

		<b>AGENDA ITEM 5</b>
		<b>CSC/21/17</b>
<b>Committee:</b>	<b>Corporate Policy and Scrutiny Committee</b>	
<b>Date:</b>	<b>28 November 2017</b>	
<b>Enquiries to:</b>	<b>Name: Tina French, Head of Financial Strategy and Analysis</b> <b>Telephone: 03330 138461</b> <b>Email: <a href="mailto:tina.french@essex.gov.uk">tina.french@essex.gov.uk</a></b>	

### **2017/18 Financial Overview as at the Half Year Stage**

**Action required by members at this meeting:**

- 1. To receive a report from the Cabinet Member for Resources, previously presented to Cabinet at its meeting of 17 October 2017.**



<b>Report title:</b> 2017/18 Financial Overview as at the Half Year Stage	
<b>Report to:</b> Cabinet	
<b>Report author:</b> Margaret Lee, Executive Director for Corporate and Customer Services	
<b>Date:</b> 17 October 2017	<b>For:</b> Decision
<b>Enquiries to:</b> Tina French, Head of Financial Strategy and Analysis Telephone: 03330 138461 Email: <a href="mailto:tina.french@essex.gov.uk">tina.french@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the half year stage of the 2017/18 financial year. This reports a full year forecast over spend on revenue of **£1.4m** (0.1%) against a net budget of **£914.5m**. This assumes full commitment of the Emergency Contingency (**£4m**), which if not required would result in a full year forecast under spend of **£2.6m**. This is an improvement since the Quarter 1 report of **£3.5m**.
- 1.2 The report also sets out an under spend of **£1.1m** on capital against the current budget of **£264.7m**. After taking account of budget change requests in this report there will be an under spend of **£560,000**.

## 2. Recommendations

Approval is sought in relation to the following actions:

- 2.1 To draw down funds from reserves as follows:
  - i. A sum (not to exceed **£5m**) determined by the Section 151 Officer from the Transformation Reserve to portfolios as required to fund redundancy costs arising from Organisational Design subject to services not being able to mitigate this expenditure (see 3.4)
  - ii. **£1.6m** from the Quadrennial Reserve to the Leader portfolio attributable to costs associated with the local elections held in May 2017 (see 5.1.10.ii)
  - iii. **£432,000** from the Capital Receipts Pump Priming Reserve to the Resources Recharged Support Services portfolio in relation to funding for the Capital Receipts team (see 5.1.14.ii)
  - iv. **£301,000** from the Community Initiatives Fund Reserve to the Reserve for Future Capital Funding, via the Environment and Waste

portfolio, to match expenditure incurred to date in 2017/18 in relation to community projects (see 7.9.iii)

2.2 To appropriate funds to reserves as follows:

- i. **£116,000** to the Transformation reserve from Highways portfolio in relation to 2017/18 savings identified in the recent LED Street Lighting Final Business case

2.3 To approve the following adjustments:

- i. To transfer **£4,598** from the Carry Forward reserve to the General Balance. This is the remaining balance from 2016/17 which is no longer required
- ii. To vire a total of **£1.2m** to the Resources Recharged Support Services portfolio from Health and Adult Social Care (**£665,000**), Culture Communities and Customer (**£178,000**), Education (**£172,000**), Housing, Planning and Property (**£101,000**), Environment and Waste (**£55,000**) portfolios and a further **£454,000** unused balance from the Grant Equalisation reserve, relating to mitigations for the Organisational Development savings (see 3.3 and 5.1.14.ii)
- iii. To vire a total of **£160,000** from Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy (**£46,000**), Health and Adult Social Care (**£34,000**), Children and Families (**£23,000**), Leader (**£23,000**), Leader Recharged Support Services (**£23,000**) and Education (**£11,000**) portfolios to the Resources Recharged Support Services portfolio as a contribution towards Business Support for Executive Directors (5.1.14.ii)
- iv. To vire a total of **£1.0m** from Other Operating Costs interest receivable budgets to Resources (**£996,000**) and Leader (**£50,000**) portfolios to mitigate unachieved savings (see 5.1.10ii and 5.1.15.ii)
- v. To amend the capital budget as shown in Appendices C (i) and C(ii) which allows for capital slippage of **£8.2m**, capital budget additions of **£7.4m**, capital budget reductions of **£6.2m** and advanced works of **£6.4m** (see section 7).

## Executive Summary

### 3. Revenue

- 3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£1.4m**, driven by **£822,000** over spend on services and a pressure on funding of **£528,000**, which is due to less council tax being receivable as a result of an error in the Tax Base set for Rochford (**£658,000**), offset by **£130,000** on General Government grants following receipt of the award notifications. This over

spend represents 0.1% of net expenditure (**£914.5m**). It also assumes full commitment of the emergency contingency of **£4m**, which if not required would result in a forecast under spend of **£2.6m**.

- 3.2 An over spend of **£3.2m** is forecast in Children and Families which is mainly driven by an increase in the number of placements required, as a result of an increase in children re-entering the care system that we have worked with previously, an emerging gang culture, particularly in the Mid and South Quadrants, and an increase in sibling groups requiring support.
- 3.3 The Organisation Design savings are unlikely to deliver in full this financial year as staffing reductions will not be operational in time to drive out the full amount. The savings are expected to deliver the full financial target by the 1st April 2018, however the profile of those savings are slower than had been originally budgeted for. The in year savings have been mitigated by one off under spends, leaving a residual pressure of **£151,000**.
- 3.4 There will be redundancy costs arising from the implementation of the Organisation redesign, which services may not be able to fund in year. Therefore a request is included within the report for approval to draw down up to **£5m** from the Transformation Reserve (which is the normal budgeting practice for redundancy). It is requested that authority be delegated to the S151 Officer to approve the individual draw downs against this amount following the implementation by each design group. A position statement on the remaining balance against the **£5m** will be reported monthly to the Cabinet Member for Resources and through the quarterly Cabinet report.
- 3.5 As always, the forecast is based on current intelligence and is a mid-range position. There are net opportunities of **£8.7m** not included within the current forecasts.

#### 4. Capital

- 4.1 The original capital programme for 2017/18 as set by Full Council in February 2017 was **£263.4m**. This has increased by a net **£6.6m**, to **£270m**, predominately as a result of the addition of the Property Investment Portfolio approved by Cabinet in July 2017. The forecast outturn is **£268.9m** and before adjustments proposed within this report, represents an under spend of **£1.1m**. After taking account of budget change requests in this report, there is a residual under spend of **£560,000**. Other minor variances make up the remaining under spend of **£560,000** are described in Section 7.
- 4.2 Appendix C (i) summarises current year forecasts along with changes in the Capital Programme for 2017/18 since approval of the original programme in the Budget Report to Council in February 2017. Appendix C (ii) contains the detail of the budget adjustments seeking approval.
- 4.3 **£90.3m** has been spent on capital works in the first five months of the year, this represents 34% of the programme's forecast spend for the year

(excluding Property Investment). Noting that the budget has been profiled to reflect the anticipated pattern of spend, actual expenditure is **£6.9m** (7%) lower than expected at this point in the year.

## **2017/18 Revenue Position**

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

#### **5.1.1 Health and Adult Social Care - online**

- i. The portfolio has a current under spend position of **£4.2m** against the net budget. The gross forecast reflects an over spend of **£783,000** on expenditure offset by a **£5.0m** over achievement of income. New pressures in coming months cannot be accurately predicted but, if the under spend is maintained, it is planned it will be carried forward into 2018/19 to support the sustainability of Adult Social Care and therefore an on-line position is reported. This position is after accounting for the additional short term improved Better Care Funding (iBCF) funding of **£16.1m**, which if this had not been available the portfolio would be facing an over spend.
- ii. The main drivers of the underspend are:
  - Care & Support of (**£5.4m**), of which (**£3.9m**) is Working Age Adults (WAA) and a further (**£1.5m**) is Older People (OP);
  - Mental Health (**£581,000**) partially offset by;
  - Service Management Costs **£1.1m**; and
  - Housing Related Support **£394,000**
- iii. The Sustainability Programme has supported the delivery of **£17.9m** of savings to date this year through a review plan and the introduction of an assurance process.

#### **5.1.2 Children and Families - £3.2m (2.9%) over spend**

- i. There has been an increase in the number of children in care, some of which are more complex than previously experienced. This has now realised into a forecast over spend of **£3.2m** This is driven by an increase in children re-entering the care system, an emerging gang culture, particularly in the mid and south areas of the county and an increase in sibling groups requiring support from the authority being placed in a care setting. This is a change of **£3.2m** since the Quarter 1 report.
- ii. There are also increases in the price of some packages, in particular within a residential setting as a result of having to place children with complex behavioural needs, often in a 2:1 care setting. There continues to be a lack of choice around placing children internally due to a shortage of internal foster carers thus further exasperating the demand externally. Work continues in the service to attract more Internal Foster Carers. There are additional financial risks around placement costs because of the

limited supply of internal carers and thus putting pressure on the use of external fostering.

- iii. The service is currently undertaking a deep dive review of the Children in Care service delivery focusing on value for money, type of care, early reviews, commercial negotiations, joint funding and reunification. Progress will be reported in the Quarter 3 Cabinet report.

#### **5.1.3 Culture, Communities and Customer - £84,000 (0.4%) under spend**

- i. There are a number of under spends forecast within the portfolio:
  - a. Customer Services and Member Enquiries (**£691,000**) due to a high level of vacant posts held as a result of a successful programme of work to reduce volumes, particularly avoidable contacts
  - b. Registrars Service (**£331,000**) due to over achievement of income
  - c. Trading Standards (**£251,000**) due to an over achievement of savings following a recent restructure
  - d. Coroners (**£70,000**) due to reduced demand on the service.
- ii. It is proposed that **£1.3m** be transferred to the Resources Recharge Support Services portfolio to help mitigate the Organisation Design savings (**£178,000**).

#### **5.1.4 Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy - £240,000 (3.2%) under spend**

- i. The under spend is mainly attributable to allowable costs being recharged to grants (**£202,000**) and in-year staffing savings within Traded Strategy (**£141,000**), partly offset by increased running costs relating to Basildon and Clacton Enterprise Centres (**£110,000**).

#### **5.1.5 Education Non Dedicated Schools Grant - £101,000 (0.1%) under spend**

- i. The under spend is mainly due to higher than expected grant from the Skills Funding Agency (SFA) for Adult Community Learning (**£289,000**). When the budget was set, it was predicted that grant funding would significantly reduce. However, the SFA have delayed funding changes and the grant received is broadly comparable with previous years. This under spend will not impact on the delivery of service.
- ii. This is partially offset by Early Years where the Workforce Development savings are not yet on target to be delivered (**£100,000**) and dilapidation fees for Children's Centres (**£50,000**).

#### **5.1.6 Education Dedicated Schools Grant (DSG) - £4.3m over spend**

- i. The over spend is due to the increasing cost and volume of pupils requiring Post 16 Provision (**£1.7m**), an error in calculating funding for two special

schools (£1.4m), the increasing cost and number of pupils receiving provision from other Local Authorities (£581,000), increased costs for statemented SEN in maintained schools and academies (£476,000) and the cost of educating excluded pupils in the west of the county (£229,000). Mitigation options are being explored to reduce the over spend in year. Any remaining over spend at the 31st March will be carried forward to 2018/19 for Schools Forum to determine a mitigation plan. There are no financial implications for the authority.

#### **5.1.7 Environment and Waste - £381,000 (0.5%) over spend**

- i. This over spend is due to less than anticipated income for Leisure and Outdoor Education services in part caused by slippage in the delivery of the capital investment to provide facilities at attractions.

#### **5.1.8 Highways – £4,000 (0.0%) over spend**

#### **5.1.9 Housing, Planning and Property - online**

#### **5.1.10 Leader - £16,000 (0.2%) under spend**

- i. No material variance to budget is anticipated
- ii. Included in the position is a proposal that budget be transferred from the Other Operating Costs portfolio to the Olympic Sports and Development policy line to mitigate the previously reported pressure on the Lee Valley Precept (£50,000), and a proposal to draw down from the Quadrennial Elections Reserve (£1.6m) to fund costs associated with the local Elections held in May 2017.

#### **5.1.11 Resources - £198,000 (1.2%) under spend**

- i. The under spend is mainly due to the Council Tax Sharing Scheme which is forecasting a reduction in the shareback of income to the districts for 2017/18 (£155,000) plus adjustments to the shareback of income relating to 2016/17 (£107,000).

#### **5.1.12 Culture, Communities and Customer Recharged Support Services- £37,000 (1.8%) over spend**

- i. No material variance to budget is anticipated.

#### **5.1.13 Leader Recharged Support Services - £100,000 (1%) under spend**

- i. The under spend is mainly due to Performance and Commissioning Support (£90,000) where vacant posts are being held to mitigate the savings required from the Organisational Design work in 2017/18.



#### **5.1.14 Resources Recharged Support Services - £212,000 (0.3%) over spend**

- i. The over spend is primarily due to the expected delay in the delivery of the Organisation Design savings (**£155,000**) and staffing income pressures in Capital Delivery (**£67,000**). There are also pressures within the Payroll and Systems teams (**£60,000**) as a result of non-delivery of the Corporate System (TCS) savings, costs relating to the delayed August schools payroll run (**£86,000**) and an under recovery of income as more schools convert to academies (**£136,000**). These pressures are offset by staffing under spends due to vacancies in other areas.
- ii. Included in the position are proposals to
  - a. To transfer **£1.2m** of Organisational Design savings out of this Portfolio to the policy lines where mitigations have been identified.
  - b. To transfer **£160,000** to this portfolio from other portfolios to fund Business Support costs
  - c. To draw down from the Grant Equalisation Reserve (**£454,000**) to help mitigate Organisational Design savings
  - d. To draw down the Capital Pump Priming Reserve (**£432,000**) to fund costs relating to managing property disposals.

#### **5.1.15 Other Operating Costs - £2.3m (7%) under spend**

- i. The external audit of our 2016/17 accounts is now complete. As a consequence, it is now possible to quantify the revenue provision that is required to be made towards the repayment of debt in 2017/18. The required contribution is **£2m** less than assumed in the budget. There is also a **£305,000** favourable position attributable to the Interest Receivable budgets where investment balances are higher than budgeted.
- ii. Included in the position is a proposal to transfer **£996,000** to the Resources portfolio to mitigate non delivery of corporate savings
- iii. If the Emergency Contingency remains unused throughout 2017/18 this will improve the final outturn position by **£4m** at year end.

### **6. Trading Activities**

- 6.1 The majority of traded activities are forecasting online, with the exception of EES where a significant drop in turnover **£1.3m** (8%), where business has been lost in key areas such as professional services, as a result of less funding for majority of their customers, which has driven a further shortfall in net profit **£629,000**.
- 6.2 Appendix B shows the position by each Trading Activity. Risks across all trading activities are being actively managed and marketing strategies will look to partially mitigate current pressures.

### **7. Capital**

**7.1** The forecast on the programme (excluding Property Investment) is an under spend of **£1.1m** against the capital budget of **£264.7m**. After taking account of budget change requests in this report there is a residual under spend of **£560,000**.

**7.2** Approval is sought for:

- I. Slippage of **£8.2m**
- II. Budget additions of **£7.4m**
- III. Budget reductions of **£6.2m**
- IV. Advanced works of **£6.4m**

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

**7.4 Health and Adult Social Care - £324,000 under spend**

- i. Independent Living Older People (IL OP) Ninefields Waltham Abbey: The scheme has been incorporated into the revised IL-OP framework procurement process as a pilot scheme. Due to this process, together with site preparation delays, the first milestone payment will not be due until 2018/19. Therefore approval is sought to re-profile **£525,000** into 2018/19.
- ii. Transforming Care (TC) 57a Maldon Road: External grant funding of **£400,000** has been received and passported to Dimensions for the purchase of 57a Maldon Road. Approval is sought for a corresponding addition to the capital programme funded by the grant.

**7.5 Children and Families - online**

- i. There are no significant variances to report

**7.6 Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy - £4m under spend**

- i. University of Essex Innovation centre: The construction of the concrete base for Phase 1 of the Innovation Centre is now complete, work to continue the build is on hold following a change in the building design and ongoing discussions with the Colchester Planning Department. As a result the profile of ECC's grant payments needs to change and approval is sought to re-profile the Local Growth Fund (LGF) **£1m** into 2018/19. The function, outcomes and operation of the building remain unchanged.
- ii. Harlow MedTech: The contractors proposed schedule is unlikely to meet initial forecasts of spend identified in the ARU/ECC grant agreement. The contractors have estimated that **£500,000** of capital expenditure would be completed by the end of March, together with expenditure of **£500,000** for the land transaction. Approval is sought to re-profile **£1.5m** into 2018/19.

- iii. Coastal Communities: This is an LGF funded project that ECC has no involvement in, ECC are pass porting LGF Grant in its role as Accountable Body to Tendring District Council. Approval is sought to add (**£667,000** to the capital programme fully funded by LGF grant.
- iv. A120 Preferred Route: Approval is sought to re-profile **£2.5m** into 2018/19 to align the project delivery with central government timeframes for preferred route announcements.

## **7.7 Resources – online**

## **7.8 Education - £4.2m over spend**

- i. Beaulieu Park Primary and Secondary Schools: In line with the recently endorsed business case, the latest cash flow from the contractor shows that **£2.4m** needs to be advanced from 2018/19 in relation to the Primary School and **£602,000** needs to be re-profiled into 2018/19 in relation to the Secondary School. This is in line with the timeframe for the required school places, the Primary school places being required by September 2018 whilst the Secondary places are not required until September 2019.
- i. Uttlesford Primary Basic Need: There is an over spend of **£1.3m** which predominately relates to the acceleration of the Magna Carta Primary School in comparison to earlier cash flow estimates. As a result, **£1.3m** is requested to be advanced from 2018/19.
- ii. Epping Secondary Basic Need: In line with the recently endorsed business case the contractors revised delivery schedule shows that the Roding Valley scheme has been accelerated and **£600,000** is requested to be advanced from 2018/19.

## **7.9 Environment and Waste - £332,000 under spend**

- i. Waste and Recycling: Negotiations on the best solution and treatment of Leachate at closed landfill sites are underway with the Environment Agency and the likely solution will require planning permission. The budget requirement and timescale for delivery is to be revised and as a result a decision has been made to remove the project (**£376,000**) from the Capital Programme for now and a future bid will be made once a strategy has been determined.
- ii. Essex Outdoors: The Contractor has issued a revised delivery plan for the toilet block at Danbury which shows **£123,000** will slip into April 2018. In addition to this, a new procurement is required for the cabins at Danbury and as a result an additional **£118,000** needs to slip into 2018/19. In total, approval is sought re-profile **£241,000** into 2018/19.
- iii. Community Initiatives: Approval is sought to draw down from the Community Initiatives Fund Reserve for expenditure incurred to date

(**£301,000**), in relation to grants to third parties for Community Improvements

#### **7.10 Housing, Planning and Property - £1.4m under spend**

- i. Essex Housing Programme: There is an under spend of **£1.1m**. A business case has recently been endorsed at Investment Board that seeks to use **£1.4m** of the Essex Housing block on the Moulsham Lodge housing project, but **£1.1m** of this spend will not be incurred until 2018/19. A Cabinet Member decision is currently being prepared to transfer the budget from the Essex Housing block to Moulsham Lodge and re-profile the budget into 2018/19.
- ii. Travellers; It is unlikely that the transit site scheme will be going ahead in the short term, so options are being considered for alternative uses of the **£800,000** total allocation (**£400,000** in 2017/18 and 2018/19). As a result approval is sought to re-profile **£350,000** into 2018/19 (**£310,000**) and 2019/20 (**£40,000**).

#### **7.11 Highways - £591,000 over spend**

- i. Section 106 programme: There is an over spend of **£508,000**. A Cabinet Member Action was approved in April to add the first tranche of Highways S106 contributions to the capital programme to enable schemes to be designed (**£817,000**). Subsequent requests will be made through the quarterly reports to add the budget for schemes to be delivered as and when the design briefs are signed off and Ringway Jacobs confirm capacity to deliver this financial year. At this stage, approval is sought for an addition of **£407,000**, funded through S106 contributions.

#### **7.12 Culture, Communities and Customer – £202,000 under spend**

- i. Libraries Community Hub: There has been a change in scope for a number of Libraries projects, resulting in **£200,000** needing to be slipped into 2018/19.

#### **7.13 Controlled Elsewhere - £292,000 over spend**

- i. A residual over spend of **£292,000** is forecast in relation to the Schools Devolved Formula Capital grant, which ECC simply holds on behalf of Essex Schools. The run rate will be monitored and an addition will be requested from their grant in the future if required.

**Appendix C** provides a comparison of approved and forecast outturn capital payments by Portfolio and sets out the variance plan which summarise the proposals for addressing the forecast budget variances.

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

This report is an assessment of the financial position of the County Council, which itself is a representation of the corporate plan. The budget and corporate plan were approved in parallel in February 2017.

## **9. Reserves**

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

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

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

## **11. Financial Implications**

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

11.1 The report is authored by the S151 Officer and all actions proposed within this report are within the available funding and are considered appropriate actions to deal with variances arising and to support the 2017/18 budget.

11.2 Given the current economic climate, and the continuing need to reduce public spending to contribute to the resolution of the structural deficit, it is important that continued scrutiny is applied at all expenditure levels to ensure overall spending stays within budget.

## **12. Legal Implications**

12.1 The Council is responsible for setting the budget each year. Once agreed the executive then have to implement the policy framework and keep within the budget, subject to the limits set by Financial Regulations.

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

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

## **14. Equality and Diversity implications**

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

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 14.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 14.4 There are no equality and diversity or other resource implications associated with this report.

**15. List of Appendices**

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

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

**16. List of Background Papers**

Budgetary control reports.

# Appendix A

Portfolio	Year to Date			Full Year						
	Latest Budget £000	Actual £000	Variance £000	Original Budget £000	Movement £000	Latest Budget £000	Residual Variance £000	Residual Variance Qtr 1 £000	Movement in Residual Variance £000	Direction of Travel
Health and Adult Social Care	187,051	186,086	(965)	421,823	5,288	427,111	-	2,003	(2,003)	↑
Children and Families	47,479	49,992	2,513	113,212	174	113,386	3,232	(7)	3,239	↓
Culture, Communities & Customer	8,017	9,646	1,629	18,642	207	18,849	(84)	12	(96)	↑
Economic Growth, Skills, Infrastructure & the Digital Economy	2,449	2,396	(53)	6,984	433	7,417	(240)	150	(390)	↑
Education	47,157	55,993	8,836	74,341	1,417	75,758	4,240	(474)	4,714	↓
Environment & Waste	29,274	28,349	(925)	75,383	307	75,690	381	(25)	406	↓
Highways	18,179	16,469	(1,710)	42,828	213	43,041	4	-	4	↓
Housing, Planning and Property	1,832	1,633	(199)	4,003	40	4,043	-	18	(18)	↑
Leader	3,265	4,647	1,382	6,611	873	7,484	(16)	76	(92)	↑
Other Operating Costs	22,182	6,420	(15,762)	62,329	(27,171)	35,158	(2,305)	-	(2,305)	↑
Resources	8,110	7,861	(249)	15,775	280	16,055	(198)	505	(703)	↑
Leader RSSS	4,054	4,145	91	10,708	(762)	9,946	(100)	(31)	(69)	↑
Resources RSSS	30,779	29,950	(829)	58,013	18,682	76,695	212	2,224	(2,012)	↑
Culture, Communities & Customer RSSS	835	1,814	979	2,003	-	2,003	37	(99)	136	↓
Fire Reinstatement Works	-	(588)	(588)	-	-	-	-	-	-	-
<b>Total</b>	<b>410,663</b>	<b>404,813</b>	<b>(5,850)</b>	<b>912,656</b>	<b>(19)</b>	<b>912,636</b>	<b>5,163</b>	<b>4,352</b>	<b>811</b>	<b>-</b>
DSG Offset	(17,145)	(24,366)	(7,221)	3,063	(1,239)	1,824	(4,341)		(4,341)	
<b>Total Excluding DSG</b>	<b>393,518</b>	<b>380,447</b>	<b>(13,071)</b>	<b>915,719</b>	<b>(1,258)</b>	<b>914,460</b>	<b>822</b>	<b>4,352</b>	<b>(3,530)</b>	
Funding Pressure			528				528	528		
<b>Revised Total</b>	<b>393,518</b>	<b>380,447</b>	<b>(12,543)</b>	<b>915,719</b>	<b>(1,258)</b>	<b>914,460</b>	<b>1,350</b>	<b>4,880</b>	<b>(3,530)</b>	

## Appendix B

	Revenue reserve 1 April 2017	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	Forecast (Surplus) / deficit	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2018
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Education Traded</b>											
EES Traded	(1,026)	(13,966)	8,756	(5,210)	(12,627)	8,045	629	(4,351)	(859)		(1,256)
<b>Resources Traded</b>											
Library Services	(33)	0	(0)	-	11	19	30	-	-		(3)
Schools Staff Insurance Scheme	(913)	(4,535)	4,535	-	(4,166)	4,166	(0)	-	-		(913)
Smarte East	(143)	0	(0)	0	14	(17)	(3)	-	-		(147)
Legal Services	(320)	(9,060)	7,442	(1,618)	(13,875)	12,339	83	(1,871)	253		16
Information Services infrastructure	(437)	(6,650)	6,649	(0)	(6,649)	6,649	0	-	-		(437)
<b>Economic Growth, Skills, Infrastructure &amp; the Digital Economy Traded</b>											
Place Services	(398)	(2,915)	2,596	(319)	(2,931)	2,612	(0)	(319)	-		(398)
<b>Culture, Communities &amp; Customer Traded</b>											
Music Services Traded	(103)	(4,604)	4,497	(107)	(4,518)	4,411	0	(87)	-		(103)
<b>Total</b>	<b>(3,374)</b>	<b>(41,730)</b>	<b>34,475</b>	<b>(7,255)</b>	<b>(44,742)</b>	<b>38,226</b>	<b>738</b>	<b>(6,628)</b>	<b>(606)</b>	<b>-</b>	<b>(3,241)</b>



## Appendix C (i)

CAPITAL										
2017/18										
	Year to date			Budget Movement		Forecast outturn (Full Year)			RAG status	
	Budget YTD	Actual to Date	Variance YTD	Original Budget	In year approved changes	Revised Budget	Forecast Outturn	Variance		
	£000	£000	£'000	£000	£000	£000	£000	£000		
Health and Adult Social Care	1,757	2,314	557	4,591	1,159	5,750	5,426	(324)	●	
Children and Families	50	68	18	550	-	550	550	-	■	
Deputy Leader and Economic Growth, Skills, Infrastructure and Resources	13,338	10,708	(2,630)	42,682	(1,592)	41,090	37,099	(3,991)	●	
Education	3,415	1,476	(1,939)	7,351	407	7,758	7,758	-	■	
Environment and Waste	28,794	24,931	(3,863)	86,314	(3,466)	82,848	87,027	4,179	◆	
Housing, Planning and Property	3,472	3,183	(289)	6,897	1,626	8,523	8,191	(332)	■	
Highways	2,231	815	(1,416)	9,113	417	9,530	8,163	(1,367)	●	
Leader	43,228	46,142	2,914	102,324	3,157	105,481	106,072	591	❖	
Culture, Communities and Customer	-	-	-	-	-	-	-	-	■	
Archived Codes	165	30	(135)	1,701	(302)	1,399	1,197	(202)	●	
	-	6	6	-	-	-	6	6	◆	
ECC Capital Programme	96,451	89,673	(6,777)	261,524	1,406	262,930	261,490	(1,440)	■	
Schools Cash Balance	-	-	-	-	-	-	-	-	■	
Devolved Formula Capital	752	674	(78)	1,832	(112)	1,720	2,012	292	◆	
Total School Balances	752	674	(78)	1,832	(112)	1,720	2,012	292	◆	
Capital Programme	97,203	90,347	(6,855)	263,356	1,294	264,650	263,502	(1,148)	■	
Property Investment	-	-	-	-	5,348	5,348	5,348	-	■	
Total Property Investment	-	-	-	-	5,348	5,348	5,348	-	■	
Total Capital Programme	97,203	90,347	(6,855)	263,356	6,642	269,998	268,850	(1,148)	■	
				Budget Movement		Forecast outturn (Full Year)				
Financed by				Original Budget	In year approved	Revised Budget	Forecast Outturn	Variance		
ECC Capital Programme				£000	£000	£000	£000	£000		
Grants				102,504	(2,046)	100,458	100,895	437		
Reserves				20,266	(2,811)	17,455	17,455	-		
Developer contributions				16,835	711	17,546	18,250	704		
Capital receipts				15,000	-	15,000	15,000	-		
Unsupported borrowing				106,919	10,901	117,820	115,238	(2,582)		
sub-total ECC Capital Programme				261,524	6,755	268,279	266,838	(1,440)		
School Balances										
Grants				1,664	56	1,720	1,949	229		
Unsupported borrowing				168	(168)	-	63	63		
sub-total School Balances				1,832	(112)	1,720	2,012	292		
Total ECC & Schools Capital Funding				263,356	6,643	269,998	268,850	(1,148)		

## Variance plan

Portfolio	Approved changes					Variance Plan				
	Slippage	Additions	Reductions	Advanced Works	2016/17 Approved changes	Slippage	Additions	Reductions	Advanced Works	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Health and Adult Social Care	1,483	1,255	(1,255)	(324)	1,159	(702)	598	(246)	-	
Children and Families	-	-	-	-	-	-	-	-	-	
Deputy Leader and Economic Growth, Skills, Infrastructure and Resources	(453)	658	(308)	(1,489)	(1,592)	(5,165)	5,846	(5,430)	662	
Education	407	34	(34)	-	407	-	-	-	-	
Environment and Waste	(451)	19,605	(18,485)	(4,135)	(3,466)	(1,562)	-	-	5,747	
Housing, Planning and Property	1,119	551	(22)	(22)	1,626	(241)	301	(391)	-	
Highways	136	5,035	(5,035)	281	417	(350)	9	-	-	
Leader	716	5,377	(370)	(2,566)	3,157	-	663	(126)	-	
Culture, Communities and Customer	-	-	-	-	-	-	-	-	-	
Culture, Communities and Customer	(302)	-	-	-	(302)	(200)	-	-	-	
<b>Total ECC Capital Programme</b>	<b>2,655</b>	<b>32,515</b>	<b>(25,509)</b>	<b>(8,255)</b>	<b>1,407</b>	<b>(8,220)</b>	<b>7,417</b>	<b>(6,192)</b>	<b>6,409</b>	
Schools Cash Balance	-	-	-	-	-	-	-	-	-	
Devolved Formula Capital	-	32	(56)	(89)	(113)	-	-	-	-	
<b>Total Controlled Elsewhere</b>	<b>-</b>	<b>32</b>	<b>(56)</b>	<b>(89)</b>	<b>(113)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Capital Programme</b>	<b>2,655</b>	<b>32,547</b>	<b>(25,565)</b>	<b>(8,344)</b>	<b>1,294</b>	<b>(8,220)</b>	<b>7,417</b>	<b>(6,192)</b>	<b>6,409</b>	
Property Investment	-	5,348	-	-	5,348	-	-	-	-	
<b>Total Property Investment</b>	<b>-</b>	<b>5,348</b>	<b>-</b>	<b>-</b>	<b>5,348</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Capital Programme</b>	<b>2,655</b>	<b>37,895</b>	<b>(25,565)</b>	<b>(8,344)</b>	<b>6,642</b>	<b>(8,220)</b>	<b>7,417</b>	<b>(6,192)</b>	<b>6,409</b>	

## Appendix C(ii)

Portfolio & Scheme	Slippage £000	Additions £000	Reductions £000	Advanced Works £000	2017/18 Changes Requested
<b>Health and Adult Social Care</b>					
Pollysfield	-	198	-	-	198
TC 57a Maldon Road	-	400	-	-	400
IL AWD Everitt RD Saffron Walden	(225)	-	-	-	(225)
IL OP Ninefields Waltham Abbey	(477)	-	(48)	-	(525)
IL OP Block	-	-	(198)	-	(198)
	<b>(702)</b>	<b>598</b>	<b>(246)</b>	<b>-</b>	<b>(350)</b>
<b>Culture, Communities and Customer</b>					
Libraries Community Hub	(200)	-	-	-	(200)
	<b>(200)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200)</b>
<b>Highways</b>					
Section 106	-	407	(26)	-	382
Depots	-	100	-	-	100
Safety Cameras	-	156	-	-	156
Safety Barrier Replacement	-	-	(100)	-	(100)
	<b>-</b>	<b>663</b>	<b>(126)</b>	<b>-</b>	<b>537</b>
<b>Housing, Planning and Property</b>					
Travellers	(350)	9	-	-	(341)
	<b>(350)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>(341)</b>
<b>Deputy Leader and Economic Growth, Skills, Infrastructure and the Digital Economy</b>					
A120 Preferred Route	(2,473)	-	-	-	(2,473)
A127 Fairglen Interchange	-	-	-	400	400
A127 Road Safety & Network Resilience Packa	-	59	(59)	-	0
Advanced Scheme Design	-	4,371	(4,371)	-	(0)
Basildon Craylands	-	-	-	144	144
Basildon Integrated Transport Package	-	650	(650)	-	-
Coastal Communities	-	667	-	-	667
Colchester ITP (Borough Wide)	(191)	-	-	-	(191)
Harlow MedTech	(1,500)	-	-	-	(1,500)
Harwich Innovation Centre	-	-	(350)	-	(350)
M11 Junc 7a and Gilden Way Upgrading	-	-	-	118	118
Other Highways Major Schemes	-	100	-	-	100
University of Essex Innovation Centre	(1,000)	-	-	-	(1,000)
	<b>(5,165)</b>	<b>5,846</b>	<b>(5,430)</b>	<b>662</b>	<b>(4,086)</b>
<b>Education</b>					
Chelmsford Secondary Basic Need	(250)	-	-	-	(250)
Beaulieu Park Primary School	-	-	-	2,490	2,490
Beaulieu Park Secondary School	(602)	-	-	-	(602)
Special Schools	(40)	-	-	300	260
Uttlesford Primary Basic Need	-	-	-	1,323	1,323
Epping Secondary Basic Need	-	-	-	600	600
Rochford Secondary Basic Need	(150)	-	-	-	(150)
Uttlesford Secondary Basic Need	(520)	-	-	-	(520)
Other School Schemes	-	-	-	184	184
Basildon Primary Basic Need	-	-	-	400	400
Other Basic Need Schemes	-	-	-	450	450
	<b>(1,562)</b>	<b>-</b>	<b>-</b>	<b>5,747</b>	<b>4,185</b>
<b>Environment and Waste</b>					
Community Initiatives	-	301	-	-	301
Essex Outdoors Centres	(241)	-	-	-	(241)
Landfill gas flare replacement	-	-	(43)	-	(43)
Solar PV	-	-	(15)	-	(15)
Waste & Recycling	-	-	(333)	-	(333)
	<b>(241)</b>	<b>301</b>	<b>(391)</b>	<b>-</b>	<b>(331)</b>
<b>ECC Capital Programme</b>	<b>(8,220)</b>	<b>7,417</b>	<b>(6,192)</b>	<b>6,409</b>	<b>(586)</b>

## Appendix D

	2017/18 movements				
	Balance at 1 April 2017 £000	(Contributions)/ Withdrawals agreed £000	Adjustments proposed in quarterly report £000	Future commitments £000	Estimated Closing balance £000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(48,908)	3,635		306	(44,967)
Building Schools for the Future PFI	(1,545)	(178)		-	(1,723)
Debden School PFI	(4,418)	439		-	(3,979)
Clacton Secondary Schools' PFI	(3,425)	626		-	(2,799)
Waste Reserve	(90,890)	(10,618)		659	(100,849)
Grant Equalisation Reserve	(11,127)	3,585	454	-	(7,088)
Trading Activities (not available for use)	(3,374)	6,648		(6,648)	(3,374)
Partnerships and Third Party (not available for use)	(1,733)	46		-	(1,687)
Schools (not available for use)	(47,304)	-		-	(47,304)
Reserves earmarked for future use					
Adults Digital Programme	-	(6,900)		3,400	(3,500)
Capital Receipts Pump Priming	(2,757)	-	432	568	(1,757)
Carbon Reduction	(2,984)	650		-	(2,334)
Carry Forward	(6,635)	6,630	5	-	-
Collection Fund Risk	(1,412)	-		-	(1,412)
Community Initiatives Fund	(2,097)	476	301	-	(1,320)
Future Capital Funding	(5,061)	(2,229)		2,042	(5,248)
Health and Safety	(86)	-		-	(86)
Innovation	(1,861)	-		500	(1,361)
Insurance	(8,356)	-		-	(8,356)
Local Projects	-	(1,000)		500	(500)
Pension Fund Equalisation	(840)	634		-	(206)
Quadrennial Elections	(1,475)	(500)	1,635	-	(340)
Tendring PPP	(496)	-		-	(496)
Transformation	(32,741)	11,750	4,884	13,283	(2,824)

## Appendix E

TREASURY MANAGEMENT - 2017/18						
	Actual Balance 1 April	Movements			Balance at 31 March	Interest payable / (earned) to date £000
	£000	Raised £000	Repaid £000	Net movement £000	£000	
<b>Borrowing</b>						
Long Term	513,174	1,550	(3,270)	(1,720)	511,454	3,179
Temporary	-	-	-	-	-	2
	<b>513,174</b>	<b>1,550</b>	<b>(3,270)</b>	<b>(1,720)</b>	<b>511,454</b>	<b>3,181</b>
<b>Investments</b>						
Long Term	(11,000)	-	-	-	(11,000)	(430)
Temporary	(302,112)	-	104,612	104,612	(197,500)	(2,050)
	<b>(313,112)</b>	<b>-</b>	<b>104,612</b>	<b>104,612</b>	<b>(208,500)</b>	<b>(2,480)</b>
<b>Net indebtedness</b>	<b>200,062</b>	<b>1,550</b>	<b>101,342</b>	<b>102,892</b>	<b>302,954</b>	<b>701</b>

### Borrowing

Average long term borrowing over period to date (£000)	508,252
Opening pool rate at 1 April 2017	3.33%
Weighted average rate of interest on new loans secured to date	N/A
Average pool rate for year	3.74%

### Investments

Average daily cash balance over period to date (£000)	410,480
Average interest earned over period	0.63%
Benchmark rate - average 7 day LIBID rate	0.11%

## Appendix F

PRUDENTIAL INDICATORS			
		Approved Indicator	Provisional Outturn
<b>1 Affordability</b>			
Incremental impact on Council Tax of 2017/18 and earlier years' 'starts'	£	£83.32	£80.17
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	8.0%	7.1%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	7.5%	6.7%
<b>2 Prudence</b>		<i>Net borrowing is well within the medium term forecast of the Capital Financing Requirement.</i>	
Net borrowing and Capital Financing Requirement			
<b>3 Capital Expenditure</b>			
Capital expenditure	£m	263	269
Capital Financing Requirement ( <i>excluding credit arrangements</i> )	£m	858	842
<b>4 External Debt</b>			
Authorised limit (borrowing only)	£m	760	N/A
Operational boundary (borrowing only)	£m	590	N/A
Actual external borrowing ( <b>maximum level of debt during year</b> )	£m	N/A	530
<b>5 Treasury Management</b>			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	760	391
Debt		100.0%	100.0%
Investments		100.0%	80.0%
Upper limit for exposure to variable rates			
Net exposure	£m	228	(81)
Debt		30.0%	3.8%
Investments		100.0%	56.9%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	0.6%
12 months & within 24 months	%	40.0%	0.4%
24 months & within 5 years	%	40.0%	5.9%
5 years & within 10 years	%	40.0%	9.9%
10 years & within 25 years	%	60.0%	23.1%
25 years & within 40 years	%	40.0%	27.1%
40 years & within 50 years	%	20.0%	7.8%
50 years & above	%	20.0%	15.1%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested ( <b>maximum position during year</b> )	£m	N/A	11
<b>6 Summary</b>			
<i>All Treasury Management activities have been undertaken in accordance with approved policies and procedures.</i>			
<i>External debt is within prudent and sustainable limits.</i>			
<i>Credit arrangements have been undertaken within approved indicators</i>			
<i>Maturity Structure of borrowing: maturity dates for market loans are based on the next review date, not the final maturity date.</i>			