

Forward Plan Reference Number: FP/695/05/20

Report title: 2020/21 Financial Overview as at the Third Quarter Stage	
Report to: Cabinet	
Report author: Councillor Christopher Whitbread, Cabinet Member for Finance	
Date: 19 January 2021	For: Decision
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County Divisions affected: All Essex	

1. Purpose of report

- 1.1 The purpose of this report is to set out the forecast financial position of Essex County Council's (ECC) revenue and capital budgets as at the third quarter stage of the 2020/21 financial year. There is a forecast minor over spend of **£607,000** (0.1%) against a net revenue budget of **£1bn**. The overall over spend position is due to the COVID-19 driven forecast shortfalls in income within the Education and Skills Non DSG portfolio, in relation to the National Citizenship Service where there has been a lower than expected level of funding awarded and reduced term activity, and reduced funding from business rates pooling.
- 1.2 This is a favourable movement since the Quarter 2 report of **£1.4m**. **The reasons for this movement are set out in section 5.**
- 1.3 The impact of COVID-19 continues to make it difficult to produce an accurate forecast for the year. The impact of future restrictions and the moves from Tier 2 to Tier 4 and a new national lockdown are not fully known. It is therefore likely that there will continue to be volatility in the position for the remainder of the financial year. We estimate additional expenditure and lost income in relation to the pandemic could be as high as £160m in the current financial year, which is an increase against the original budget approved at £993m of 16%.

Since the Quarter 2 report, the Council has received additional COVID-19 related funding of circa £32m. This includes a further £11.8m of emergency funding for exceptional service costs or lost income; a specific grant 'Contain Outbreak Management Funding' to support reducing COVID spread with business, residents and communities (£16m) - this has supported test and trace, isolation payments and business adaption schemes; and the COVID Winter Grants Scheme (£3.8m). The COVID Winter Grants scheme has supported a number of initiatives for the most vulnerable in Essex, this has included enabling the Council to distribute over 34,000 vouchers for families

most in need to purchase food over the Christmas period and financial crisis funding for families and individuals.

- 1.4 An under spend of **£17.6m** (7.9%) is forecast against the latest capital budget of **£221.8m**. After taking account of budget change requests in this report there is a residual under spend of **£744,000**.

2. Recommendations

Approval is sought for the following:

- 2.1 To draw down funds from reserves as follows:

- i. **£1.2m** from the COVID Equalisation Reserve to the Customer, Communities, Culture and Corporate portfolio relating to Libraries and Registrars income losses not covered as part of the Government Income Loss Guarantee. (section 5.2.iii)
- ii. **£772,000** from the COVID Equalisation Reserve to the Health and Adult Social Care portfolio for additional costs relating to COVID-19 (section 5.9.iv)
- iii. **£142,000** from the Reserve for Future Capital Funding to the Deputy Leader and Infrastructure portfolio relating to the creation of a provision for potential Part 1 compensation claims from property owners where the completion of major highways schemes has resulted in a negative impact to the value of their property due to factors such as noise or light pollution (section 5.3.iii)
- iv. **£96,000** from the Recovery Reserve to the Leader RSSS portfolio relating to COVID-19 pandemic work undertaken by Communications and Marketing (section 5.15.ii)
- v. **£49,000** from the COVID Equalisation Reserve to the Customer, Communities, Culture and Corporate RSSS portfolio relating to additional staffing resources required in response to COVID-19 for the Wellbeing Team and the Service Centre (section 5.13.iii)
- vi. **£133,000** from the Transformation Reserve to the Customer, Communities, Culture and Corporate RSSS portfolio for redundancy costs associated with the new Occupational Health contract and a Union Representative (section 5.13.iii)
- vii. **£27,000** from the Transformation Reserve to the Economic Development portfolio relating to organisational design pension strain costs in Culture and Green Spaces (section 5.4.ii)

- viii. **£7,000** from the Transformation Reserve to Economic Development portfolio to fund a post for Viability Transformation. (sections 5.4.ii)
- ix. **£5,000** from the Community Initiatives Reserve to the Leader portfolio to fund Challenge Prize costs to date (section 5.10.ii)

2.2 To appropriate funds to reserves as follows:

- i. **£11.1m** to the Carry Forward Reserve from the following portfolios:

- Health and Adult Social Care: **£4.5m**
- Customer, Communities, Culture and Corporate Recharged Strategic Support Service (RSSS): **£2.2m**
- Finance RSSS: **£2m**
- Children and Families: **£1.9m**
- Other Operating costs: **£200,000**
- Performance, Business Planning and Partnerships RSSS: **£94,000**
- Leader: **£50,000**
- Customer, Communities, Culture and Corporate: **£103,000**
- Leader RSSS: **£47,000**

to support delivery of the 2021/22 budget. Specific detail can be found in section 5.

- ii. **£10.2m** to the COVID Equalisation Reserve from the Health and Adult Social Care portfolio due to lower demand levels than originally anticipated for COVID-19 funding originally approved in relation to alternative day care provision, funding recovered from Health for their COVID-19 cost liabilities and loss of income now lower than anticipated (section 5.9.iv)
- iii. **£2.6m** to the Collection Fund Risk Reserve from the Finance RSSS portfolio towards mitigating the forecast decrease in funding from council tax and business rates in future years (section 5.14.ii)
- iv. **£1.3m** to the Technology Solutions Reserves from the Customer, Communities, Culture and Corporate RSSS portfolio to support the Corporate Services Programme (CSP) and device information technology in future years (section 5.13.iii)
- v. **£457,000** to the Transformation Reserve from the Health and Adult Social Care portfolio relating to the Adult Sustainability Programme and for use in 2021/22 (section 5.9.iv)
- vi. **£200,000** to the Transformation Reserve from the Children and Families portfolio to return placements under spend for use in future years (section 5.1.iii)

2.3 To approve the following adjustments:

- i. Vire **£1.2m** to Customer Services within the Customer, Communities, Culture and Corporate RSSS portfolio from the following portfolios:
 - Customer, Communities, Culture and Corporate: **£568,000**
 - Health and Adult Social Care: **£168,000**
 - Customer, Communities, Culture and Corporate RSSS (other policy lines): **£151,000**
 - Finance RSSS: **£141,000**
 - Leader: **£62,000**
 - Performance, Business Planning and Partnerships RSSS: **£40,000**
 - Leader RSSS: **£28,000**relating to the realigning of under spends within the Corporate and Customer function. (sections 5.2.iii, 5.9.iv, 5.13.iii, 5.14.ii, 5.10.ii, 5.16.ii & 5.15.ii)
- ii. Vire **£70,000** from the Customer, Communities, Culture and Corporate portfolio to the Customer, Communities, Culture and Corporate RSSS portfolio (**£48,000**) and the Health and Adult Social Care portfolio (**£22,000**) to fund a webchat team. (sections 5.2.iii & 5.9.iv)
- iii. Vire **£1.2m** from the Customer, Communities, Culture and Corporate RSSS portfolio to the Finance portfolio to mitigate the unachievable income target for the Commercial programme due to the economic climate. (section 5.8.ii & 5.13.iii)
- iv. Vire **£33,000** from Customer, Communities, Culture and Corporate portfolio to Leader portfolio relating to funding of a Trading Standards post. (section 5.2.iii & 5.10.ii)
- v. Adjust the profile of spend of the Future Library Services Strategy 2019-2024 as originally set out and approved in FP/461/06/19 to **£1.5m** in 2021/22 and **£1.2m** in 2022/23 in order to reflect the current anticipated spend.
- vi. To create a new COVID Equalisation Reserve to set aside funding received from government for exceptional one-off costs related to the COVID-19 pandemic. Funding will be placed here until decisions are made on its utilisation. This reserve will also be used for where funding is returned to reserves where COVID-19 costs have been lower than originally anticipated for decisions taken (section 9.3)
- vii. To create a new Children's Transformation Reserve to set aside resources to support transformation capacity to deliver the Children's Sustainability programme. (section 9.3)

- viii. To create a new Adults Transformation Reserve to set aside resources to support transformation capacity to deliver ongoing future sustainability work. (section 9.3)
- ix. To create a new Adults Risk Reserve to set aside resources to help manage commercial price pressures that may arise from meeting cost of care. (section 9.3)
- x. To close the Highways Reserve and transfer the residual balance of **£5m** to the Service Improvement Reserve (section 9.4)
- xi. Transfer **£16.4m**, consisting of part of the third tranche (**£4.7m**) and all of the fourth tranche (**£11.8m**) of COVID emergency funding, to the COVID Equalisation Reserve (see 2.3.vi above) in order to support the Council's ongoing response to and recovery from the COVID-19 impact
- xii. To return supplementary funding of **£2.2m** for supporting businesses to the General Balance, following the receipt of Contain Outbreak Management Funding specific grant which can now be applied to provide this support instead.
- xiii. To amend the capital budget as shown in Appendices C (i) and C (ii) which allows for capital slippage of **£19.5m**, capital budget additions of **£2.2m**, capital budget reductions of **£2.5m** and advanced works of **£3m** (see section 7.2).

3. Executive Summary: Revenue

3.1 Appendix A summarises the revenue budgets and forecast outturn for each portfolio. There is a full year forecast over spend of **£607,000 (0.1%** against a net budget of **£1bn)**. The overall over spend position is due to:

- i. Education and Skills **£1.2m** over spend due to income shortfalls in the Youth Service (National Citizenship Service due to a lower than expected level of funding for the year and reduced term activity, and unauthorised absence penalty notices), Passenger Transport and Adult Community Learning. All of these are a result of the COVID-19 pandemic (section 5.6)
- ii. Funding **£798,000** loss of income due to the Business Rates Pool not achieving the budget forecast, due to unforeseen COVID-19 impacts on businesses

Partially offset by:

- iii. Other Operating Costs **£1.6m** under spend predominantly relating to Capital Financing as a result of the following:

- **£1m** forecast reduction in interest paid on borrowing as a result of a fall in interest rates
- **£900,000** reduction in Minimum Revenue Provision (MRP) to support the Capital Programme.

- 3.2 With the ongoing uncertainty around further COVID-19 waves and further lockdowns or continued restrictions there are further cost pressures related to COVID-19 that may occur in the remaining months of the year. There are a number of unquantifiable risks, which include operational impacts of the pandemic on Hired Transport for Home to School; continued income pressures across a range of services due to the ongoing impact on fees and charges, which now looks at high risk for the last quarter of the year: we have over 700 fees and these include material areas such as Bus Lane enforcements, Ceremonies, Libraries and Country Parks, and a proportion of any losses will not be covered by the government fees and charges loss compensation scheme. The extension of the Coronavirus Job Retention Scheme to April 2021 has likely meant a delay in increasing unemployment – this in turn could lead to increased entitlement to services and reduction in Council Tax revenues, however given the extension of the scheme the impact of this is largely now not expected to be until the 2021/22 financial year.
- 3.3 The Council has continued to be proactive around its response to COVID-19. Currents estimates of spending and income losses for the year are £160m. There has been approximately 20 different grant schemes from government to support the exceptional expenditure and income loss. Total available COVID related one off funding is estimated at £173m for the full year. However, given the level of uncertainty around ongoing restrictions and the unquantified risks we face (section 3.2) there will be further cost pressures and income losses that materialise in the remaining months of the year and we expect this funding to be fully committed. The Council has also used the Coronavirus Job Retention Scheme and claimed £1.1m for furloughed employees.
- 3.4 A request is made within Health and Adult Social Care to return £10.2m to reserves for decisions that covered expenditure and income losses in relation to COVID-19. £5.4m relates to under utilisation of anticipated alternative day care provision and £216,000 relates to the loss of income from service users now being lower than expected. The remaining £4.6m to be returned is for funding that has been recovered from Health for their COVID cost liabilities since Quarter 2 (To date this totals £10.9m). However, this return is partially offset by a request to drawdown a further £772,000 to support additional staff costs and block bed provision as a result of COVID-19.
- 3.5 The latest estimated reduction in council tax collection fund income for the full year 2020/21 is **£8m**, although there is still a level of uncertainty as the employment position remains volatile. The cash impact of this loss can be spread over the next 3 financial years, creating a cash pressure of approximately £2.6m per annum between 2021/22 and 2023/24 which has informed the budget setting for future years. Furthermore, as part of the

Provisional Settlement, central government have committed to fund up to 75% of irrecoverable tax losses, although the exact mechanism for this will not be known until early next year as this is under consultation. This serves to reduce the risk around a significant negative loss to the tax base for 2021/22.

However, the extension of the Coronavirus Job Retention Scheme to April, and forecast unemployment growth in Q2 2021 mean there is still a risk that the 2022/23 Council Tax base will be negatively impacted, which could result in a significant funding reduction for the Council. As part of this report, a recommendation is proposed to transfer £2.6m to the Collection Fund Risk reserve, to put in place potential mitigation for future losses on council tax and business rates.

- 3.6 The revenue position reported in section 5 is after proposed adjustments in this report, set out in sections 2.1 to 2.3.

4. Executive Summary: Capital

- 4.1 The original capital programme for 2020/21 as set by Full Council in February 2020 was **£234.8m**. The forecast outturn is **£204.2m**, before adjustments proposed within this report. This represents an under spend of **£17.6m** against the latest budget of **£221.8m**. After taking account of budget change requests in this report, there is a residual under spend of **£744,000**. More detail is set out in Section 7.
- 4.2 The **£17.6m** under spend is mainly due to slippage within Education and Skills (**£7m**), Deputy Leader and Infrastructure (**£6.2m**), and Economic Development (**£5.2m**).
- 4.3 Summary of approvals sought:
- Slippage: **£19.5m**
 - Additions: **£2.2m**
 - Reductions: **£2.5m**
 - Advanced Works: **£3m**
- 4.4 Appendix C (i) summarises current year forecasts and changes to the Capital Programme for 2020/21 since approval of the original programme in the Budget Report to Council in February 2020. Appendix C (ii) contains the detail of the budget adjustments seeking approval.

5. Revenue Position

5.1 Children and Families - £33,000 (0%) under spend

- i. The forecast minor under spend position of **£33,000** reflects an adverse movement of **£1.4m** since Quarter 2.

- ii. This adverse movement is due to the request in this report to carry forward under spends into 2021/22 of **£1.9m** relating to unbudgeted Asylum income (**£1.2m**) and forecast Placements Budget (**£700,000**). Also included in the movement are planned draw downs of **£840,000** relating to COVID-19 pressures and a return of **£378,00** to the Transformation reserve in relation to an under spend within staffing costs for the Special Guardianship Order business case.
- iii. Approval is sought in this report for the following:
 - **£1.2m** to the Carry Forward Reserve due to unbudgeted Asylum income to be used to close the Children and Families 2021/22 budget gap
 - **£700,000** to the Carry Forward Reserve relating to an under spend within Placements to be used to close the Children and Families 2021/22 budget gap
 - **£200,000** returned to the Transformation Reserve to return placements under spend for use in future years in 2021/22.

5.2 Customer, Communities, Culture and Corporate - **£107,000 (0.5%) under spend**

- i. The forecast is materially due to an over spend in the Registrations Service **£559,000** attributable to income shortfalls on ceremonies because of restrictions in place due to the COVID-19 pandemic and a small **£50,000** Travellers over spend due to under recovery of income coupled with ongoing security costs, offset by the following under spends.
 - Libraries Service **£560,000** due to vacancies in the Customer Communities and Optimisation teams and reduced non staffing expenditure in Libraries due to closure and continued limited activities.
 - Deputyships **£106,000** where there is an over recovery on income due to agreement with the Office for the Public Guardian which has allowed additional property fees to be charged to some clients.
 - Customer Services and Member Enquiries **£50,000** mainly due to efficiencies in the customer services team that respond to predominately Highways comments and complaints.
- ii. This is a **£1.5m** favourable movement since the Quarter 2 report attributable to the Registrations Service and the Libraries Service; now included in the position is the anticipated full year impact of the Government Fees and Charges Compensation Scheme income and funding from reserves to mitigate the income losses caused by the pandemic.
- iii. Approval is sought in this report for the following:

- **£1.2m** from the COVID Equalisation Reserve to the Customer, Communities, Culture and Corporate portfolio relating to income losses not covered by the Government Income Loss Guarantee scheme: Libraries (**£407,000**) and Registrars (**£816,000**)
- **£568,000** vired to Customer, Communities, Culture and Corporate RSSS portfolio the relating to the realigning of under spends within the Corporate and Customer function
- **£103,000** to the Carry Forward Reserve to support Workforce planning delayed by the COVID-19 pandemic
- **£70,000** vired to the Customer, Communities, Culture and Corporate RSSS portfolio (**£48,000**) and the Health and Adult Social Care portfolio (**£22,000**) to fund a webchat team
- **£33,000** vired to Leader Portfolio in relation to a return of 6 month funding for a Trading Standards post, as a full year, rather than the 6 months, had been transferred.

5.3 Deputy Leader and Infrastructure - **£178,000 (0.4%) under spend**

- i. The forecast under spend is driven by Street Lighting (**£210,000**) as a result of lower consumption levels due to the suite of lit signs as well as streetlights being switched to more energy efficient bulbs, an over recovery of permit and regulation income of (**£465,000**) and an adjusted (**£250,000**) under spend across various policy lines relating to in-year staffing vacancies. These have been partially offset by an over spend of **£752,000** relating to undeliverable savings for Parking Partnerships that have not been agreed by all parties.
- ii. This is a favourable movement of (**£3.2m**) from Quarter 2 which is mainly as a result of the future Income Guarantee claims being reflected within the forecast for Park and Ride, International Trade and Bus Lane enforcement of **£2.5m** coupled with in-year initiatives now being found to mitigate an over spend within Partnership Overheads of **£682,000** linked to Ringway Jacobs savings target that were due to be delivered from the Lean review which has been delayed due to COVID-19.
- iii. Approval is sought in this report for the following:
 - **£142,000** from the Reserve for Future Capital Funding relating to the creation of a provision for potential Part 1 compensation claims from property owners where the completion of major highways schemes has resulted in a negative impact to the value of their property due to factors such as noise or light pollution.

5.4 Economic Development – **£345,000 (3.7%) over spend**

- i. The forecast over spend of **£345,000** and the adverse movement of **£347,000** from Quarter 2 is mainly caused by an over spend in Essex

Housing due to a short delay in the Limited Liability Partnership becoming fully operational. The budgeted savings expected from the LLP are still on track to deliver, but have been reprofiled, and sit within the Finance portfolio and Other Operating Costs.

- ii. Approval is sought in this report for the following:
 - **£7,000** withdrawal from the Transformation Reserve in relation to funding a post within Planning for Viability Transformation.
 - **£27,000** withdrawal from the Transformation Reserve for a pension strain cost following the Organisation Design in Culture and Green Spaces.

5.5 **Education and Skills Dedicated Schools Grant (DSG) - £6.3m under spend**

- i. There is an in year under spend in the High Needs Block of **£6.7m** owing to additional funding, although the forecast closing block balance remains in deficit at **£3.4m**. The Schools and Central School Services Block is over spent by **£458,000** which will be funded through both the surplus balance brought forward on this block and the School Improvement and Brokerage Grant, so will not impact the overall revenue position.
- ii. The **£2.4m** favourable movement from Quarter 2 is due to Post 16 where the anticipated growth in high needs learners has not materialised (**£1.3m**), Mainstream SEN top ups and IPES (individual packages of education support) volumes are forecast to be lower than previously expected (**£800,000**) and the recruitment and retention project has been deferred until 2021/22 (**£200,000**)

5.6 **Education and Skills Non Dedicated Schools Grant - £1.2m (1.4%) over spend**

- i. Schools Non DSG is reporting a **£522,000** over spend, largely due to the Youth Service (**£411,000**), where the National Citizenship Service (NCS), a youth programme designed specially for 16 and 17 year olds, is forecasting a shortfall in income due to a lower than expected level of funding for the year and reduced term activity.
- ii. A further over spend is reported in Passenger Transport of **£256,000**, due to reduced income for UgoBus (**£200,000**) and Concessionary Fares (**£66,000**) where the fixed administration fee costs fare higher than budgeted.
- iii. Adult Community Learning (ACL) is reporting an over spend of **£179,000** due to the Education and Skills Funding Agency (ESFA) requiring digital provision to be introduced to ensure that grant funding is not reduced.

5.7 Environment and Climate Change Action - £9,000 (0%) over spend

- i. Environment & Climate Change Action portfolio is reporting an immaterial over spend of **£9,000** which is as a result of in-year staffing adjustments.
- ii. The favourable movement from Quarter 2 of **£3.9m** is as a result of a further draw down from reserves of **£1.6m** of COVID emergency funding for the loss of income in relation to Country Parks and Essex Outdoors and **£2.3m** for additional COVID-19 costs incurred due to additional tonnage volumes and traffic monitoring measures in place at the Recycling Centres to ensure social distancing measures are adhered to.

5.8 Finance - £32,000 (0.2%) under spend

- i. This forecast position reflects a favourable movement of **£1.3m** since Quarter 2. This is due to the realigning of under spends within the Corporate and Customer Function to mitigate the over spend of the Commercial Programme resulting from the current economic climate.
- ii. Approval is sought in this report for:
 - **£1.2m** vired from Customer, Communities, Culture and Corporate RSSS portfolio to mitigate the unachievable income target for the Commercial programme due to the economic climate.

5.9 Health and Adult Social Care – £17,000 (0%) under spend

- i. The third quarter position is a very slight under spend for Adult Social Care as it reflects the setting aside of funds from this year to support future year budgets. It is a **£4.1m** adverse movement since the Quarter 2 report, driven by the formal request to carry forward the **£4.5m** under spend into 2021/22.
- ii. Public Health continues to spend in line with budget. ECC is currently in the process of setting up its own testing service to tackle hotspots within the County with the aim of containing and controlling outbreaks. At the Third Quarter stage it is anticipated that this will be fully funded from the Contain Outbreak Management Fund that has been received for which formal approval will be sought. Previous Test and Trace funding received in the summer also continues to be spent in line with the plan set out in the formal decision.
- iii. There remain significant challenges around forecasting the financial implications associated with COVID-19 on the cost and demand for Adult Social Care services for the remainder of this financial year and future years.

Within the overall position reported for Adult Social Care, there are a number of offsetting under and over spends which are driven by changes in expected levels of demand for services compared to when the budget was set. The under spends have been in the areas of residential care (**£1.1m**), cash payments (**£4.6m**), and increased income from Health and non residential service users (**£3.7m**) offset by over spends in domiciliary care **£5.5m** and reablement services **£3.3m**.

- iv. Approval is sought in this report for the following:
- **£10.2m** return to the COVID Equalisation Reserve due to reserve drawdowns actioned following decisions taken as part of the COVID-19 response where activity has been lower than originally anticipated, or funding has been recovered from health, which wasn't assumed in the original decisions. The returns relate to under utilisation of alternative day care provision (**£5.4m**), funding recovered from Health (**£4.6m**) and loss of income lower than anticipated (**£216,000**).
 - **£4.5m** to the Carry Forward Reserve to support the 2021/22 budget.
 - **£772,000** withdrawal from the COVID Equalisation Reserve for additional staff costs and block bed provision in relation to COVID-19.
 - **£457,000** return to the Transformation Reserve for funding in relation to the Adults Sustainability Programme to be used in 2021/22
 - **£168,000** vired to Customer, Communities, Culture and Corporate RSSS portfolio the relating to the realigning of under spends within the Corporate and Customer function
 - **£22,000** vired from the Customer, Communities, Culture and Corporate RSSS portfolio to fund a webchat team.

5.10 Leader - **£38,000 (0.5%) under spend**

- i. The position is driven by small under spends on staffing in the Democratic Core. Since Quarter 2, there has been an adverse movement of **£76,000**, materially due to a planned carry forward of Member Expenses under spend to support delivery of the 2021/22 budget.
- ii. Approval is sought in this report for the following:
- **£50,000** to the Carry Forward Reserve of in year under spends to support delivery of the 2021/22 budget
 - **£62,000** vired to Customer, Communities, Culture and Corporate RSSS portfolio relating to the realigning of under spends within the Corporate and Customer function
 - **£33,000** from Customer, Communities, Culture and Corporate portfolio in relation to a return of 6 months funding for a Trading Standards post as a full year, rather than the 6 months, had been transferred
 - **£5,000** withdrawal from the Community Initiatives Reserve to fund Challenge Prize costs to date.

5.11 Other Operating Costs – £1.6m (4.7%) under spend

- i. The forecast position comprises an under spend of **£1.9m** on Capital financing as a result of the following:-
 - **£1m** forecast reduction in interest paid on borrowing as a result of lower interest rates
 - **£900,000** reduction in Minimum Revenue Provision (MRP) to support the Capital Programme, the MRP budget was determined based on the 2019/20 Capital Programme which was higher than activity now planned for the current year.
- ii. This is partially offset by a forecast **£317,000** reduction in interest received on balances, as a result of lower interest rates able to be achieved on investments.
- iii. Approval is sought in this report for the following:
 - **£200,000** to the Carry Forward Reserve in order to cover interest rate volatility in 2021/22.

5.12 Performance, Business Planning and Partnerships – £10,000 (0.3%) under spend

- i. This forecast position reflects a favourable movement of **£13,000** since Quarter 2 which is attributable to vacancy factors.

5.13 Customer, Communities, Culture and Corporate Recharged Strategic Support Services - £168,000 (0.2%) under spend

- i. The full year forecast is driven by a Property and Facilities Management under spend **£430,000** (**£160,000** under spend to mitigate Essex Housing pressures owing to delays in setting up the Limited Liability Partnership (LLP) and **£269,000** under spend on utilities due to lower consumption on the Core estate) offset in part by over spends in Human Resources **£139,000** driven by staffing and an under recovery of income in Legal Services **£106,000** caused by the pandemic.
- ii. This is an adverse movement since Quarter 2 of **£1.5m**. This is related to favourable movements in Property and Facilities **£405,000** and Business Support **£482,000** where the undeliverable part of the Modernising Business Support saving has been mitigated by carry forward. These are offset by a **£2.3m** adverse movement in Customer Services, caused by mitigation of the Business Support saving and a carry forward request to support delivery of the 2021/22 budget of **£1.9m**.
- iii. Approval is sought in this report for the following:
 - **£2.2m** to the Carry Forward Reserve for the following:
 - **£1.9m** using in year under spends to support delivery of the 2021/22 budget

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- **£160,000** to support 2021/22 licensing costs
 - **£150,000** to mitigate the Accelerate Programme (Oxygen) in 2021/22
- **£1.2m** vired to Customer services from other portfolios including **£151,000** within this Portfolio but between Policy lines: Technology services (**£100,000**), Legal services (**£41,000**) and Assurance (**£10,000**), all relating to the realigning of under spends within the Corporate and Customer function.
- **£1.2m** vired to the Finance portfolio to mitigate the in year income pressure resulting from the pandemic in the Commercial Programme
- **£730,000** returned to the Technology Solutions Reserve for use within the Corporate Services Programme (CSP) in future years.
- **£520,000** returned to the Technology Solutions Reserve in order to support device strategy in future years.
- **£133,000** withdrawal from the Transformation Reserve for redundancy costs associated with the new Occupational Health contract and a Union Representative
- **£48,000** vired from Customer, Communities, Culture and Corporate portfolio to fund a webchat team
- **£49,000** withdrawal from the COVID Equalisation Reserve for the following:
 - **£34,000** for an additional resource needed in the Wellbeing team in response to the pandemic
 - **£15,000** to the Service Centre for overtime required due to the pandemic.

5.14 Finance Recharged Strategic Support Services - **£488,000 (2.2%) over spend**

- i. The forecast over spend and the adverse movement of **£556,000** since Quarter 2 is driven by a movement relating to school insurance income on interest cost recovery accounts. Due to a change in the way that schools can be insured, ECC are expecting a significant loss in income – this forecast is driven by modelling around previous years and some early indicators.
- ii. Approval is sought in this report for the following:
 - **£2.6m** to the Collection Fund Risk Reserve towards mitigating the potential decrease in funding from council tax and business rates in future years.
 - **£2m** to the Carry Forward Reserve:
 - to support the 2021/22 budget: **£1.2m**
 - to mitigate the Accelerate Programme (Oxygen) saving in 2021/22: **£452,000**
 - to fund a director of procurement role: **£170,000**
 - to support Technology Services Leadership Team: **£50,000**
 - to support Corporate Systems: **£50,000**
 - to fund procurement systems: **£50,000**

- to support PARIS: **£28,000**
- **£141,000** to the Customer, Communities, Culture and Corporate portfolio relating to the realigning of under spends within the Corporate and Customer function.

5.15 **Leader Recharged Support Services - £27,000 (1.0%) over spend**

- i. This forecast position is attributable to staffing over spends in Communications and Customer Relations. There has been a favourable movement of **£78,000** since Quarter 2. This is attributable to the recharging of an Innovation Manager's time to the JAMS budget.
- ii. Approval is sought in this report for the following:
 - **£96,000** withdrawal from the Recovery Reserve to Communications and Marketing for COVID-19 pandemic related work
 - **£47,000** to the Carry Forward Reserve to fund an Internal Communications Advisor in 2021/22
 - **£28,000** to the Customer, Communities, Culture and Corporate portfolio relating to the realigning of under spends within the Corporate and Customer function.

5.16 **Performance, Business Planning and Partnerships Recharged Support Services - £8,000 (0.1%) under spend**

- i. This forecast position reflects an adverse movement of **£231,000** due mainly to the recruitment of two new posts and a budget alignment within the Corporate and Customer Function resulting in a reduction of budget in this portfolio.
- ii. Approval is sought in this report for the following:
 - **£94,000** to the Carry Forward Reserve for the continuation of Intelligence Manager contract (**£60,000**) and to fund an Analyst and Data Developer in the Performance and Business Intelligence Team (**£34,000**)
 - **£40,000** to the Customer, Communities, Culture and Corporate portfolio relating to the realigning of under spends within the Corporate and Customer function.

6. **Trading Activities**

- 6.1 Trading activities as a whole are reporting a surplus of **£392,000** against the budgeted surplus of **£387,000**.
- 6.2 Place Services is reporting a net surplus of **£383,000**, which represents achievement of their target. Success in recruiting to vacant positions is expected to help delivery of stretch income targets in future financial years.

- 6.3 Music Services is reporting a net profit of **£9,000**, which represents an achievement of target. The target for 2020/21 has been reviewed to **£4,000** net profit as the terms and conditions of the Music Hub Grant have been amended and expenditure that was previously chargeable to the grant is no longer eligible.

The service is expecting to fully mitigate the impact of COVID-19, although are flagging a risk as the majority of the income budgeted for the summer term will not be received as lessons could not be provided, even though the service has moved to online tuition where possible. In addition, the furlough scheme has been used to partially mitigate the lost income from schools, with tutors being paid in full in line with ECC policy.

- 6.4 These forecast positions will leave a net residual surplus in reserves of **£915,000** of which **£796,000** relates to Place Services.

- 6.5 Appendix B shows the position by each Trading Activity.

7. Capital

- 7.1 An under spend of **£17.6m** (7.9%) is forecast against the latest capital budget of **£221.8m**. After taking account of budget change requests in this report there is a residual under spend of **£744,000**.

- 7.2 Approval is sought for:
- i. Slippage of **£19.5m**.
 - ii. Budget additions of **£2.2m**.
 - iii. Budget reductions of **£2.5m**.
 - iv. Advanced works of **£3m**.

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

7.4 Children and Families- **£329,000 under spend**

- i. Approval is sought to reduce the Adaptations scheme by **£329,000** with £97,000 spend being committed to the scheme for the remainder of the year.

7.5 Customer, Communities, Culture and Corporate - **£728,000 under spend**

- i. Approval is sought to reduce the Technology Services Portfolio scheme by **£537,000** due to the decision taken to not purchase a Storage Area Network (SAN) but instead extend the Council's warranty.

- ii. Approval is sought to reprofile **£168,000** into future years with Social Care Management now becoming highly unlikely to be spent in the current financial year.

7.6 Deputy Leader and Infrastructure - £5m under spend

- i. The portfolio position is driven by three areas; Highways Major Schemes over spend of **£152,000**, Highways Maintenance under spend of **£986,000** and BDUK under spend of **£4.2m**.
- ii. For Highways Major Schemes, approval is sought to reprofile **£701,000** into future years, add **£1.3m** to the programme, reduce the programme by **£590,000** and to advance **£50,000** into this financial year. This position driven by:
 - **£363,000** to be transferred from Advanced Scheme Design to the Chelmsford Growth Area project as agreed in terms of funding the project
 - Advanced Scheme Design addition of **£481,000** relating to the DfT funded Active Travel 2 scheme
 - Slippage for Chelmsford Growth (**£400,000**) where plans to de-scope aspects of the project have not been agreed which has subsequently led to delays in delivery
 - Army & Navy slippage (**£194,000**) due to delays in agreeing to proceed to the next stage on the site in Widford.
- iii. For Highways Maintenance, approval is sought to reprofile **£1.3m** into future years, to add **£762,000** to the programme, and to reduce the programme by **£450,000**. This position is driven by:
 - Road Maintenance slippage of **£658,000** into 2021/22 following identification of an over accrual from 2019/20 during Ringway Jacobs closing of Year 8 accounts which will be utilised in future years,
 - LED Phase 4 **£500,000** rollout slippage which is the part crystallisation of an amber delivery risk reported previously due to the uncertainty surrounding lead-in time for delivery of materials once procurement is complete (COVID-19 may impact materials being brought into the country).
- iv. For BDUK, approval is sought to reprofile **£4.2m** into 2021/22 across various contracts within phases 3 & 4. This is due to the complex nature of installing fibre to the premise infrastructure which is more rural and thus can be more difficult to reach which is resulting in longer than expected delivery timescales coupled with a recent update to the delivery programme which has increased the scope of the rollout.

7.7 Economic Development – £3.5m under spend

- i. Approval is sought to reprofile **£5.2m** into future years, of which **£3m** relates to University of Essex Parkside slippage as a result of the project being subject to SELEP agreement, now due to be finalised in the SELEP Accountability Board meeting in February 2021. The remaining **£2.2m** slippage relates to Essex Housing which is mainly driven by Shernbroke Hostel (£792,000) with the scheme being subject to planning delays due to the Special Area of Conservation preventing planning determination, Primrose Meadow (£665,000) as the works are delayed until the Development Agreement with The Plume Academy has been finalised, and finally Maldon Friary (£415,000) where the planning appeal, postponed due to social distancing restrictions, took place in December and a decision is now expected towards the end of Quarter 4.
- ii. Approval is sought to advance **£1.8m** which largely relates to Essex County Hospital with planned demolition works now to be conducted this financial year.
- iii. Approval is sought to reduce **£102,000** from the programme relating to variety of works within the portfolio that have uncommitted funds.

7.8 Education and Skills - £7.9m under spend

- i. Approval is sought for slippage of **£7m**, scheme reductions of **£478,000**, scheme additions of **£86,000** and advanced works of **£305,000**. The most material of which relate to the following:

Special Schools is requesting to reprofile **£1.7m** into future years due to Wickford PRU whose business case has recently been approved meaning £1.2m needs to be slipped into next year to align the budget to the spending profiles that were approved. Furthermore, Chatten (£117,000), Fox Crescent (£183,000) and Hawthorns (£183,000) are being passed back to the DfE to deliver and the respective amounts need to be slipped in to 2021/22 to provide contributions to the DfE projects.

Harlow Primary Basic Need is requesting to reprofile **£1.5m** into future years due to works not starting until January 2021.

Uttlesford Primary Basic Need **£1.2m** under spend is in relation to the slippage of work relating to Dunmow Primary School with the anticipation that there will be minimal spend on the scheme this year as the two form entry that was due to be delivered by September 2021 is now planned for September 2022, however exact requirements for the project in the current financial year are still being worked through.

7.9 Environment and Climate Change Action - £29,000 under spend

- i. Approval is sought to reprofile **£200,000** into future years due to land ownerships issues set to delay the project for Essex Outdoors Centres relating to Harlow High Ropes
- ii. Approval is sought to add to the programme **£65,000** for Country Parks Maintenance in relation to the Land of the Fan project, although it is grant funded, it requires spend to take place before it can be claimed back retrospectively.
- iii. Approval is sought to reduce **£62,000** from the programme with Thorndon play equipment and toilets spend which is no longer required.
- iv. Approval is sought to advance **£170,000** for Empower 2.0 and Energy Lighting Phase 3 due to solar panel installation being able to start in October for the Empower project and works are forecast to start in February 2021 for Lighting Phase 3.

7.10 Health and Adult Social Care – online

- i. There is no variance to budget.

7.11 Leader - £100,000 under spend

- i. Approval is sought to reprofile **£800,000** into future years which relates to two schemes Harlow STC (**£500,000**) relating to a review and re-profile of the project spend and Beaulieu Park Station (**£300,000**) following delays in the Network Rail Grip Stage 3 process.
- ii. Approval is sought to advance **£700,000** for A133-A120 link to lay the groundwork investigation and design works in relation to a petrol station.

7.12 Controlled Elsewhere – on-line

- i. There is no variance to budget.

- 7.13 **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

- 8.1 This report is an assessment of the financial position of the County Council, which itself is a representation of the Organisational Strategy. The budget and organisation plan were approved in parallel in February 2020.

9. Reserves

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

- 9.2 There has been a significant amount of movement on reserves as part of the COVID-19 response. Significant approvals sought in this report include **£10.2m** relating to COVID-19 funding in Adult Social Care which is not now required and is requested to be returned to the new COVID Equalisation Reserve, **£1.2m** withdrawal from the COVID Equalisation Reserve is sought in relation to income loss not supported by the Government Income Loss guarantee scheme and **£772,000** withdrawal sought from the COVID Equalisation Reserve to support further costs within Adult Social Care.
- 9.3 Approval is sought to create four new reserves:
- COVID Equalisation Reserve. **Purpose:** To set aside funding received from Government for the COVID pandemic. Funding will be placed here until decisions are made on their utilisation. Funding will be placed here until decisions are made on its utilisation. This reserve will also be used for where funding is returned to reserves where COVID-19 costs have been lower than originally anticipated in decision taken. (section 2.3.vi)
Decisions with a net total of **£24.6m** to this reserve are sought in this report (section 2.1.i, 2.1.ii, 2.1.v, 2.2.ii and 2.3.xi)
 - Children's Transformation Reserve. **Purpose:** to set aside resources to support transformation capacity to deliver the Children's Sustainability programme (section 2.3.vii)
 - Adult's Transformation Reserve. **Purpose:** to set aside resources to support transformation capacity to deliver ongoing future sustainability work (section 2.3.viii)
 - Adults Risk Reserve. **Purpose:** to set aside resources to help manage commercial price pressures that may arise from meeting cost of care (section 2.3.ix)
- 9.4 Approval is sought to close the Highways Reserve and transfer the residual balance of **£5m** into the Service Improvement Reserve (section 2.3.x).

10. Financial Implications

Finance and Resources Implications (Section 151 Officer)

- 10.1 The report is provided by the Section 151 Officer. There are no further comments.

11. Legal Implications

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

12. Equality and Diversity implications

- 12.1 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.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 The equality implications are assessed as part of budget setting process and as part of individual schemes.
- 12.4 There are no equality and diversity or other resource implications associated with this report.

13. 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 if not circulated with this report)

14. List of Background Papers

Budgetary control reports.

Appendix A

Revenue

Portfolio	Full Year						Direction of Travel
	Latest Budget £000	Forecast Outturn £000	Q3 Variance £000	% of Latest Budget	Half Year Variance £000	Movement £000	
Children and Families	130,673	129,178	(33)	(0.0%)	(1,457)	1,424	↓
Customer, Communities, Culture and Corporate	21,858	23,872	(107)	(0.5%)	1,363	(1,470)	↑
Deputy Leader and Infrastructure	50,440	51,408	(178)	(0.4%)	2,959	(3,137)	↑
Economic Development	9,378	9,740	345	3.7%	(2)	347	↓
Education and Skills DSG	(2,865)	(9,151)	(6,286)	(219.4%)	(3,858)	(2,428)	↑
Education and Skills Non DSG	84,903	86,807	1,168	1.4%	1,341	(173)	↑
Environment and Climate Change Action	82,983	85,796	9	0.0%	3,802	(3,793)	↑
Finance	16,090	13,478	(32)	(0.2%)	1,229	(1,261)	↑
Health and Adult Social Care	466,718	452,704	(17)	(0.0%)	(4,066)	4,049	↓
Leader	8,062	7,980	(38)	(0.5%)	(115)	76	↓
Other Operating Costs	34,509	32,672	(1,638)	(4.7%)	(1,347)	(291)	↑
Performance, Business Planning and Partnerships	2,948	2,990	(10)	(0.3%)	3	(13)	↑
Customer, Communities, Culture and Corporate RSSS	69,747	68,401	(168)	(0.2%)	(1,698)	1,530	↓
Finance RSSS	21,814	21,361	488	2.2%	(67)	556	↓
Fire Reinstatement Works	0	0	(0)	(0.0%)	(0)	0	↓
Leader RSSS	2,719	2,814	27	1.0%	105	(78)	↑
Performance, Business Planning and Partnerships RS	9,470	9,281	(8)	(0.1%)	(239)	231	↓
Total	1,009,448	989,332	(6,477)	(0.6%)	(2,046)	(4,431)	
DSG Offset	(2,865)	(9,151)	(6,286)		(3,858)	2,428	↓
Total Excluding DSG	1,012,313	998,482	(191)	(0.0%)	1,812	(2,003)	
Funding			798		199	599	↓
Revised Total	1,012,313	998,482	607	0.1%	2,011	(1,404)	

* The Q3 Variance is after proposed adjustments

Appendix B

2020/21 Financial Overview as at the Third Quarter Stage

Traded Services

	Revenue reserve 1 April 2020	Income	Budget Expenditure	(Surplus)/ Deficit	Income	Forecast Expenditure	(Surplus) / deficit	Final Outturn position	Appropriations To County Revenue Account	To Trading Activity reserve	Variance Plan Proposals to/(from) reserves	Revenue reserve 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
FINANCE												
Place Services	(713)	(2,607)	2,224	(383)	(2,726)	2,343	(383)	(83)	(300)	(83)	-	(796)
Music Services Traded	(115)	(4,777)	4,773	(4)	(3,137)	3,128	(9)	(4)	(4)	-	-	(119)
Total	(828)	(7,384)	6,997	(387)	(5,858)	5,466	(392)	(87)	(304)	(83)	-	(915)

2020/21 Financial Overview as at the Third Quarter Stage

Appendix C (i)

Capital

	Year to date			Budget Movement		Revised Budget	Full Year	
	Budget	Actuals	Variance	Original Budget	In year approved changes		Outturn	Variance
	£000	£000	£000	£000	£000		£000	£000
Children and Families	195	240	45	1,040	(166)	874	545	(329)
Customer, Communities, Culture and Corporate	4,032	2,438	(1,594)	5,564	539	6,103	5,375	(728)
Deputy Leader and Infrastructure	85,011	81,789	(3,222)	134,736	(2,676)	132,060	127,040	(5,020)
Economic Development	9,250	5,688	(3,562)	20,960	(3,427)	17,533	14,026	(3,507)
Education and Skills	32,750	25,474	(7,276)	58,163	(9,904)	48,259	40,365	(7,894)
Environment and Climate Change	1,729	1,152	(577)	4,479	(1,440)	3,039	3,010	(29)
Finance, Property and Housing	-	-	-	-	-	-	-	-
Health and Adult Social Care	141	106	(35)	421	(213)	208	209	1
Leader	8,080	7,493	(587)	8,362	3,710	12,072	11,972	(100)
ECC Capital Programme	141,188	124,379	(16,809)	233,725	(13,577)	220,148	202,541	(17,607)
Schools Cash Balance	560	987	427	-	840	840	840	-
Devolved Formula Capital	100	439	339	1,061	(222)	839	839	-
Total School Balances	660	1,426	766	1,061	618	1,679	1,679	-
Total Capital Programme	141,848	125,805	(16,043)	234,786	(12,959)	221,827	204,220	(17,607)

Financed by:

	Budget Movement		Revised Budget	Full Year	
	Original Budget	In year approved changes		Outturn	Variance
	£000	£000		£000	£000
ECC Capital Programme					
Grants	100,214	6,743	106,957	100,746	(6,211)
Reserves	6,242	(6,242)	-	-	-
Developer & Other contributions	10,219	2,612	12,831	12,999	168
Capital receipts	14,580	(4,999)	9,581	9,581	-
Unsupported borrowing	102,557	(11,160)	91,397	79,833	(11,564)
ECC Capital Programme	233,812	(13,046)	220,766	203,159	(17,607)
Grants	974	87	1,061	1,061	-
Unsupported borrowing	-	-	-	-	-
School Balances	974	87	1,061	1,061	-
Total ECC & Schools Capital Funding	234,786	(12,959)	221,827	204,220	(17,607)

Appendix C(ii)

Capital Variance Plan

Variance plan

Portfolio	Approved changes					Variance Plan					
	Slippage	Additions	Reductions	Advanced Works	Approved changes	Slippage	Additions	Reductions	Advanced Works	Residual Variance	Total Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	159	981	(1,306)	-	(166)	-	-	(329)	-	-	(329)
Customer, Communities, Culture and Corporate	881	5,000	(5,342)	-	539	(168)	-	(537)	-	(23)	(728)
Deputy Leader and Infrastructure	(11,814)	13,140	(7,049)	3,047	(2,676)	(6,187)	2,046	(1,040)	50	111	(5,020)
Economic Development	1,674	10,401	(15,502)	-	(3,427)	(5,196)	-	(102)	1,791	-	(3,507)
Education and Skills	(8,049)	19,975	(22,947)	1,117	(9,904)	(6,977)	86	(478)	305	(830)	(7,894)
Environment and Climate Change	(2,427)	623	(702)	1,066	(1,440)	(200)	65	(62)	170	(2)	(29)
Health and Adult Social Care	(206)	388	(388)	(7)	(213)	-	-	-	-	1	1
Leader	(352)	1,000	-	3,061	3,709	(800)	-	-	700	-	(100)
ECC Capital Programme	(20,134)	51,508	(53,236)	8,284	(13,578)	(19,528)	2,197	(2,548)	3,016	(744)	(17,607)
Schools Cash Balance	840	-	-	-	840	-	-	-	-	-	-
Devolved Formula Capital	-	218	(440)	-	(222)	-	-	-	-	-	-
Total Capital Programme	(19,294)	51,726	(53,676)	8,284	(12,960)	(19,528)	2,197	(2,548)	3,016	(744)	(17,607)

Appendix C(ii) cont'd

Portfolio & Scheme	Slippage	Additions	Reductions	Advanced Works	2020/21 Changes
	£000	£000	£000	£000	Requested
ADAPTATIONS	-	-	(329)	-	(329)
Children and Families	-	-	(329)	-	(329)
SOCIAL CARE CASE MANAGEMENT	(168)	-	-	-	(168)
Technology services portfolio	-	-	(537)	-	(537)
Customer, Communities, Culture and Corporate	(168)	-	(537)	-	(705)
A131 CHELMSFORD TO BRAINTREE RBS	-	-	(65)	-	(65)
A133 Colchester to Clacton RBS	-	65	-	-	65
ADVANCED SCHEME DESIGN	-	481	(363)	-	118
ARMY AND NAVY RAB, CHELMSFORD	(194)	-	-	-	(194)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 3	(532)	-	-	-	(532)
BDUK ESSEX SUPERFAST PROGRAMME PHASE 4	(3,654)	-	-	-	(3,654)
BRIDGES	(70)	70	-	-	-
CHELMSFORD GROWTH AREA	(400)	475	-	-	75
Colchester ITP (Borough Wide)	(50)	263	(79)	-	134
Cycling Infrastructure	(57)	-	(70)	-	(127)
FOOTWAY MAINTENANCE	-	400	-	-	400
LED ROLLOUT	(500)	-	-	-	(500)
LOCAL HIGHWAYS PANELS	(22)	-	-	-	(22)
M11 JUNCTION 8	-	-	-	50	50
OTHER HIGHWAYS MAJOR SCHEMES	-	-	(13)	-	(13)
PASSENGER TRANSPORT	(50)	-	-	-	(50)
ROAD MAINTENANCE	(658)	-	(200)	-	(858)
SECTION 106	-	292	-	-	292
SURFACE WATER ALLEVIATION	-	-	(250)	-	(250)
Deputy Leader and Infrastructure	(6,187)	2,046	(1,040)	50	(5,131)
ESSEX COUNTY HOSPITAL	-	-	-	1,084	1,084
ESSEX HOUSING PROGRAMME	-	-	(27)	-	(27)
ESSEX UNIVERSITY PARKSIDE PHASE 3	(3,000)	-	-	-	(3,000)
HARLOWBURY	-	-	-	18	18
LOUGHTON LIBRARY	(78)	-	-	-	(78)
MALDON FRIARY	(415)	-	-	-	(415)
PRIMROSE MEADOW	(769)	-	-	-	(769)
PURFORD GREEN	(133)	-	-	-	(133)
ROCHEWAY	-	-	-	203	203
SHENFIELD LIBRARY	(9)	-	-	-	(9)
SHERNBROKE HOSTEL	(792)	-	-	-	(792)
ST PETERS COLLEGE	-	-	-	486	486
WESTFIELD	-	-	(75)	-	(75)
Economic Development	(5,196)	-	(102)	1,791	(3,507)
BASILDON PRIMARY BASIC NEED	(108)	1	-	-	(107)
BRAINTREE PRIMARY BASIC NEED	(107)	-	-	-	(107)
BRAINTREE SECONDARY BASIC NEED	-	1	-	-	1
BRENTWOOD PRIMARY BASIC NEED	(940)	-	-	-	(940)
CHELMSFORD PRIMARY BASIC NEED	-	83	(47)	-	36
COLCHESTER PRIMARY BASIC NEED	(914)	-	(2)	-	(916)
COLCHESTER SECONDARY BASIC NEED	-	-	-	51	51
EARLY YEARS	(358)	-	-	-	(358)
HARLOW PRIMARY BASIC NEED	(1,494)	-	-	-	(1,494)
MALDON PRIMARY BASIC NEED	(95)	-	(11)	-	(106)
ROCHFORD PRIMARY BASIC NEED	(20)	-	-	-	(20)
SPECIAL SCHOOLS	(1,683)	-	(125)	-	(1,808)
TEMPORARY ACCOMMODATION	(97)	-	(45)	-	(142)
UTTLESFORD PRIMARY BASIC NEED	(1,160)	-	(248)	4	(1,404)
UTTLESFORD SECONDARY BASIC NEED	-	-	-	249	249
Education and Skills	(6,977)	86	(478)	305	(7,065)
COUNTRY PARKS MAINTENANCE	-	65	-	-	65
EMPOWER 2.0	-	-	-	70	70
ENERGY EFFICIENCY LIGHTING PH3	-	-	-	100	100
ESSEX OUTDOORS CENTRES	(200)	-	-	-	(200)
THORNDON PLAY & TOILETS	-	-	(62)	-	(62)
Environment and Climate Change	(200)	65	(62)	170	(27)
A133-A120 LINK HIF	-	-	-	700	700
BEAULIEU PARK STATION	(300)	-	-	-	(300)
HARLOW STC NTH/STH (Ph1:GILSTON TO TC) (HIF)	(500)	-	-	-	(500)
Leader	(800)	-	-	700	(100)
ECC Capital Programme	(19,528)	2,197	(2,548)	3,016	(16,864)
Total Capital Programme	(19,528)	2,197	(2,548)	3,016	(16,864)

Appendix D

2020/21 Financial Overview as at the Third Quarter Stage

Reserves

	2020/21 movements				
	Balance at 1	(Contributions)/	Adjustments	Future	Estimated
	April 2020	Withdrawals	proposed in	commitments	Closing
	£000	£000	quarterly report	£000	balance
			£000		£000
Long Term Contractual Commitment					
PFI Reserves					
A130 PFI	(39,278)	3,048		-	(36,230)
Building Schools for the Future PFI	(233)	(236)		-	(469)
Debden School PFI	(630)	501		-	(129)
Clacton Secondary Schools' PFI	(532)	271		-	(261)
Waste Reserve	(112,276)	-		-	(112,276)
Grant Equalisation Reserve	(49,853)	39,072		10,781	0
Trading Activities (not available for use)	(828)	304		(391)	(915)
Partnerships and Third Party (not available for use)	(1,458)	-		-	(1,458)
Schools (not available for use)	(29,283)	-		-	(29,283)
General Balance	(56,439)	(13,942)	(2,200)	7,097	(65,484)
Reserves earmarked for future use					
Adults Digital Programme	(2,869)	2,458		411	(0)
Bursary for Trainee Carers	(500)	-		500	-
Capital Receipts Pump Priming	(3,204)	(1,000)		500	(3,704)
Carbon Reduction	(622)	(282)		-	(904)
Carry Forward	(14,804)	12,339	(11,062)	2,064	(11,463)
Collection Fund Risk	(1,412)	-	(2,574)	-	(3,986)
Commercial Investment in Essex Places	(12,583)	-		-	(12,583)
Community Initiatives Fund	(487)	(194)	5	179	(497)
Covid Equalisation (set up requested in this report)			(24,595)	-	(24,595)
EES Pension Risk	(4,000)	-		-	(4,000)
Emergency	-	(8,637)		808	(7,829)
Emergency Planning	(300)	-		-	(300)
Essex Climate Change Commission	(250)	(4,750)		1,000	(4,000)
Essex Crime and Police	(73)	-		-	(73)
Future Capital Funding	(1,905)	1,268	142	-	(495)
Health and Safety	(3,100)	906		274	(1,920)
Highways	-	(5,000)	5,000	-	-
Insurance	(7,411)	1,151		-	(6,260)
Newton	(122)	-		-	(122)
Property Fund	(651)	(326)		-	(977)
Quadrennial Elections	(1,093)	(500)		-	(1,593)
Recovery	(2,900)	(3,659)	96	719	(5,745)
Service Improvement	(3,971)	(2,346)	(5,000)	1,987	(9,330)
Social Distancing & Hygiene	(900)	-		900	-
Technology Solutions	(3,785)	(1,335)	(1,250)	2,012	(4,358)
Tendring PPP	(303)	-		-	(303)
Transformation	(37,401)	(15,158)	(517)	13,446	(39,630)

2020/21 Financial Overview as at the Third Quarter Stage

Appendix E

TREASURY MANAGEMENT SUMMARY - 2020/21						
	Actual Balance 1 April £000	Movements			Balance at 31 March £000	Interest payable / (earned) to date £000
		Raised £000	Repaid £000	Net movement £000		
Borrowing						
Long Term	616,709	-	(18,349)	(18,349)	598,360	13,975
Temporary	1,977	1,985	-	1,985	3,962	-
Total External Borrowing (A)	618,686	1,985	(18,349)	(16,364)	602,322	13,975
Investments						
Long Term	10,000	-	-	-	10,000	(192)
Temporary	402,800	236,700	-	236,700	639,500	(936)
Total External Investments (B)	412,800	236,700	-	236,700	649,500	(1,128)
Net indebtedness (A-B)	205,886	(234,715)	(18,349)	(253,064)	(47,178)	12,847
Borrowing						
Average long term borrowing over period to date (£000)						599,350
Opening pool rate at 1 April 2020						3.38%
Weighted average rate of interest on new loans secured to date						N/A
Average pool rate for year						3.47%
Investments						
Average daily cash balance over period to date (£000)						545,300
Average interest earned over period						0.25%
Benchmark rate - average 7 day LIBID rate						-0.60%

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Appendix F

Prudential Indicators - Summary			
		Approved Indicator	Provisional Outturn
Affordability			
Incremental impact on Council Tax of 2020/21 and earlier years' 'starts'	£	£93.03	£97.29
Ratio of financing costs to net revenue streams (excl. gen. govnt. grant)	%	9.4%	8.8%
Ratio of financing costs to net revenue streams (incl. gen. govnt. grants)	%	8.7%	7.9%
Prudence			
Net borrowing and Capital Financing Requirement		Net borrowing is below the medium term forecast of the CFR	
Capital Expenditure			
Capital expenditure	£m	235	213
Capital Financing Requirement (excluding credit arrangements)	£m	1,040	996
External Debt			
Authorised limit (borrowing only)	£m	930	N/A
Operational boundary (borrowing only)	£m	810	N/A
Actual external borrowing (maximum level of debt during year)	£m	N/A	621
Treasury Management			
Interest rate exposures			
Upper limit for exposure to fixed rates			
Net exposure	£m	930	459
Debt		100.0%	100.0%
Investments		100.0%	97.0%
Upper limit for exposure to variable rates			
Net exposure	£m	279	241
Debt		30.0%	1.1%
Investments		100.0%	58.0%
Maturity structure of borrowing (upper limit)			
Under 12 months	%	40.0%	3.0%
12 months & within 24 months	%	40.0%	2.1%
24 months & within 5 years	%	40.0%	6.0%
5 years & within 10 years	%	40.0%	15.3%
10 years & within 25 years	%	78.0%	32.1%
25 years & within 40 years	%	40.0%	29.1%
40 years & within 50 years	%	20.0%	0.0%
50 years & above	%	20.0%	12.5%
Total sums invested for more than 364 days			
Authorised limit	£m	50	N/A
Actual sums invested (maximum position during year)	£m	N/A	10
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 borrowina: maturity dates for market loans are based on the next review date, not the final maturity date.			

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