Outturn Report

## Appendix B – Revenue Outturn Summary

2021/22 Actual		2022/23						
		Original Budget	Final Budget	Provisional Outturn	Variance			
					Unadjusted variance	Proposed mitigations	Underlying variance	
£000		£000	£000	£000	£000	£000	£000	%
440,295	Adult Social Care and Health	470,230	481,499	479,355	(2,144)	1,349	(795)	(0.2%)
	Children's Services and Early Years							
(75)	Dedicated Schools Budget	(401)	(401)	(401)	-	-	-	-
135,244	Non Dedicated Schools Budget	136,837	146,441	150,188	3,747	(873)	2,874	2.0%
22,702	Community, Equality, Partnerships and Performance	23,282	27,569	27,158	(411)	251	(160)	(0.6%)
4,700	Devolution, the Arts, Heritage and Culture	4,174	6,244	5,962	(282)	282	-	-
19,824	Economic Renewal, Infrastructure and Planning	5,202	9,955	9,883	(72)	(150)	(222)	(2.2%)
	Education Excellence, Lifelong Learning and Employability							
(8,578)	Dedicated Schools Budget	(2,662)	(2,569)	3,581	6,150	(6,150)	-	-
19,914	Non Dedicated Schools Budget	20,186	22,845	21,812	(1,033)	1,288	255	1.1%
5,769	Finance, Resources and Corporate Affairs	14,327	12,502	11,536	(966)	1,544	578	4.6%
102,128	Highways Maintenance and Sustainable Transport	114,397	119,350	117,027	(2,323)	(978)	(3,301)	(2.8%)
2,737	Leader	2,397	5,260	4,199	(1,061)	1,054	(7)	(0.1%)
81,802	Waste Reduction and Recycling	88,107	88,529	81,903	(6,626)	6,626	-	-
	Recharged Support Services							
	Community, Equality, Partnerships and Performance							
1,134	Assurance	1,238	1,282	1,022	(260)	-	(260)	(20.3%)
832	Democratic Services and Governance	941	904	890	(14)	-	(14)	(1.5%)
632	Equality and Diversity	396	809	836	27	(27)	-	-
3,631	Performance, Business Planning & Partnerships	4,192	4,561	4,390	(171)	171	-	-
6,363	Transformation Support Unit	5,995	6,937	6,688	(249)	248	(1)	-
	Finance, Resources and Corporate Affairs							
10,538	Business Support	8,885	11,291	10,520	(771)	771	-	-
89	Car Provision Scheme	101	102	81	(21)	21	-	-
1,943	Customer Services	1,969	1,976	1,831	(145)	145	-	-
9,477	Finance	9,892	10,912	10,068	(844)	767	(77)	(0.7%)
8,198	Human Resources	8,180	9,873	9,942	69	(69)	-	-
30,764	Information Services	24,930	28,825	28,307	(518)	494	(24)	(0.1%)
2,864	Insurance Cost Recovery Account	4,027	3,427	(1,606)	(5,033)	4,865	(168)	(4.9%)
4,879	Legal Services	5,164	5,310	5,047	(263)	220	(43)	(0.8%)
5,470	Procurement	4,920	6,747	6,501	(246)	246	-	-
15,259	Property and Facilities Management Service	14,364	20,407	19,101	(1,306)	1,880	574	2.8%
	Leader							
2,606	Communications and Customer Relations	1,860	2,088	1,948	(140)	135	(5)	(0.2%)
	Economic Renewal, Infrastructure and Planning							
1,125	Capital Programme Implementation and Delivery	1,102	1,097	998	(99)	42	(57)	(5.2%)
932,266	Net cost of services (Portfolios)	974,232	1,033,772	1,018,767	(15,005)	14,152	(853)	(0.1%)
	Other operating costs							
49,039	Interest, capital financing and dividends	60,349	60,049	43,478	(16,571)	4,245	(12,326)	(20.5%)
-	Appropriations from Usable Capital Receipts reserve	-	-	-	-	-	-	-
	Appropriations to/(from) revenue reserves							
3,472	Carry Forwards reserve	-	(16,447)	(9,705)	6,742	(6,742)	-	-
(16,487)	Restricted funds	(16,821)	(11,614)	(9,780)	1,834	(1,834)	-	-
5,811	Capital financing	14,674	15,274	24,055	8,781	(781)	8,000	52.4%
(6,180)	Transformation Reserve	11,823	12,368	10,375	(1,993)	1,993	-	-
71,948	Other revenue reserves	45,626	3,108	17,883	14,775	(11,033)	3,742	120.4%
1,039,869	Net expenditure	1,089,883	1,096,510	1,095,073	(1,437)	-	(1,437)	(0.1%)
(145,727)	General government grant	(131,901)	(138,527)	(137,489)	1,038	-	1,038	(0.7%)
-	General Balance - contribution / (withdrawal)	-	-	-	-	-	-	-
894,142	Budget Requirement	957,982	957,983	957,584	(399)	-	(399)	(0.0%)
	Financed by							
(18,701)	Revenue Support Grant	(19,295)	(19,295)	(19,295)	-	-	-	-
(158,276)	National non-domestic rates	(165,570)	(165,570)	(165,472)	98	-	98	(0.1%)
(717,510)	Council tax precept	(763,505)	(763,505)	(763,505)	-	-	-	-
345	Collection fund surpluses	(9,613)	(9,613)	(9,312)	301	-	301	(3.1%)
(894,142)	Total Financing	(957,983)	(957,983)	(957,584)	399	-	399	-

## Appendix C – Overview of revenue carry forward requests

Carry forward requests of **£6.468m** are identified and seeking approval in this report for use in 2023/24. Carry forwards are a normal part of financial management.

A complete list of the **£6.468m** carry forward requests is provided below.

SUMMARY OF CARRY FORWARD REQUESTS BY PORTFOLIO	
Carry forward requests	Total £000
<b>Adult Social Care and Health</b>	
Apprenticeships - towards maintaining service delivery	300
DBS checks - staff costs	37
<b>Sub total</b>	<b>337</b>
<b>Childrens Services and Early Years (Non DSG)</b>	
Power Project - Youth Offending service	67
<b>Sub total</b>	<b>67</b>
<b>Community, Equality, Partnerships and Performance</b>	
Support for the Intranet project and other projects	279
Customer Services: to support the ongoing programme of Automation and Workforce Management projects	347
<b>Sub total</b>	<b>626</b>
<b>Devolution, the Arts, Heritage and Culture</b>	
Mobilisation of the Country Parks Car Parking contract and urgent remedial works to Country Parks	150
Research on social value for Arts and Culture purposes	20
<b>Sub total</b>	<b>170</b>
<b>Economic Renewal, Infrastructure and Planning</b>	
Harlow Investment Fund programme - Utilisation in 2023/24 following programme delays	60
<b>Sub total</b>	<b>60</b>
<b>Finance, Resources and Corporate Affairs</b>	
Alignment of the budget for pensions deficit	575
Procurement Resourcing to support a temporary peak of activity	250
Additional costs due to delays in external audit	500
Customer Services: to support the ongoing programme of Automation and Workforce Management projects	48
<b>Sub total</b>	<b>1,373</b>
<b>Highways Maintenance and Sustainable Transport</b>	
Integrated Passenger Transport Unit - training modules to support drivers	5
Passenger Transport: Project Support Officer over 18 month fixed term contract to support Home to School Transport training to SEND	60
Savings Delivery - Partnership extension savings	221
<b>Sub total</b>	<b>286</b>



## Appendix C – Overview of revenue carry forward requests (cont'd)

SUMMARY OF CARRY FORWARD REQUESTS BY PORTFOLIO	
Carry forward requests	Total
	£000
<b>Community, Equality, Partnerships and Performance (RSSS's)</b>	
<b>Performance, Business Planning and Partnerships</b>	
Support to completion of the Data Project (Internet)	92
Support Savings delivery in 2023/24	134
<b>Sub total</b>	<b>226</b>
<b>Finance, Resources and Corporate Affairs (RSSS's)</b>	
<b>Business Support</b>	
Support children's social care	200
Support Savings delivery in 2023/24	561
<b>Finance</b>	
To support Oxygen income in 2023/24	79
Support Services Review- interim staffing and training	100
Oracle - non standard service requests	100
My Oracle Support	250
Customer Services: to support the ongoing programme of Automation and Workforce Management projects	230
<b>Human Resources</b>	
Staff costs - Entry to Work team targeted programmes	39
Support Savings delivery in 2023/24	110
<b>Legal Services</b>	
To support additional costs incurred within the Operating Model workstream of SSP	100
Temporary legal staff to support transformation activity	100
Member Development (Future Vision programme)	30
<b>Procurement - Savings Delivery - Vacancy Factor Management</b>	<b>65</b>
<b>Sub total</b>	<b>1,964</b>
<b>Leader (RSSS's)</b>	
<b>Communications and Customer Relations - Communications and marketing manager</b>	<b>126</b>
<b>Sub total</b>	<b>126</b>
<b>Other Operating Costs</b>	
Support Savings delivery in 2023/24	1,233
<b>Sub total</b>	<b>1,233</b>
<b>Net Total</b>	<b>6,468</b>

## Appendix D – Revenue Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:

### 1. **Adult Social Care and Health: £786,000 (0.2%) adjusted under spend**

- i. After proposed adjustments the position is an under spend of **£786,000** and a favourable movement of **£2.960m** since the position reported at Third Quarter.
- ii. During the financial year, we have had to cope with ongoing major challenges with many pressures around demand for services, exacerbated by difficulties in recruitment of the Social Care workforce. There has been a continued increase in both contacts from the public and other professionals raising concerns on safeguarding for vulnerable adults along with request for services.
- iii. Throughout the year the new and growing demand for services was not always matching where recruitment of new care workers was taking place. The supply and demand mismatch resulted in more service users moving into a residential care setting than had been intended and fewer remaining in their own homes with domiciliary care, particularly following a period of hospital stay. This mismatch had been felt most strongly in some of the more rural parts of the county and interim alternative solutions had to be put in place that were more costly.
- iv. There are several over and under spends that are driven by the supply and demand mismatch. The lack of capacity within the domiciliary market which we saw in the earlier part of the year resulted in slippage in the delivery of the savings associated with the Connect Programme - this is the predominant element of the £6.258m of savings that have not been delivered in 2022/23. £15.492m of savings have been achieved without detriment to services; the over-achievement on our care tech programme is particularly noteworthy.
- v. The Public Health provisional outturn is an on-line position. Of the £65.616m allocated to ECC in 2022/23, £3.693m has been appropriated to the reserve for future years. The funds remain subject to the normal Public Health grant conditions. Proposals are being developed to utilise unallocated Public Health reserve in an appropriate and sustainable way to deliver outcomes for Essex. The remaining £2.521m of Central Government Contain Management Outbreak funding (COMF) from the overall allocation to ECC of £43m will be carried over into 2023/24.
- vi. Overall, the system remains under pressure, and we continue to focus on our social care recruitment campaign to maximise recruitment into the Adult Social Care workforce and minimise the use of agency staff.
- vii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:

- Carry forward **£337,000** to the service as set out in **Appendix C**
- **£951,000** contribution to the Adults Transformation Reserve due to slippage in costs associated with the programmes within the business plan, for use in 2023/24
- **£270,000** withdrawal from the Transformation Reserve in relation to Social Care Reforms and Care Quality Commission Inspection costs
- **£208,000** contribution to the Ambition Fund Reserve returning funding following delays relating to the Key Worker Counselling project, for use in 2023/24
- **£139,000** contribution to the Adult Risk Reserve to return funding relating to the Adults Market initiative fund, for use in 2023/24
- **£39,000** withdrawal from the Adults Transformation Reserve in relation to Social Care Reforms and Care Quality Commission Inspection costs
- **£33,000** contribution to the Adults Safeguarding Board Partnerships Reserve due to actual spend lower than predicted in the year

## 2. Children's Services and Early Years DSG: on line

- i. The provisional outturn of **£401,000** which is on line with the final approved budget of **£401,000**.
- ii. Within this position the Early Years Dedicated Schools Grant (DSG) under spent by **£4.9m** primarily due to:
  - Payments to providers for free entitlement funding being £3.7m less than the funding from Government, because the volume of pupils accessing free provision appears to be fewer than the numbers funded. Therefore, it is expected that this will be clawed back in July 2023 when the allocation for 2022/23 is finalised
  - The final adjustment to the 2021/22 Early Years Block allocation from DfE, received in July increased the funding by £2.7m, due to the pupil numbers on the census days being greater than those funded in the provisional 2021/22 allocation
  - Partially offset by £1.5m of payments to Early Years providers from the DSG carry forward
  - This in year under spend has been transferred to the DSG reserve.

### 3. Children's Services and Early Years Non DSG: £3.747m (2.6%) over spend

- i. The provisional outturn of **£150.188m** is **2.6%** higher than the final approved budget of **£146.441m**. After proposed adjustments there is a **£2.873m** over spend position which represents a favourable movement of **£1.749m** since the position reported in the Third Quarter.
- ii. The movement is as a result of funding from Youth Offending Service Partnership Reserve, additional Sector Led Improvement Programme (SLIP) income generation, and a decrease in direct provisions packages. These are offset by increased placement costs driven by supported living placement costs, and temporary emergency placements in high-cost unregistered settings
- iii. The unadjusted over spend is as a result of:
  - **£5.284m** High numbers of semi-independent living placements
  - **£3.832m** Placement insufficiency necessitating the use of high-cost unregistered placements
  - **£1.650m** High placement costs in residential care
  - **£1.695m** The cost-of-living crisis increasing demand for Section 17 and Section 20 supporting families at risk particularly with travel costs
  - Unachieved staffing vacancy factor savings

Partially offset by:

- **£1.839m** drawdowns in year from 2021/22 under spend carried forward and **£2.5m** from the Children's Risk Reserve.
- iv. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
    - Carry forward **£67,000** to the service as set out in **Appendix C**
    - **£651,000** withdrawal from the Children's Transformation Reserve in respect of the uplift of Foster Carers fees in 2022/23 (£287,000) and the following projects: Emotional Wellbeing and Mental Health (£271,000), Resilience in Early Parenthood (£51,000), Children's Residential Care programme (£24,000), Anti Racism Practitioner (£10,000) and the Multi-Disciplinary Team (£8,000)
    - **£325,000** withdrawal from the Covid Equalisation Reserve to offset adoption delay impact on placement insufficiency
    - **£186,000** contribution to the Carry Forward Reserve returning unspent carry forward from 2021/22 towards setting up the migrant staffing team now funded from grant income
    - **£94,000** net withdrawal from the Youth Offending Teams Partnership Reserve appropriating £506,000 to the reserve due to staffing vacancies and

remand costs ending the year lower than expected and withdrawing £600,000 to support associated placement costs in year

- **£38,000** withdrawal from the Essex Safeguarding Children's Board Partnership Reserve to fund staffing costs
- **£26,000** withdrawal from the Everyone's Essex Reserve relating to the Financial Wellbeing Programme and Challenge Fund Delivery team commissioning capacity
- **£17,000** contribution to the Children's Transformation Reserve due to lower than anticipated expenditure on Children in Care books and to be reprofiled for use in 2023/24
- **£10,000** withdrawal from the Everyone's Essex Reserve to fund the 'ActiveAte' programme over February half term

#### 4. **Community, Equality, Partnerships and Performance: £411,000 (1.5%) under spend**

- i. The provisional outturn of **£27.158m** is 1.5% lower than the final approved budget of **£27.569m**. After proposed adjustments there is a **£26,000** under spend (0.1%) which represents a favourable movement of **£389,000** since the position reported in the Third Quarter.
- ii. The unadjusted under spend is driven by several areas across the portfolio, these include:
  - **£618,000** - unutilised Members Locality Funding, which has been ringfenced and is intended to be used in 2023/24
  - **£282,000** - higher than anticipated demand for ceremonies leading to an overperformance of income in Registrars
  - **£279,000** - relating to the previous Intranet project carry forward not being fully utilised in year, resulting in a carry forward request in this report to reprofile the expenditure into 2023/24 to continue to support the technology transformation of the Councils internet and intranet

Offset by

- **£275,000** - pressure in Coroners which was due to funding temporary staff employed to help address the Covid backlog and additional body storage over the Winter; impacted by higher than usual death rates and longer turnarounds as funeral directors were working at capacity
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
    - Carry forward **£626,000** for various projects as set out in **Appendix C**

- **£618,000** contribution to the Ambition Fund Reserve in relation to unused Member's Locality funding being returned to the reserve for use in 2023/24
- **£304,000** withdrawal from the Covid Equalisation Reserve in relation to body storage pressures within the Coroners service
- **£279,000** withdrawal from the Community Initiative Fund Reserve in relation to small grants for recent bids for community projects
- **£259,000** withdrawal from the Transformation Reserve relating to the Everyone's Library service programme
- **£30,000** withdrawal from the Transformation Reserve relating to the Resourcing to support the Levelling Up project
- **£13,000** contribution to the Quadrennial Elections Reserve relating to unspent election funds

## 5. Devolution, the Arts, Heritage and Culture: **£282,000 (4.5%) under spend**

- The provisional outturn of **£5.962m** is 4.5% lower than the final approved budget of **£6.244m**. After proposed adjustments, there is a **£121,000** under spend, which represents a favourable movement of **£200,000** since the position reported in the Third Quarter.
- The unadjusted under spend relates to:
  - **£230,000** under spend within Travellers which includes £112,000 due to electrical testing remedial work costs being lower than anticipated, £90,000 over recovery of Rents and Lettings income, and a £59,000 under spend on maintenance, partly offset by an over spend on Consultancy of £31,000.
  - **£218,000** under spend within Leisure relating to Country Parks due to issues recruiting to posts throughout the year and non-staffing under spends, including a small increase in car parking income received
  - **£170,000** over spend within Outdoor Education relating to income not fully mitigating pressures relating to increased staffing and delivery costs, coupled with a loss of income from a sickness outbreak at the Mersea Island Festival.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£170,000** as set out in **Appendix C**
  - **£112,000** withdrawal from the Everyone's Essex Reserve in respect of costs associated with the Arts and Culture Fund
  - **£112,000** contribution to the Carry Forward Reserve returning a carry forward from 2021/22 which incurred lower than anticipated costs

- **£9,000** withdrawal from the Ambition Fund Reserve in relation to Visit Essex and the Everyone's Economy Future Growth Programme.

## 6. Economic Renewal, Infrastructure and Planning: **£72,000 (0.7%) under spend**

- The provisional outturn of **£9.883m** is 0.7% lower than the final approved budget of **£9.955m**. After proposed adjustments, there is a **£780,000** under spend which represents a favourable movement of **£215,000** since the position reported at the Third Quarter.
- The unadjusted under spend predominantly relates to:
  - **£671,000** under spend within Economic Renewal for which approval is sought in this report to appropriate £387,000 to reserves, for utilisation in 2023/24, where activity has not taken place as originally profiled this year. £100,000 of this under spend relates to the Management Fee for the Community Renewal Fund and the remainder is mainly attributable to in-year staffing vacancies
  - **£277,000** under spend within Strategic Spatial Planning due to higher than budgeted income relating to Strategic Development projects
  - **£263,000** under spend within Development Management due to higher than budgeted planning income, staffing vacancies and higher than budgeted employee recharges.

Offset mainly by:

  - **£1.182m** over spend within Housing Strategy, Development and Investment due to the write off of previously capitalised expenditure relating to Essex County Hospital, which is now being treated as abortive costs as the project has been transferred to Essex Housing LLP. This is a technical adjustment and approval is sought in this report for these costs to be funded from the Reserve for Future Capital Funding.
- Approval is sought for the following actions as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£60,000** for various projects as set out in **Appendix C**
  - **£1.182m** withdrawal from the Reserve for Future Capital Funding to offset capital write off costs relating to the transfer of the Essex County Hospital project to Essex Housing LLP
  - **£355,000** contribution to the Everyone's Essex Reserve, for use in 2023/24, in relation to Everyone's Economy and Environment projects
  - **£44,000** contribution to the Covid Equalisation Reserve returning Economy Recovery Programme funding no longer required
  - **£15,000** contribution to the Transformation Reserve, for use in 2023/24, relating to the Digital Accessibility Compliance project, following delays of the overall programme due to staffing vacancies

- **£11,000** contribution to the Commercial Investment in Essex Places Reserve for use in 2023/24, from Economic Growth for resource costs relating to the Essex Renewal Fund
- **£11,000** withdrawal from the Transformation Reserve in support of costs relating to Shenfield Library.

## 7. Education and Skills Dedicated Schools Grant (DSG): **£6.150m over spend**

- The over spend relates to the movement in school balances, which have decreased due to schools over spending in year. **£5.508m** has been appropriated to the Schools Reserve to offset this over spend.
- The Dedicated Schools Grant within this Portfolio is under spent by £16.966m, primarily within the high needs block due to increased funding from the Government.
- Approval is sought for the following actions as a consequence of the provisional outturn position for 2022/23
  - **£612,000** withdrawal from the Reserve for Future Capital Funding for Devolved Formula Capital expenditure
  - **£30,000** withdrawal from the Ambition Fund Reserve for the Digital CV and Dashboard projects

## 8. Education Excellence, Life Long Learning and Employability (Non DSG): **£1.033m (4.5%) under spend**

- The provisional outturn of **£21.812m** is 4.5% lower than the final approved budget of **£22.845m**. After proposed adjustments, there is a **£171,000** under spend (0.7%) which represents a favourable movement of **£482,000** since the position reported at the Third Quarter.
- The under spend is mainly due to:
  - **£520,000** historic grant balances in Education that are no longer required to be carried forward where conditions of funding have been met
  - **£376,000** lower services fees and charges due to fewer surplus school properties to maintainPartially offset by:
  - **£431,000** reduction in the DSG contribution to the School Improvement team owing to pressures in the Central Services Block of DSG.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:



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- **£880,000** contribution to the PFI Equalisation Reserves due to unspent PFI credits relating to the Clacton Secondary Schools PFI
- **£574,000** contribution to the PFI Equalisation Reserves due to unspent PFI credits relating to the Building Schools for the Future PFI
- **£266,000** withdrawal from the Ambition Fund Reserve for the Education Recovery Taskforce
- **£187,000** withdrawal from the Covid Equalisation Reserve due to the loss of tuition fee income caused by Covid resulting in a lower number of enrolments within Adult Community Learning
- **£75,000** withdrawal from the Bursary for Trainee Carers Reserve relating to the Nightingale Health and Care Bursary Programme which sits in Adult Community Learning
- **£33,000** withdrawal from the Everyone's Essex Reserve relating to Adult Community Learning Outreach projects in Canvey Island £12,000, Braintree £12,000 and Harwich £9,000
- **£22,000** withdrawal from the PFI Equalisation Reserves relating to the Debden Park PFI
- **£22,000** withdrawal from the Ambition Fund Reserve in relation to costs incurred with the You Can project within Adult Community Learning
- **£12,000** contribution to the Everyone's Essex Reserve returning unspent funding relating to the Everyone's Economy – Employability and Skills project, for use in 2023/24
- **£1,000** contribution to the Everyone's Essex Reserve returning unspent funding relating to the Canvey Early Years Levelling Up scheme for use in 2023/24.

**9. Finance, Resources and Corporate Affairs: £966,000 (7.7%) under spend**

- i. The provisional outturn of **£11.536m** is 7.7% lower than the final approved budget of **£12.502m**. After proposed adjustments there is a **£989,000** (7.9%) over spend with an adverse movement of **£1.348m** since the position reported at the Third Quarter.
- ii. The unadjusted under spend primarily relates to the element of pay inflation that is retained centrally to allow for dynamic decisions around pay in-year, which has not been fully utilised.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£1.373m** for various projects as set out in **Appendix C**
  - **£582,000** contribution to the General Risk Reserve to replenish it in relation to the approved pay award decision for 2023/24, which was funded in the

interim from reserves until certainty of a revenue under spend at provisional outturn.

**10. Highways Maintenance and Sustainable Transport: £2.323m (1.9%) under spend**

- i. The provisional outturn of **£117.027m**, is 1.9% lower than the final approved budget of **£119.350m**. After proposed adjustments, there is a **£3.459m** under spend (2.9%) which represents an adverse movement of **£274,000** since the position reported at the Third Quarter.
- ii. The unadjusted under spend is mainly due to:
  - **£2.897m** under spend across the policy lines Tackling Congestion, Bridges, Street Lighting, Traffic Management and the Winter Service. Within this total there is £1.351m of over recovery of contravention income (for example Bus Lane Enforcement) where levels continued to be higher than budgeted, bad debt provision, and under spends driven by staffing vacancies. An under spend within Energy of £880,000 resulted from budget drawn in-year from reserves funding energy pressures which is returned via this report following confirmation of Government support until March 2023, and income recovery within Bridges
  - **£1.822m** under spend in Passenger Transport, mainly relating to Local Bus services, where contracts were procured at a price lower than that assumed and built into the budget, to grant income and increased income from contract changes and also to staffing under spends due to in-year vacancies

Offset by:

- **£1.164m** over spend within Home to School Transport. This includes a net £600,000 under spend relating to mainstream transport provision where growth did not materialise at the level assumed within the budget coupled with Public Ticket pressure which arose as a result of delayed invoicing from First and Hedingham operators from 2021/22. Approval is sought in this report to cover £635,000 from the Emergency Reserve to Home to School Transport to fund public ticket costs that relate to 2021/22. In addition, there was a pressure within the Special Educational Needs Transport provision where pupil growth of 9% created a pressure of £1.8m
  - **£1.034m** over spend within A130 PFI from cost incurred due to an increase in volume in 2021/22 which was under accrued for in that financial year
  - **£357,000** over spend in Roads and Footways to support investment in Highways Infrastructure through the creation of a new Pothole fund to be covered by reserves.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
    - Carry forward **£286,000** for various projects as set out in **Appendix C**
    - **£1.034m** withdrawal from the A130 PFI Equalisation Reserve due to increases in the anticipated traffic volume numbers relating to the A130 PFI

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- **£734,000** withdrawal from the Emergency Reserve to cover the Home to School transport Public Ticket increased cost **£636,000** and Local Bus increased fuel costs **£98,000**
- **£452,000** contribution to the General Risk Reserve returning funding for street lighting energy increases no longer required due to government funding
- **£235,000** withdrawal from the Transformation Reserve relating to concessionary fares reimbursement of operator losses
- **£82,000** contribution to the Covid Equalisation Reserve returning funds drawn down in year for Park and Ride income losses which are now no longer required
- **£47,000** contribution to the Everyone's Essex Reserve returning funding relating to the Environment and Climate Action Programme, for use in 2023/24.

### 11. Leader - £1.061m (20.2%) under spend

- i. The provisional outturn of **£4.199m**, is 20.2% lower than the final approved budget of **£5.260m**. After proposed adjustments, there is a **£64,000** under spend which represents a favourable movement of **£4,000** since the position reported at the Third Quarter.
- ii. The underlying under spend is due to additional (non-budgeted) income in relation to the Chief Executive's work with Slough. This income is offset within the Chief Executive's Office function.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
  - **£846,000** contribution to the Essex Climate Change Commission Reserve to return unspent funding relating to the Environment and Climate Action Programme for use in 2023/24
  - **£151,000** contribution to the Ambition Fund Reserve to return unspent funding relating to the Environment and Climate Action Programme for use in 2023/24.

### 12. Waste Reduction and Recycling – £6.626m (7.5%) under spend

- i. The provisional outturn of **£81.903m** is 7.5% lower than the final approved budget of **£88.529m**. After proposed adjustments, there is a **£427,000** over spend, which represents an adverse movement of **£427,000** since the online position reported at the Third Quarter.
- ii. The unadjusted under spend is predominantly due to:

- **£5.541m** due to lower than expected tonnage levels, where the budget included assumptions for Covid driven additional tonnage, but volumes did not materialise at the levels anticipated
- **£1.412m** under spend for rates relating to the Mechanical Biological Treatment (MTB) plant which are no longer due to be paid
- **£628,000** under spend resulting from insourcing of services from Veolia, where funding was received in relation to dilapidation works that will now be completed in 2023/24.

Offset by:

- **£1.070m** over spend relating to one-off project expenditure to be drawn down from the Waste Reserve, including £911,000 of legal costs of the Mechanical Biological Treatment plant

iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:

- **£7.227m** contribution to the Waste Reserve due to under spends relating to lower than expected tonnage levels and for rates relating to the MBT plant which are no longer due to be paid
- **£1.222m** withdrawal from the Waste Reserve relating to Integrated Waste Handling projects and for legal and associated costs of the MBT plant
- **£780,000** contribution to the Waste Reserve, for use in 2023/24, in relation to dilapidation works required to be completed in 2023/24 resulting from insourcing the service from Veolia and for unspent project funding
- **£268,000** contribution to the Waste Reserve to replenish it in relation to a decision funded in the interim from reserves until certainty of a revenue under spend at provisional outturn.

### 13. Community, Equality, Partnerships and Performance RSSS – £667,000 (4.6%) under spend

- i. The provisional outturn of **£13.826m** is 4.6% lower than the final approved budget of **£14.493m**. After proposed adjustments, there is a **£150,000** under spend (0.1%) which represents a favourable movement of **£258,000** since the position reported in the Third quarter.
- ii. The under spend is driven mainly by a staffing under spend in Assurance.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£226,000** for various projects as set out in **Appendix C**
  - **£479,000** contribution to the Covid Equalisation Reserve returning unspent Transformation Delivery Resourcing project funding, for use in 2023/24

- **£132,000** withdrawal from the Adults Transformation Reserve relating to the Transformation Delivery Resourcing project
- **£67,000** contribution to the Ambition Fund Reserve in relation to the Just About Managing project, for use in 2023/24
- **£51,000** withdrawal from the Transformation Reserve towards the Transformation Programme Shaping Support project
- **£24,000** withdrawal from the Carry Forward Reserve relating to a previous years carry forward for Community Safety
- **£23,000** withdrawal from the Transformation Reserve relating to the Resourcing to Support Levelling Up project
- **£16,000** withdrawal from the Everyone's Essex Reserve relating to costs associated with the Community Challenge Fund
- **£9,000** withdrawal from Ambition Fund Reserve relating to the implementation of the Safety Advisory Group recommendations.

**14. Economic Renewal, Infrastructure and Planning Recharged Support Services: £99,000 (9%) under spend**

- i. The provisional outturn of **£998,000** is 9% lower than the final approved budget of **£1.097m**. After proposed adjustments, there is a **£99,000** under spend (9%) which represents a favourable movement of **£99,000** since the on line position reported in the Third quarter.
- ii. The under spend position includes the following:
  - **£220,000** over spend relating to under recovery of income due to be generated via commercial income by selling services to third parties. Due to the service no longer delivering projects for the Department for Education and the impact of Covid on the construction industry, this has led to the full target being undeliverable.
  - **£262,000** under spend relating to staffing recharges, where recharges to capital projects were higher than anticipated.

**15. Finance, Resources and Corporate Affairs Recharged Support Services £9.078m (9.2%) under spend**

- i. The provisional outturn of **£89.792m** is 9.2% lower than the final approved budget of **£98,870m**. After proposed adjustments, there is a **£1.031m** over spend (1%) which represents a favourable movement of **£900,000** since the position reported at the Third Quarter.

- ii. The unadjusted under spend is driven by several areas across the portfolio:
- **£5.034m** Insurance Cost Recovery Account, where, as per ECC policy, the fund is committed to top-up the insurance provision and reserve for future years; this is informed by the actuary evaluation report and ensures adequate reserves are held to meet future potential claims against the council
  - **£1.307m** relating to Facilities Management, where the budget includes an emergency drawdown of reserves to cover anticipated rises in gas and electricity prices, however this was not needed due to the Energy Bill Relief Support Scheme which significantly mitigated the risk. The funds are being returned to reserves.
  - **£1.557m** under spend on vacancies and hard to recruit posts across the portfolio
  - **£752,000** relating to unbudgeted grant income used to support the Homes for Ukraine programme and higher than anticipated Finance internal and external recharged income
  - **£330,000** technical adjustment reversing an accounting provision no longer required in Legal Services.
- iii. Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
- Carry forward **£1.964m** for various projects as set out in **Appendix C**
  - **£4.865m** contribution to the Insurance Reserve in relation to the year end actuarial evaluation and provision
  - **£3.263** contribution to the General Risk Reserve returning funding originally draw down for Utilities and Energy price increases - no longer required due to government support funding
  - **£1.443m** contribution to the Technology and Digitisation Reserve with **£1.010m** to be used to mitigate future pressures and **£433,000** unspent funding on the Social Care platform programme, for use in 2023/24
  - **£1.162m** withdrawal from the Transformation Reserve relating to the following projects: Property Transformation **£482,000**, New Ways of Working **£197,000**, Support Services **£292,000**, Corporate Print services **£130,000**, Implementation of short-term recommendations for County Hall **£54,000** and the Environment and Climate Action programme **£7,000**
  - **£894,000** withdrawal from the Technology and Digitisation Reserve for various technology projects including Cyber Resilience, Next Generation Networks (NGN), and Cloud modernisation – Azure
  - **£360,000** contribution to the Ambition Fund Reserve as a result of income relating to the intervention at Thurrock Council

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- **£181,000** contribution to the Covid Equalisation Reserve returning funding for the Procurement Resource supporting a temporary peak in activity, for use in 2023/24
- **£67,000** contribution to the Reserve for Future Capital Funding relating to the Lift replacement capital scheme (£20,000) and Daisy Updata Communications Limited (DUCL) (£47,000)
- **£33,000** contribution to the Transformation Reserve relating to North East Quadrant Office Strategy project funding, for use in 2023/24
- **£10,000** withdrawal from the Public Law Partnership Reserve in relation to in year legal costs.

**16. Leader Recharged Support Services - £140,000 (6.7%) under spend**

- The provisional outturn of **£1.948m** is 6.7% lower than the final approved budget of **£2.088m**. After proposed adjustments, there is a **£14,000** under spend (0.6%) which represents a favourable movement of **£14,000** since the online position reported at the Third Quarter.
- The under spend is due to a staffing vacancy in Communications.
- Approval is sought to the following actions as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£126,000** as set out in Appendix C

**17. Other Operating Costs (interest, financing, and dividends) - £16.571m under spend (27.6%)**

- The position mainly relates to Interest and Capital Financing due to lower than anticipated borrowing for the capital programme because of delivery slippage, and additional income from interest receivable due to higher than budgeted interest rates
- Approval is sought to the following action as a consequence of the provisional outturn position for 2022/23:
  - Carry forward **£1.233m** as set out in **Appendix C**
  - **£2.508m** contribution to the Reserve for Future Capital Funding due to the under spend on capital financing as a result of slippage in the capital programme

**18. Other Operating Costs (General Government Grants and Financing) - £1.437m (0.1%) decrease of funding budget**

- i. The Business Rate Compensation grant was £1.312m less than budgeted. This is due to assumptions at budget setting for the Retail, Hospitality and Leisure relief, which were based on forecasts provided by districts, however the actual relief granted has been lower than the forecast. The other factor was a change to Department for Levelling Up, Housing and Communities' (DLUHC) treatment of the COVID-19 Additional Relief Fund (CARF), which postponed the allocation of compensation for business rates losses incurred by the council as a result of this relief until 2023/24.



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## Appendix E – Trading Activities

Trading Activities Summary						
2021/22 Actual £000		2022/23				
		Original Budget £000	Final Budget £000	Provisional Outturn £000	Variance £000	Variance %
(7,692)	Income	(7,350)	(7,603)	(8,989)	(1,386)	18.2%
8,247	Expenditure	7,046	7,299	9,518	2,219	30.4%
-	Financing Items	-	-	-	-	-
555	(Surplus)/Deficit	(304)	(304)	529	833	(274.0%)
(728)	Appropriations	304	304	(744)	(1,048)	(344.7%)
(173)	Net (increase) / decrease in revenue reserves	-	-	(215)	(215)	-
	Analysis of net (increase) / decrease in Trading Activities reserves					
(33)	Music Services	-	-	(24)	(24)	-
(140)	Place Services	-	-	(191)	(191)	-
(173)	Net (increase) / decrease in revenue reserves	-	-	(215)	(215)	-
2021/22					2022/23	
Closing					Opening	Closing
Balance					Balance	Balance
£000					£000	£000
(1,514)	Total Reserves Balance				(1,514)	(1,729)

## **Appendix F – Trading Activities – Detailed commentary**

Comments on the performance of individual trading activities are set out below.

### **1. Music Services**

- i. The trading activity increased its accumulated revenue reserves in 2022/23 by **£24,000** (compared to a 'break even' financial target) due to an increased demand for music lessons.

### **2. Place Services**

- i. The trading activity increased its accumulated revenue reserves in 2022/23 by **£191,000** (compared to a 'break even' financial target). This is due to additional income secured as a result of a new contracts with local planning authority clients in the south east of England and outer London boroughs, together with higher than anticipated demand from other ECC service areas, including Essex Highways, as well as staff savings in the Practice Management team.

## Appendix G – Capital payments and financing summary

	Original Approval	Final Approval	Actual	Variance
	£000	£000	£000	£000
Adult Social Care and Health	910	726	144	(582)
Children's Services and Early Years	2,014	2,555	1,478	(1,077)
Community, Equality, Partnerships and Performance	100	143	143	-
Devolution, the Arts, Heritage and Culture	121	188	31	(158)
Economic Renewal, Infrastructure and Planning	117,544	88,350	79,067	(9,283)
Education Excellence, Lifelong Learning and Employability	59,832	45,464	44,482	(982)
Finance, Resources and Corporate Affairs	5,845	11,952	11,436	(517)
Highways Maintenance and Sustainable Transport	96,976	89,102	87,366	(1,736)
Leader	280	1,621	735	(886)
Waste Reduction and Recycling	-	-	-	-
<b>Total payments to be financed</b>	<b>283,623</b>	<b>240,102</b>	<b>224,881</b>	<b>(15,221)</b>
<b>Financed by</b>				
Unsupported borrowing	131,363	101,240	75,521	(25,719)
Grants and contributions	141,260	127,862	136,938	9,076
Capital receipts	5,000	5,000	6,422	1,422
Reserve for future capital funding	6,000	6,000	6,000	-
<b>Total financing</b>	<b>283,623</b>	<b>240,102</b>	<b>224,881</b>	<b>(15,221)</b>

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## Appendix H – Capital Variance Plan (Summary)

	Slippage	2022/23			2022/23 Changes	2023/24 Changes
		Additions	Reductions	Advanced Works		
	£000	£000	£000	£000	£000	£000
Adult Social Care and Health	(454)	-	(128)	-	(582)	454
Children's Services and Early Years	(1,082)	5	(2)	1	(1,077)	1,081
Community, Equality, Partnerships and Performance	-	-	-	-	-	-
Devolution, the Arts, Heritage and Culture	-	-	(157)	-	(157)	-
Economic Renewal, Infrastructure and Planning	(23,718)	13,841	(10,794)	11,387	(9,284)	
Education Excellence, Lifelong Learning and Employability	(2,827)	15,863	(15,652)	1,635	(982)	1,193
Finance, Resources and Corporate Affairs	(317)	3,187	(3,387)	-	(517)	317
Highways Maintenance and Sustainable Transport	(2,101)	3,349	(3,276)	292	(1,736)	1,809
Leader	(886)	-	-	-	(886)	886
Waste Reduction and Recycling	-	-	-	-	-	-
<b>Total payments to be financed</b>	<b>(31,385)</b>	<b>36,244</b>	<b>(33,395)</b>	<b>13,314</b>	<b>(15,221)</b>	<b>5,740</b>
<b>Financed by</b>						
Unsupported borrowing					(25,719)	
Grants and contributions					9,076	
Capital receipts					1,422	
Reserve for future capital funding					-	
<b>Total financing</b>					<b>(15,221)</b>	

## Appendix I – Capital Position – Detailed commentary

Comments are included below on the most significant of the variances against budget at a portfolio level:

- 1. Adult Social Care and Health – £582,000 (80%) under spend**
  - i. The provisional outturn of **£144,000** was **£582,000** less than the final approved budget of **£726,000**.
  - ii. Approval is sought to re-profile **£454,000** from 2022/23, with £206,000 into 2023/24 and £250,000 in 2024/25. The slippage mainly relates to Bridgemarsh as the service are now looking to collaborate with Libraries to create a community hub (£300,000). Further slippage of £141,000 relates to the Adults with Complex needs project due to delays with the land purchase from the Ambulance Service.
  - iii. Approval is sought to reduce the capital programme by **£128,000**. This also relates to the Adults with Complex needs project, as archaeological works anticipated are no longer required coupled with a further saving for professional fees by amalgamating two sites, the old Ambulance Site and the former Lexden Springs SEN school
- 2. Children Services and Early Years - £1.077m (42%) under spend**
  - i. The provisional outturn of **£1.478m** was **£1.077m** less than the final approved budget of **£2.555m**. This is largely attributable to slippage of Solo placements, where there has been significant delays on refurbishment works on the caretakers property, which was only able to be partially completed by the end of March.
  - ii. Overall approval is sought to re-profile **£1.082m** from 2022/23 into 2023/24, additions to the programme of **£5,000**, reductions to the programme of **£2,000**, and to advance **£1,000** works from 2023/24 into 2022/23
- 3. Community, Equality, Partnerships and Performance - online**
  - i. The provisional outturn of **£143,000** was **on line** with the final approved budget of **£143,000**.
- 4. Devolution, the Arts, Heritage and Culture - £158,000 (83%) under spend**
  - i. The provisional outturn of **£31,000** was **£158,000** less than the final approved budget of **£188,000**. The under spend is mainly due to a reduction of £72,000 to be moved to the core capitalised building maintenance scheme to fund the resurfacing of the car park at Thorndon Country Park, and a reduction of £61,000 relating to the Tree Planting scheme due to classifying the maintenance spend in 2022/23 as revenue expenditure.
  - ii. Overall approval is sought to reduce the capital programme by **£157,000**.

**5. Economic Renewal, Infrastructure and Planning - £9.283m (10.5%) under spend**

- i. The provisional outturn of **£79.067m** was **£9.283m** less than the final approved budget of **£88.350m**. The main areas for the under spend are set out below:

ii. **Economic Investment - £6.952m under spend**

The most significant under spend is **£5m** which relates to the Harlow Development Fund where approval is sought to re-profile into 2023/24. This is due to ongoing planning delays, however there is confidence that the money will be spent once the application is approved. Similarly, the Clacton Town Centre scheme and Colchester Town Regeneration scheme both have slippage of **£1.5m** into 2023/24 due to ongoing acquisition delays. Slippage of **£993,000** is attributable to Jaywick Market and Commercial into 2023/24 following delays due to asbestos and issues with weather conditions. These under spends are partially offset by a **£2.5m** addition on Swan Modular Housing Factory which relates to the payment ECC has made to the South East Local Enterprise Partnership to repay the Get Building Fund grant awarded to the project, as the third party led scheme is no longer going ahead. Note ECC has been repaid the grant by the contractors.

iii. **Highways Major Schemes - £3.803m under spend**

The under spend relates to M11 Junction 7A and Gilden Way Upgrading scheme, as the scheme is now complete and total costs were **£4.2m** lower than anticipated. This is offset by advanced works of **£1.3m** for M11 Junction 8 as the scheme is progressing faster than originally anticipated.

iv. **Essex Housing LLP - £4.403m under spend**

This is due to Essex County Hospital, where phases 2 and 3 of the project have been pushed back to 2023/24, resulting in £3.6m of slippage. In addition there has been slippage of £925,000 relating to Purford, following realignment with the annual delivery plan.

v. **Housing Infrastructure Fund - £6.587m over spend**

The over spend is mainly due to the advancement of works of £9.1m for Beaulieu Park Station as this scheme is progressing faster than anticipated. This is partially offset by £1.5m slippage on Harlow Sustainable Transport Corridor into 2023/24 relating to statutory works that will now not be completed this financial year. There is further slippage of £1.1m on A133-A120 Link Road into 2023/24 due to delays in the purchasing of land from land owners.

- vi. In total approval is sought to re-profile **£23.718m** from 2022/23, with £18.326m into 2023/24, £4.950m into 2024/25, £180,000 into 2025/26 and £262,000 into 2027/28. Approval is also sought for additions of **£13.841m**, reductions of **£10.794m** and to advance **£11.387m** from 2023/24 in to 2022/23

**6. Education Excellence, Life Long Learning and Employability - £982,000 (2.2%) under spend**

- i. The provisional outturn of **£44.482m** was **£982,000** less than the final approved budget of **£45.464m**. With the under spend relating to the following:

- ii. **ECC Controlled - £1.178m under spend**

The under spend is largely driven by £1.1m slippage within Special Schools across a number of schemes, due to revised contractor cashflow profiles and various delays caused by re-designs and severe weather.

- iii. Approval is sought to re-profile **£2.827m** from 2022/23 with £2.351m into 2023/24 and £476,000 into 2024/25, additions to the programme of **£15.863m**, reductions to the programme of **£15.652m**. Also, approval is sought to advance **£1.635m** into 2022/23, with £1.519m from 2023/24 and £116,000 from 2024/25

- iv. **School Controlled - £196,000 over spend**

Approval is sought for additions to the programme totalling **£3.372m** offset by reductions to the programme totalling **£3.176m** to realign the budgets to match spend in relation to the Schools Devolved Formula Capital grant and schools cash balances, which the authority holds on behalf of Essex Schools and have no control over the spend.

**7. Finance, Resources and Corporate Affairs - £517,000 (4.3%) under spend**

- i. The provisional outturn of **£11.436m** was **£517,000** less than the final approved budget of **£11.952m**. The under spend on capitalised building maintenance (£1.415m) partially offsets the over spends on the various individual specific property energy efficiency projects, the most significant being the Public Sector Decarbonisation 3a scheme, where the budget needs to be realigned in line with actual expenditure incurred.
- ii. Overall approval is sought re-profile **£317,000** into 2023/24, add to the programme **£3.187m** and to reduce the programme by **£3.387m**.

**8. Highways Maintenance and Sustainable Transport - £1.736m (1.9%) under spend**

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- i. The provisional outturn of **£87.366m** was **£1.736m** less than the final approved budget of **£89.102m**.

The under spend is predominately attributable to Active Travel 3 (**£1m**). This is due to delays caused by the late awarding of funding, the significant level of stakeholder engagement required, and additional air quality modelling and investigation required. An under spend of **£666,000** is also reported on the Flood Management programme due to an efficiency saving secured (£250,000), and slippage due to one scheme being delayed until summer 2023/24 (£416,000).

- ii. In total across the Portfolio, approval is sought to re-profile **£2.101m** from 2022/23, with **£2.087m** into 2023/24 and **£14,000** into 2024/25, additions to the programme of **£3.349m**, reductions to the programme of **£3.276** and to advance **£292,000** into 2022/23, with **£21,000** from 2023/24 and **£271,000** from 2024/25.

**9. Leader - £886,000 (55%) under spend**

- i. The provisional outturn of **£735,000** was **£886,000** less than the final approved budget of **£1.621m**. The under spend relates to the Social Housing Decarbonisation scheme, due to delays caused by access being granted to residential homes and supply chain issues.
- ii. Across the Portfolio approval is sought to re-profile **£886,000** into 2023/24



## Appendix J – ECC Reserves and their Purpose (1 of 3)

Restricted Use Funds	Description
A130 PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Building Schools for the Future PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Clacton Secondary Schools PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
COVID Equalisation Reserve	Equalise the timing differences between the recognition of emergency funding in the Comprehensive Income and Expenditure Statement and incurring the expenditure.
Debden PFI	Equalise the timing differences between expenditure and government grant over the life of the PFI contract.
Grants Equalisation reserve	Equalise the timing differences between the recognition of grant income in the Comprehensive Income and Expenditure Statement (in accordance with Accounting Policy 2.6) and incurring the grant eligible expenditure.
Partnerships (not available for ECC use)	To retain unspent contributions from partners and apply them in subsequent years.
Schools (not available for ECC use)	Schools are permitted to retain unspent resources (whether planned or unplanned), which are held in the Schools Reserves. The statutory authority to commit such resources rests with school governors.
Trading Activities	Surpluses generated by trading activities, to be applied by these activities in subsequent years.
Waste Reserve	To smooth the effects of future increases in the costs of waste disposal.

## Appendix J – ECC Reserves and their Purpose (2 of 3)

Earmarked Reserves	Description
Adults Digital Programme	Used to meet the costs of the Adults Digital Transformation programme.
Adults Risk	To help manage commercial price pressures that may arise from meeting cost of care
Adults Transformation	To set aside resources to support change capacity to deliver ongoing future sustainability work
Ambition Fund	Reserve created to fund investment in new delivery models and ways of working.
Bursary for trainee carers	New reserve created in the 2019/20 Provisional Outturn report to fund bursaries for trainee carers.
Capital Receipts Pump Priming	Used to meet costs associated with bringing properties into readiness for disposal.
Carbon Reduction Reserve	Used to finance measures aimed at reducing the Council's carbon footprint and support the costs of the Carbon Reduction Credit scheme.
Carry Forwards Reserve	Used to carry under spends in the current financial year forward to support expenditure plans in the forthcoming financial year.
Childrens Risk	To help manage potential price and volume pressures that may arise in the provision of Children's Services
Childrens Transformation	To support transformation capacity to deliver the Childrens Sustainability programme
Collection Fund Investment Risk Reserve	Established to mitigate the risks of falling collection rates for council tax and non-domestic rates.
Commercial Investment in Essex Places Reserve	Established to set aside funding for commercial investment in Essex Places that align to the Council's housing growth and town centre agendas.
Community Initiatives Fund	To fund revenue and capital community initiatives.
EES Pensions Deficit Reserve	Earmarked reserve to cover future costs that may arise as a result of pensions arrangements following the sale of EES.
Emergency Reserve	To help deal with risk around increased market fragility, exit from the EU, capacity issues across social care, as well as general risks around delivery and demand.
Emergency Planning	To meet costs associated with emergency planning.

## Appendix J – ECC Reserves and their Purpose (3 of 3)

Earmarked Reserves	Description
Equalities Reserve	To set aside resources to support the focus on the people and places where the council can make the biggest difference to improve lives
Essex Climate Change Commission Reserve	Can be drawn upon by the Essex Climate Change Commission to fund initiatives to reduce carbon emissions and promote Green Infrastructure initiatives.
Essex Crime and Police	To support the set up costs and subsequent financing of the Essex Crime and Police Panel
Everyone's Essex Reserve	To set aside resources to support delivery of the Everyone's Essex strategy for levelling up the county and improving lives and opportunities for all our residents
Future Capital Funding	Comprises revenue contributions to be used to supplement the resources available to finance future capital expenditure.
General Balance	Reserve set aside to allow the Council to deal with unexpected events or costs at short notice.
General Risk Reserve	To support against inflationary risk for future years
Health & Safety Reserve	Used to meet the costs of undertaking asbestos, legionella and Disability Discrimination Act surveys.
Highways Reserve	Resources set aside to provide additional support for Highways provision
Insurance	Provides for future potential and contingent liabilities for insurance claims.
Newton Reserve	Funds bequeathed to the Council for use by the Essex Records Office
Property Fund Reserve	Reserve created to manage the risks associated with landlord responsibility (e.g. gaps in occupancy).
Quadrennial Elections Reserve	Reserve established to meet costs associated with the Council's quadrennial elections.
Renewal Fund	To support COVID-19 recovery activity.
Social Distancing and Hygiene	To support new burdens on the Council to manage social distancing requirements.
Technology and Digitisation	To set aside resources to meet the future cost of replacing key council's technology systems.
Transformation	Used to meet costs associated with project management and change management aspects of the Council's ambitious programme of transformation.

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# Appendix K – Restricted use and other revenue reserves

	Balance at 1 April 2022 £000	2022/23 movements		Balance at 31 March 2023 £000	2023/24 movements		
		Contributions to reserves £000	Withdrawals from reserves £000		Budgeted approp to/from) reserves £000	Withdrawals/ Contributions £000	Est. Balance at 31 March 2024 £000
<b>Restricted use</b>							
Grants equalisation reserve	36,839	11,790	(4,696)	43,933	-	-	43,933
COVID equalisation reserve	40,769	-	(14,495)	26,274	-	(23,392)	2,882
PFI equalisation reserves							-
A130 PFI	28,181	485	(11,342)	17,324	(10,052)	-	7,272
Clacton secondary schools' PFI	960	449	-	1,409	-	(158)	1,251
Debden PFI	1,743	30	(619)	1,154	-	(33)	1,121
Building Schools for the Future PFI	1,238	884	-	2,122	-	798	2,920
Waste reserve	114,869	-	(281)	114,588	(9,884)	(3,718)	100,986
Schools	49,211	3,053	(8,560)	43,704	-	-	43,704
Partnerships	2,376	539	(648)	2,267	-	-	2,267
Trading activities	1,514	215	-	1,729	(304)	304	1,729
<b>Total restricted use</b>	<b>277,700</b>	<b>17,445</b>	<b>(40,641)</b>	<b>254,504</b>	<b>(20,240)</b>	<b>(26,199)</b>	<b>208,065</b>
<b>Future capital funding</b>	<b>14,437</b>	<b>27,858</b>	<b>(6,000)</b>	<b>36,295</b>	<b>7,463</b>	<b>(7,463)</b>	<b>36,295</b>
<b>Other revenue reserves</b>							
Adults Digital programme	275	-	(247)	28	-	-	28
Adults Risk	14,221	-	(1,660)	12,561	-	(1,289)	11,272
Adults Transformation	12,718	-	(2,916)	9,802	21,567	(26,843)	4,526
Ambition Fund	6,524	8,800	(4,773)	10,551	9,925	(15,670)	4,806
Bursary for trainee carers	338	-	(75)	263	-	(263)	-
Capital receipts pump priming	4,034	6,000	-	10,034	1,000	(500)	10,534
Carbon Reduction reserve	982	-	(271)	711	(152)	(35)	524
Carry Forwards reserve	24,744	11,917	(21,622)	15,039	-	(15,039)	-
Childrens risk reserve	-	2,500	(2,500)	-	5,000	-	5,000
Childrens Transformation	7,187	-	(1,177)	6,010	-	(1,775)	4,235
Collection Fund investment risk reserve	7,586	9,498	-	17,084	9,114	-	26,198
Commercial Investment In Essex Places reserve	15,659	-	(190)	15,469	(650)	(656)	14,163
EES Pension Deficit reserve	4,000	-	-	4,000	-	-	4,000
Emergency reserve	17,564	9,094	(3,431)	23,227	4,000	(5,853)	21,374
Equalities reserve	261	-	-	261	-	-	261
Essex Climate Change Commission reserve	4,331	-	(1,264)	3,067	-	(2,018)	1,049
Everyone's Essex reserve	47,272	1,000	(3,286)	44,986	2,000	(24,110)	22,876
General Risk reserve	13,859	5,671	(4,689)	14,841	10,338	(1,133)	24,046
Health and Safety reserve	4,656	-	(7)	4,649	-	(56)	4,593
Highways	-	3,000	-	3,000	-	(3,000)	-
Insurance	6,260	4,865	-	11,125	-	(600)	10,525
Property Fund reserve	1,302	-	(340)	962	-	-	962
Quadrennial Elections reserve	999	500	(8)	1,491	500	-	1,991
Renewal Fund	2,523	-	(96)	2,427	-	(181)	2,246
Technology Solutions	11,641	11,777	(3,299)	20,119	5,000	(14,174)	10,945
Transformation	48,505	15,635	(5,260)	58,880	11,820	(17,999)	52,701
Other reserves	1,797	352	(448)	1,701	350	(350)	1,701
<b>Total other revenue reserves</b>	<b>259,238</b>	<b>90,609</b>	<b>(57,559)</b>	<b>292,288</b>	<b>79,812</b>	<b>(131,544)</b>	<b>240,556</b>
<b>Total</b>	<b>551,375</b>	<b>135,912</b>	<b>(104,200)</b>	<b>583,087</b>	<b>67,035</b>	<b>(165,206)</b>	<b>484,916</b>

## Appendix L – General Balance

GENERAL BALANCE	
General Balance	£000
Actual Balance 31 March 2022	68,096
<b>Subsequent movements</b>	
Approved contributions	-
Approved withdrawals	-
<b>Budgeted balance at 31st March 2023</b>	<b>68,096</b>
<b>Movements as a consequence of the Revenue Outturn Position</b>	
Contributions	-
Withdrawals	-
<b>Actual balance at 31 March 2023</b>	<b>68,096</b>
2023/24 budgeted withdrawal	-
<b>Actual balance at 1 April 2023</b>	<b>68,096</b>

## Appendix M – Prudential Indicators

		Approved Indicator	Current Forecast
Affordability			
Incremental impact on Council Tax of 2022/23 and earlier years' 'starts'	£	£107.37	£106.21
Ratio of financing costs to net revenue streams	%	8.6%	8.4%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium	
Capital Expenditure			
Capital expenditure	£m	284	225
Capital Financing Requirement (excluding credit arrangements )	£m	1,134	1,137
External Debt			
Authorised limit (borrowing only )	£m	1,060	N/A
Operational boundary (borrowing only )	£m	890	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	600
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	1,060	281
Debt		100.0%	99.3%
Investments		100.0%	70.5%
Upper limit for exposure to variable rates			
Net exposure	£m	318	230
Debt		30.0%	2.5%
Investments		100.0%	42.1%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	1.9%
12 months and within 24 months	%	40.0%	2.0%
24 months and within 5 years	%	40.0%	9.7%
5 years and within 10 years	%	40.0%	16.7%
10 years and within 25 years	%	75.0%	26.7%
25 years and within 40 years	%	40.0%	30.0%
40 years and within 50 years	%	20.0%	0.0%
50 years and above	%	20.0%	12.9%
Total sums invested for more than 364 days			
Authorised limit	£m	30	N/A
Actual sums invested (maximum position during year )	£m	N/A	-
Summary			
All Treasury Management activities have been undertaken in accordance with approved policies and procedures.			
External debt is within prudent and sustainable limits.			
Credit arrangements have been undertaken within approved indicators			
Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.			

## Appendix N – Treasury Management Summary

TREASURY MANAGEMENT SUMMARY - 2022/23							
	Actual Balance 1 April 2022 £000	Movements				Estimated Balance at 31 March 2023 £000	Interest payable / (earned) to date £000
		Raised	Repaid	Reclassification	Net movement		
		£000	£000	£000	£000		
<b>Borrowing</b>							
Long Term	592,859	2,217	(11,245)	-	(9,028)	583,831	20,050
Temporary	7,156	4,994	-	-	4,994	12,150	227
<b>Total External Borrowing (A)</b>	<b>600,015</b>	<b>7,211</b>	<b>(11,245)</b>	<b>-</b>	<b>(4,034)</b>	<b>595,981</b>	<b>20,277</b>
<b>Investments</b>							
Long Term	14,273	4,102	(3,522)	(10,000)	(9,420)	4,853	(270)
Temporary	562,523	63,035	-	10,000	73,035	635,558	(13,233)
<b>Total External Investments (B)</b>	<b>576,796</b>	<b>67,137</b>	<b>(3,522)</b>	<b>-</b>	<b>63,615</b>	<b>640,411</b>	<b>(13,503)</b>
<b>Net indebtedness (A-B)</b>	<b>23,219</b>	<b>(59,926)</b>	<b>(7,723)</b>	<b>-</b>	<b>(67,649)</b>	<b>(44,430)</b>	<b>6,774</b>
<b>Borrowing</b>							
Average balance of long term borrowing during the yearover the period to date (£000)							584,732
Opening pool rate at 1 April 2022 (%)							3.37%
Weighted average rate of interest on new loans secured to date							N/A
Average pool rate for year (%)							3.39%
<b>Investments</b>							
Average daily cash balance over period to date (£000)							611,074
Average interest earned over period							2.21%
Benchmark rate - average 1 month SONIA rate							2.11%